



Agenda Item #: \_\_\_\_\_

# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Montgomery and Members of the City Council

**THROUGH:** David N. Carmany, City Manager

**FROM:** Jim Arndt, Director of Public Works  
Anna Luke, Senior Management Analyst

**DATE:** April 19, 2011

**SUBJECT:** Consideration of Amendment to HF&H Consultants, LLC Contract Not-to-Exceed \$14,270.01 and Allocation of These Funds from the Refuse Fund Reserve

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### **RECOMMENDATION:**

Staff recommends that City Council:

1. Approve an amendment to the HF&H Consultants contract authorizing additional funds not to exceed the cost of the Best and Final process directed by City Council.
2. Appropriate \$14,270.01 from the Refuse Fund reserve for HF&H's services.

### **FISCAL IMPLICATIONS:**

The \$14,270.01 would be funded from the Refuse Fund reserve and would not be included in the new user rates.

### **BACKGROUND:**

#### *HF&H Request for Proposal (RFP) Contract*

At the City Council's April 20, 2010 meeting, HF&H Consultants, LLC was awarded a contract to assist the City through the Request for Proposal Process. The approved scope of work included a summary analysis of original proposals and the development of one final contract for City Council award consideration (Attachment C).

#### *Amendment to HF&H Contract*

On December 21, 2010, City Council directed HF&H Consultants to develop final contracts with the three final proposers; Athens Services, Crown Disposal, and Waste Management. This decision added two additional contracts to the scope of work, which originally called for only one. To compensate HF&H for the additions to the scope, City Council appropriated \$13,500 (two additional contracts at \$5,500 each – totaling \$11,000; and a contingency of \$2,500).

#### *Additional Uncompensated Scope*

At the December 21, 2010 City Council meeting, City Council additionally requested that all three final proposers provide a "Best and Final" of their proposal, and directed HF&H to provide

a “Best and Final” analysis for Finance Subcommittee review at its January 24, 2011 meeting and City Council review at its February 1, 2011 meeting. This work is in addition to the scope covered by the “HF&H Request for Proposal Contract” and the “Amendment to HF&H Contract” because it required HF&H to review, evaluate, and present funding of three new proposals. HF&H completed all requested tasks resulting in the March 1, 2011 award of the solid waste contract to Waste Management for services to begin June 1, 2011.

**DISCUSSION:**

HF&H agreed in good faith to complete the additional work scope (“Additional Uncompensated Scope”). Because additional monthly extension costs of \$60,000 per month for the expired Waste Management contract (\$15,000 per month if contract awarded to WM) would be assessed for every month beyond the expiration date of April 30, 2011, time was of the essence, and HF&H carried out work required to complete the scope. In addition to the identified scope in this work, ongoing and ever-changing evaluation were performed literally up to the March 1, 2011 award.

HF&H provided additional services, briefly detailed as follows:

- New “Best and Final” proposals required calculation of five new sets of proposed annual rate revenues and seven-year rate revenues for the following proposals:
  - Athens
  - Athens with food waste
  - Crown with food waste
  - WMLA with existing carts
  - WMLA with new carts
- Further complexity through proposed optional services, including household hazardous waste collection and additional mixed waste processing, which required additional rate analysis and development of seven-year projections.
- Analysis of new contract enhancements
- Increased diversion guarantees were offered, requiring review and clarification of each new offering.

The five new proposals required:

- A significant redrafting of HF&H’s evaluation report;
- First-year and seven-year rate revenue calculations and evaluations for five proposals, with and without optional services;
- Attendance at an additional Finance Subcommittee meeting on January 24, 2011;
- Additional analyses prepared based upon requests made at this additional January 24, 2011 Subcommittee meeting; and,
- Development of a second, new presentation incorporating the new proposals and proposed rates and comparisons to the initial proposals.

As a result of the “Best and Final” process, the City reduced the cost of the Waste Management contract ultimately awarded by the Council by \$2.1 million. HF&H compared the seven-year revenue of the original proposal submitted by Waste Management using the “used carts, optional services” package, with the awarded seven-year revenue of the “Best and Final” proposal submitted by Waste Management (used carts, optional services).

The invoice for the Additional Uncompensated Scope (Attachment A) lists the hours and hourly rates attributed to completing the “Best and Final” process as described above. The “Best and Final” process overlapped tasks outlined in the original contract such as final contract development and attendance of Council meeting for award of contract. Therefore, the invoice spans December 21, 2010 (when the Best and Final process began with “revised proposals” from haulers) through February 28, 2011 (when the Best and Final tasks ended with the final evaluation report).

As part of the December 21, 2010 meeting, City Council appropriated \$2,500 as a contingency for undetermined costs related to the HF&H contract. This \$2,500 has been applied toward the “Best and Final” costs of \$16,770.01. Therefore, the outstanding balance is \$14,270.01 which is requested for appropriation in this staff report.

Costs for work performed by HF&H Consultants toward the city’s RFP process is summarized in Table 1 below:

**Table 1:  
Summary of HF&H Request for Proposal Costs**

Date	Description	Amount
April 20, 2010	Request for Proposal Contract (Attachment C - original scope of work).	\$ 105,000.00
December 21, 2010	Amendment to Contract (Attachment B - additions to the contract scope).	\$ 13,500.00
April 19, 2011	Consideration to appropriate funds for Additional Uncompensated Scope (Attachment A - additions to the contract scope).	\$ 14,270.01
Total for costs incurred by HF&H to assist the city with the RFP process:		\$ 132,770.01
June 1 – 7, 2011	Waste Management fee paid to city to offset proposal services.	\$ 120,000.00

Attachments:

- (A) “Best and Final Offers” Invoice and Letter from HF&H Consultants, LLC.
- (B) December 21, 2010 Staff Report: Additional Final Contracts Development.
- (C) April 20, 2010 Staff Report: HF&H Consultants, LLC Original Contract and Scope of Work.

CC: Laith Ezzet, HF&H Consultants, LLC

**Invoice**

**HF&H Consultants, LLC**  
**Advisory Services to Municipal Management**  
**201 N. Civic Drive, Suite 230**  
**Walnut Creek, CA 94596**  
**(925) 977-6965**

March 22, 2011  
Project No: S3218  
Invoice No: 9710387

City of Manhattan Beach  
Anna Luke  
Public Works Management Analyst  
3621 Bell Avenue  
Manhattan Beach, CA 90266-3459

Project S3218 Manhattan Beach - SW RFP Process  
Purchase Order #18-07777

**Professional Services from December 01, 2010 to February 28, 2011**

Task 0006 Best & Final Offers Analysis

**Professional Personnel**

	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>	
Ezzet, Laith	3.50	245.00	857.50	
Keating, Lisa	71.25	195.00	13,893.75	
Oberyukhtina, Natalia	12.00	165.00	1,980.00	
Totals	86.75		16,731.25	
<b>Total Labor</b>				<b>16,731.25</b>

**Reimbursable Expenses**

Ezzet, Laith				
1/24/2011	Ezzet, Laith	Meeting at City Hall	38.76	
	<b>Total Reimbursables</b>		<b>38.76</b>	<b>38.76</b>

**Total this Task \$16,770.01**

**Total this Invoice \$16,770.01**



3990 Westerly Place, Suite 195  
Newport Beach, California 92660  
Telephone: 949/251-8628  
Fax: 949/251-9741  
[www.hfh-consultants.com](http://www.hfh-consultants.com)

Robert D. Hilton, CMC  
John W. Farnkopf, PE  
Laith B. Ezzet, CMC  
Richard J. Simonson, CMC  
Marva M. Sheehan, CPA

April 11, 2011

Mr. Jim Arndt, Director of Public Works  
Ms. Anna Luke, Management Analyst  
City of Manhattan Beach  
3621 Bell Avenue  
Manhattan Beach, California 90266

Re: Budget Update

Dear Jim and Anna,

This letter summarizes the budget status:

Budget:	\$116,000.00
Contingency Budget:	<u>2,500.00</u>
Total Budget:	118,500.00
Actual Costs:	<u>136,007.46</u>
Difference:	17,507.46
Costs Absorbed by HF&H:	<u>3,237.45</u>
Request:	\$14,270.01

This request for additional funds excludes \$3,237.45 in costs being absorbed by HF&H. The additional budget request is for the extra work resulting from the "best and final" process, which was not included in our scope of work, and required:

- A significant redrafting of our evaluation report;
- First-year and seven-year rate revenue calculations and evaluations for each proposal, with and without optional services;
- Attendance at an additional Finance Subcommittee meeting on January 24, 2011;
- Additional analyses prepared based upon requests made at this additional Subcommittee meeting; and,
- Development of a second, new presentation incorporating the new proposals and proposed rates and comparisons to the initial proposals.

HF&H notified the City of the budget status in writing on February 3 and February 17. The best and final process saved the City \$2.1 million over Waste Management's initial proposal and provided for increased guaranteed diversion. Under Waste Management's previously extended contract with the City, Waste Management would charge the City an additional \$60,000 per month after April to continue service. If we were to have stopped work to wait for formal approval of a budget amendment when the best and final process was implemented by the City Council, the City would have been out-of-pocket



Mr. Jim Arndt  
Ms. Anna Luke  
April 11, 2011  
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these additional funds during the delay. We proceeded expeditiously and in good faith to minimize overall costs to the City.

We thank the City Council for its consideration of this budget amendment.

Very truly yours,  
HF&H CONSULTANTS, LLC

A handwritten signature in black ink that reads "Laith Ezzet".

Laith B. Ezzet, CMC  
Senior Vice President

A handwritten signature in black ink that reads "Lisa Keating".

Lisa Keating  
Manager

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Robert D. Hilton, CMC  
John W. Farnkopf, PE  
Laith B. Ezzet, CMC  
Richard J. Simonson, CMC  
Marva M. Sheehan, CPA

February 17, 2011

Mr. Jim Arndt, Director of Public Works  
Ms. Anna Luke, Management Analyst  
City of Manhattan Beach  
3621 Bell Avenue  
Manhattan Beach, California 90266

Dear Jim and Anna,

This letter provides an update on the budget for our services. As a follow-up to our e-mail of February 3, 2011, which noted that a budget amendment would be needed for additional work, HF&H submits this request for compensation of additional work performed for the City of Manhattan Beach as part of the City's competitive procurement of a new solid waste collection agreement. At the December 21, 2010 City Council meeting, the City Council directed staff to obtain "Best and Final" offers from three of the four original proposers. Over the seven year term, this "Best and Final" process will save the rate payers between \$1.3 and \$2.1 million versus the initially proposed rates, depending upon which proposal is selected.

This "Best and Final" offer phase was a significant effort, outside the scope of our original project proposal. Through the "Best and Final" process, the three haulers proposed five new sets of rates (two sets each for Athens and WMLA, and one from Crown). The evaluation process for the first set of proposals resulted in alternative proposals for Athens, which offered food waste programs for an additional cost, and WMLA, which offered a rate reduction if permitted to use existing carts. The "Best and Final" proposals therefore required calculation of five new sets of proposed annual rate revenues and seven-year rate revenues for the following proposals:

- Athens
- Athens with food waste
- Crown with food waste
- WMLA with existing carts
- WMLA with new carts

Further complexity was added through proposed optional services, including household hazardous waste collection and additional mixed waste processing, which required additional rate analysis and development of seven-year projections.

Along with the rates, new contract enhancements and increased diversion guarantees were offered, requiring review and clarification of each new offering. Additionally, the City Council meeting for award of the agreement was postponed on late notice. We had prepared for and were in route to the February 15, 2011 City Council meeting when notice was received not to attend. We anticipate that we will be attending the March 1 City Council meeting for award.



Mr. Jim Arndt  
Ms. Anna Luke  
February 17, 2011  
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The five new proposals required:

- A significant redrafting of our evaluation report;
- First-year and seven-year rate revenue calculations and evaluations for five proposals, with and without optional services;
- Attendance at an additional Finance Subcommittee meeting on January 24, 2011;
- Additional analyses prepared based upon requests made at this additional Subcommittee meeting; and,
- Development of a second, new presentation incorporating the new proposals and proposed rates and comparisons to the initial proposals.

The delay in awarding the agreement may impact the contract start date, which was proposed by all haulers during the "Best and Final" phase based upon a February 15, 2011 award and completion of the Proposition 218 process by May 3, 2011. Section 2.4 of the contracts may need to be modified to reflect a new start date, or the City may approve an agreement contingent upon physically updating the start date prior to the City signing the agreement. In Crown's agreement, footnote 2 in Section 5.4.2 should also be adjusted to reflect a change in start date if required.

The budget proposed to complete the proposed project scope was exhausted in January. We submitted an invoice dated February 9, 2011 for the remainder of the pre-approved budget and a second invoice for \$7,671.26 of this additional "Best and Final" work. These invoices represent total costs incurred through January 31, 2011 (see e-mail dated February 3, 2011). Additional costs incurred through February 15, 2011 total \$4,131.25.

As noted in our e-mail of February 11, 2011, we will need a budget amendment to continue work beyond February 15, 2011. An amended budget for an additional \$18,000 would cover payment of already incurred charges, as well as permitting attendance at the March 1, 2011 City Council meeting to award the agreement, and limited telephone support to City staff prior to award. This additional cost represents a small fraction of the \$1.3 to \$2.1 million savings from the additional "Best and Final" phase. This updated budget amount assumes that the Council awards a contract at the March 1, 2011 meeting, after which we will provide the City with the most up to day copy of the selected agreement, in Word for the City Attorney to complete the appropriate attachments and arrange for signatures.

Very truly yours,  
HF&H CONSULTANTS, LLC



Laith B. Ezzet, CMC  
Senior Vice President



Lisa Keating  
Manager



# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Montgomery and Members of the City Council

**THROUGH:** Richard Thompson, Interim City Manager

**FROM:** Jim Arndt, Director of Public Works  
Anna Luke, Senior Management Analyst

**DATE:** December 21, 2010

**SUBJECT:** Consideration of amendment to the HF&H Consultants, LLC contract not to exceed \$16,000, and allocation of these funds from the Refuse Fund Reserve

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**RECOMMENDATION:**

Staff recommends that City Council:

1. Approve an amendment to the HF&H Consultants contract authorizing additional funds not to exceed the cost of developing two additional final contracts plus a contingency.
2. Appropriate \$16,000 from the Refuse Fund reserve for HF&H's services.

**FISCAL IMPLICATIONS:**

The current approved HF&H work plan allots for the development of one final contract for City Council consideration. The recommendation includes costs for two additional contract developments at \$5,500.00 per contract and an appropriation of a \$5,000.00 for project contingency.

Contract Development #2	\$5,500.00
Contract Development #3	\$5,500.00
Contingency	\$5,000.00
Total Appropriated	\$16,000.00

**BACKGROUND:**

At the City Council's April 20, 2010 meeting, HF&H was awarded a contract to assist the City through the Request for Proposal Process. The approved work plan included the development of one final contract for City Council consideration.

**DISCUSSION:**

The City is currently involved in the Request for Proposal process for the next refuse hauler

contract. As a result of the City Council Finance Subcommittee action, three candidates remain (in alphabetical order), Athens, Crown and Waste Management. Since the HF&H work plan allots for only one final contract, additional funds need to be appropriated to provide flexibility in selecting the City's hauler.

The City Council is scheduled to award the refuse contract at its February 1, 2011 meeting.



Agenda Item #: \_\_\_\_\_

# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Ward and Members of the City Council

**THROUGH:** Richard Thompson, Interim City Manager

**FROM:** Jim Arndt, Director of Public Works  
Anna Luke, Management Analyst

**DATE:** April 20, 2010

**SUBJECT:** Award a Professional Services Agreement in the amount of \$105,000 to HF&H Consultants, LLC for the completion of the solid waste contract Request for Proposal process, and appropriate funds from the Refuse Fund reserve  
**REVIEW & APPROVE**

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### **RECOMMENDATION:**

Staff recommends that City Council

1. Authorize the City Manager to enter into a Professional Services Agreement with HF&H Consultants, LLC to complete the RFP process for solid waste hauling, with executed multi-year contract and franchise agreement
2. Appropriate \$105,000 from the Refuse Fund reserve for HF&H's services

### **FISCAL IMPLICATIONS:**

The waste hauler awarded the solid waste contract will pay a Contract Administration Fee of \$110,000 to the City to offset the City's Staff costs specifically related to the solid waste RFP process. This fiscal obligation is standard solid waste contract procedure and will be listed in the RFP requirements.

### **BACKGROUND:**

At their April 6, 2010 City Council meeting, Council chose to begin the RFP process for the city's next solid waste franchise agreement. The current agreement began November 1, 2002 and expires on April 30, 2011. On April 6, 2010 the City Manager was directed by Council to negotiate an agreement with HF&H Consultants, LLC to complete a solid waste RFP process.

**DISCUSSION:**

The RFP process will be completed within four main tasks:

1. Prepare Procurement Strategy
2. Prepare and Issue Request for Proposals
3. Review and Evaluate Proposals
4. Negotiate With Top Ranked Contractors, and Prepare a New Agreement with Selected Contractor for City Council Approval

The following task and subtask explanations are excerpts from Attachment 2 (Exhibit A – HF&H Scope of Work for RFP process). The ranges of time when the tasks are expected to be completed are at the head of each section.

**Task 1: April – May 2010**

**TASK 1: Prepare Procurement Strategy**

**Subtask 1A: Prepare Schedule and Key RFP Issues**

HF&H will prepare a meeting document to address key issues relating to the procurement of a new franchise agreement, and confirm the detailed schedule for the procurement process.

**Subtask 1B: Meet with City staff**

HF&H will meet with City staff and the Finance Subcommittee to discuss key RFP issues, including proposal evaluation criteria, and confirm the process schedule.

**Task 2: May – August 2010**

**TASK 2: Prepare and Issue Request for Proposals**

**Subtask 2A: Prepare draft RFP and agreement**

Based on the information and direction received from City, HF&H will prepare the draft RFP, agreement, and criteria to be used in evaluating the proposals received. The RFP will also address those programs reflecting the Environmental Task Force goals based on Council direction.

HF&H will describe the RFP process, including key dates, submittal procedures, proposal criteria, and communication guidelines during the process. The RFP will include detailed, step by step requirements as to the information regarding the proposing firm, proposed key staff, its financial stability, its experience providing similar services to other jurisdictions, its proposed facilities, carts and vehicles to be used, exceptions to the draft

agreement, legal disclosures, and other such information vital to a proper proposal evaluation.

Rate Proposal Forms - HF&H will develop rate proposal forms, so that proposers can submit cost proposals in a consistent, comparable manner and include specific costs for all services and service levels. The proper submittal format will allow the City the ability to compare proposals on an overall cost basis.

Supporting Cost Worksheets - HF&H will develop supporting cost worksheets, whereby proposers will provide supporting costs, tonnage assumptions and other data that will allow HF&H to evaluate the reasonableness of the proposals and help determine whether errors have been made.

Operational Data – HF&H will obtain from City staff and the current service provider existing billing and operational data needed by the proposers to accurately estimate their service costs and propose rates. HF&H will review this data for overall reasonableness, and summarize it in a user-friendly manner. This operational data will include current service levels such as container counts and service frequency, current rates and rate revenues, disposal and recyclables tonnage, free City service levels, City hazardous waste manifests, City-sponsored event requirements, City litter container information, route data, and other information necessary for proposers to calculate their cost to provide service.

**Subtask 2B: Upon review by the City Attorney, other City staff and potential proposers, revise RFP and agreement**

HF&H will submit the draft RFP package to City staff, City Attorney, and potential proposers for review. HF&H will provide a list of potential proposers to the City. After City staff and the potential proposers have reviewed the documents and provided HF&H with their written comments, they will confer with City staff and make appropriate revisions once to these documents. The draft agreement is included in the RFP as an attachment. The City Attorney is requested to make any changes directly to the documents in a strike-and-replace format.

**Subtask 2C: Attend Council meeting to approve RFP package**

HF&H will attend one City Council meeting at which the City Council will approve the RFP and draft agreement. Once the RFP and draft agreement have been approved by the City Council, they can be distributed to potential proposers. HF&H will provide the City with a recommended list of potential proposers.

**Subtask 2D: Prepare for and attend proposers' conference**

HF&H will schedule, along with City staff, a proposers' conference to be conducted shortly after release of the RFP. Potential proposers will have an opportunity to receive clarification of any issues and ask questions at this conference. HF&H will also accept written requests for clarification until a set deadline. HF&H recommends that contact

between proposers and the City be controlled and will suggest methods to do so, based on City staff and City Council's desired level of interaction with proposers.

**Subtask 2E: Prepare addenda**

HF&H will prepare written responses to questions posed at the proposers' conference, or submitted in writing, and prepare any necessary addenda arising from issues posed at the proposers' conference. All questions and responses shall be made available to all proposers in attendance at the conference.

**Task 3: September – October 2010**

**TASK 3: Review and Evaluate Proposals**

**Subtask 3A: Review proposals for completeness**

HF&H will perform an initial review of each proposal submitted for compliance with the City's RFP requirements and disregard incomplete proposals.

**Subtask 3B: Evaluate complete proposals**

The specific criteria for which HF&H evaluates the complete proposals will be developed using input received from City staff and the City Council. Based on HF&H's experience in other cities, they anticipate evaluating the proposals based on the following criteria:

- Exceptions taken to the terms and conditions of the draft agreement;
- Proposed total compensation (rate revenue) over the term of the agreement, based on the rates included in the financial section of the proposal;
- Experience of the proposers in providing the requested services in other jurisdictions, based on information contained in their proposals;
- Financial resources of the proposers, based on information in their proposals; and,
- Unique proposal features that exceed the RFP's minimum requirements.

**Subtask 3C: Prepare follow-up questions for proposers**

After performing the initial review and evaluation, HF&H will provide each proposer with their summary evaluation of the company's individual proposal in order to confirm their understanding of the information presented in the proposal.

**Subtask 3D: Review responses and clarify unresolved issues**

HF&H will review responses received from proposers and resolve any open issues to help ensure that proposers are satisfied with the representation of their proposals.

**Subtask 3E: Meet with City staff to discuss preliminary evaluation**

HF&H will meet with City staff to discuss preliminary evaluation findings and to determine which proposals merit further consideration by the City. HF&H will provide a summary of the proposals to City staff for review in advance of the meeting.

**Subtask 3F: Interview proposers**

At this stage in the process, usually one, two, or three proposals are clearly more likely to be selected. Along with the City's evaluation team, HF&H will interview up to four proposers, scheduling all interviews on one day.

**Subtask 3G: Contact references for recommended proposer**

HF&H will contact references provided for the proposer to be recommended to the City Council for award of the agreement. HF&H will summarize the results of the reference checks within the evaluation report.

**Subtask 3H: Prepare draft evaluation report and review City Staff Report**

All proposals receive a preliminary evaluation. A detailed evaluation is performed of the one or two proposals that appear to offer the most value for the services and costs proposed. Additionally, HF&H will review the overall reasonableness of the operational and financial assumptions contained in the technical section of the proposals selected for detailed evaluation. After HF&H's evaluation is complete, they will provide the City with a report describing the evaluation results.

HF&H will review the City's staff report and make suggested revisions.

**Subtask 3I: Review City comments and prepare final evaluation report**

HF&H will review and incorporate City comments into the evaluation report and provide a final evaluation report.

**Task 4: November – December 2010**

**TASK 4: Negotiate With Top Ranked Contractors, and Prepare a New Agreement with Selected Contractor for City Council Approval**

**Subtask 4A: Participate in negotiating session**

HF&H will participate in a negotiation session with one or more haulers. Based on HF&H's prior experience, final negotiations can usually be completed during one session per proposer, and the fee estimate includes costs for one session with one proposer. However, the City may prefer to negotiate with multiple proposers at this time, as multiple proposals may appear attractive prior to finalizing the agreement(s). Proposers



are most cooperative when they are still in competition. After finalizing negotiations, HF&H would then assist the City's evaluation team in its determination of a final selection. If the City desires to negotiate further with the final selection, HF&H would assist in those negotiations as well.

**Subtask 4B: Prepare revised portions of agreement**

Based upon the negotiations, HF&H will make one set of revisions to the final agreement negotiated with each proposer and ask each proposer to sign the agreement. The City can then make a decision based on clearly defined contract terms, verses general promises often made in proposals and during negotiations. Also, at award, neither the successful nor unsuccessful proposers can debate what was or was not the final offer to the City.

**Subtask 4C: Attend one City Council meeting for approval of final agreement**

We will attend the City Council meeting at which the final agreement is expected to be approved.

**New services begin May 1, 2011**

The solid waste contractor the City Council chooses at its November or December 2010 meeting will begin services under the new, approved franchise agreement on May 1, 2011. All rate adjustments, services changes and negotiated items will commence no earlier than May 1, 2011 unless directed by Council.

**CONCLUSION:**

Staff recommends that City Council

1. Authorize the City Manager to enter into a Professional Services Agreement with HF&H Consultants, LLC to complete the RFP process for solid waste hauling, with executed multi-year contract and franchise agreement
2. Appropriate \$105,000 from the Refuse Fund reserve for HF&H's services

Attachments:

1. Professional Services Agreement: City of MB & HF&H
2. Exhibit A – HF&H Scope of Work for RFP process
3. Exhibit B – HF&H Fee Schedule
4. Exhibit C – HF&H RFP Work Plan

## AGREEMENT

THIS AGREEMENT is made this 20th day of April, 2010 by the CITY OF MANHATTAN BEACH, a municipal corporation, ("CITY"), and **HF&H Consultants, LLC (HF&H)**, a *solid waste consulting firm*, ("CONTRACTOR").

## RECITALS

The following recitals are a substantive part of this Agreement:

1. City is desirous of obtaining services necessary to assist the Staff with the Request for Proposal process for the solid waste contract.
2. CONTRACTOR is qualified by virtue of experience, training, education, and expertise to accomplish these services.

## AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term of Agreement.** This Agreement shall terminate on April 30, 2011, unless earlier terminated as provided below.

1.1 **Termination.** CITY and CONTRACTOR shall have the right to terminate this Agreement, without cause, by giving HF&H (30) days written notice. Upon receipt of a termination notice, CONTRACTOR shall:

- (1) promptly discontinue all services affected (unless the notice directs otherwise); and
- (2) promptly deliver all data, reports, estimates, summaries, and such other information and materials as may have been accumulated by CONTRACTOR in performing the Agreement to CITY, whether completed or in progress. CONTRACTOR shall be entitled to reasonable compensation for the services it performs up to the date of termination.

2. **Services to be Provided.** The services to be performed by CONTRACTOR shall consist of the following:

*[2. **Services to be Provided.** The services to be provided hereunder shall be those set forth in Exhibit "A", Scope of Work, which is attached hereto and incorporated herein by this reference.]*

3. **Compensation.** CONTRACTOR shall be compensated as follows:

3.1 **Amount.** Compensation under this Agreement shall not exceed one hundred five thousand dollars (\$105,000.00).

3.2 **Payment.** For work under this Agreement, payment shall be made per monthly invoice. For extra work not a part of this Agreement, written authorization by CITY will be required, *[payment shall be based on the fee schedule listed in Exhibit "B"]*.

3.3 **Expenses.** CONTRACTOR shall not be entitled to any additional compensation for expenses.

*[3.3 **Expenses.** In addition, CONTRACTOR shall be reimbursed for costs advanced by CONTRACTOR on behalf of CITY, including delivery and messenger services, printing, copying and binding costs and out-of-state travel expenses in an amount not to exceed one hundred five thousand dollars (\$105,000.00). CONTRACTOR shall keep accurate records of all expenses. Out-of-state travel expense by CONTRACTOR shall only be paid by the CITY if approved in writing prior to the incursion of said expenses. CITY shall pay for CONTRACTOR's in-state travel expenses. Records must be submitted to CITY along with any invoice which requests payment for the foregoing expenses.]*

4. **Professional Standards.** CONTRACTOR shall maintain or exceed the level of competency presently maintained by other similar practitioners in the State of California, for professional and technical soundness, accuracy and adequacy of all work, advice, and materials furnished under this Agreement.

5. **Time of Performance.** CONTRACTOR shall complete all services required hereunder as and when directed by CITY *[as set forth in Exhibit "A"]*. However, CITY in its sole discretion, may extend the time for performance of any service.

6. **Employees and Subcontractors.** CONTRACTOR may, at CONTRACTOR'S sole cost and expense, employ such other person(s) as may, in the opinion of CONTRACTOR, be needed to comply with the terms of this Agreement, if such person(s) possess(es) the necessary qualifications to perform such services. If such person(s) is/are employed to perform a portion of the scope of work, the engagement of such person(s) shall be subject to the prior approval of the CITY.

7. **Insurance Requirements.**

7.1 **Commencement of Work.** CONTRACTOR shall not commence work under this Agreement until it has obtained CITY approved insurance. Before beginning work hereunder, during the entire period of this Agreement, for any extensions hereto, and for periods after the end of this Agreement as indicated below, CONTRACTOR must have and maintain in place, all of the insurance coverages required in this Section 7. CONTRACTOR'S insurance shall comply with all items specified by this Agreement. Any subcontractors shall be subject to all of the requirements of this Section 7 and CONTRACTOR shall be responsible to obtain evidence of insurance from each subcontractor and provide it to CITY before the subcontractor commences work.

All insurance policies used to satisfy the requirements imposed hereunder shall be issued by insurers authorized to do business in the State of California. Insurers shall have a current A.M. Best's rating of not less than A-VII unless otherwise approved by CITY.

7.2 **Coverages, Limits and Policy Requirements.** CONTRACTOR shall maintain the types of coverages and limits indicated below:

(1) COMMERCIAL GENERAL LIABILITY INSURANCE - a policy for occurrence coverage, including all coverages provided by and to the extent afforded by Insurance Services Office Form CG 0001 ed. 11/88 or 11/85, with no special limitations affecting CITY. The limit for all coverages under this policy shall be no less than one million dollars (\$1,000,000.00) per occurrence. CITY, its employees, officials and agents, shall be added as additional insureds by endorsement to the policy. The insurer shall agree to provide the City with thirty (30) days prior written notice of any cancellation, non-renewal or material change in coverage. The policy shall contain no provision that would make this policy excess over, contributory with, or invalidated by the existence of any insurance, self-insurance or other risk financing program maintained by CITY. In the event the policy contains such an

“other insurance” clause, the policy shall be modified by endorsement to show that it is primary for any claim arising out of the work performed under this Agreement. The City of Manhattan Beach Insurance Endorsement Form No. 1 (General Liability) must be executed by the applicable insurance underwriters.

(2) **COMMERCIAL AUTO LIABILITY INSURANCE** - a policy including all coverages provided by and to the extent afforded by Insurance Services Office form CA 0001, ed. 12/93, including Symbol 1 (any auto) with no special limitations affecting the CITY. The limit for bodily injury and property damage liability shall be no less than one million dollars (\$1,000,000) per accident. CITY, its employees, officials and agents, shall be added as additional insureds by endorsement to the policy. The insurer shall agree to provide the City with thirty (30) days prior written notice of any cancellation, non-renewal or material change in coverage. The policy shall contain no provision that would make this policy excess over, contributory with, or invalidated by the existence of any insurance, self-insurance or other risk financing program maintained by CITY. In the event the policy contains such an “other insurance” clause, the policy shall be modified by endorsement to show that it is primary for any claim arising out of the work performed under this Agreement. The City of Manhattan Beach Insurance Endorsement Form No. 2 (Auto) must be executed by the applicable insurance underwriters.

(3) **WORKERS’ COMPENSATION INSURANCE** - a policy which meets all statutory benefit requirements of the Labor Code, or other applicable law, of the State of California. The minimum coverage limits for said insurance shall be no less than one million dollars (\$1,000,000) per claim. The policy shall contain, or be endorsed to include, a waiver of subrogation in favor of CITY.

8. **Non-Liability of Officials and Employees of the CITY.** No official or employee of CITY shall be personally liable for any default or liability under this Agreement.

9. **Non-Discrimination.** CONTRACTOR covenants there shall be no discrimination based upon race, color, creed, religion, sex, marital status, age, handicap, national origin, or ancestry, in any activity pursuant to this Agreement.

10. **Independent Contractor.** It is agreed that CONTRACTOR shall act and be an independent contractor and not an agent or employee of CITY, and shall obtain no rights to any benefits which accrue to CITY'S employees.

11. **Compliance with Law.** CONTRACTOR shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.

12. **Ownership of Work Product.** All documents or other information created, developed or received by CONTRACTOR shall, for purposes of copyright law, be deemed works made for hire for CITY by CONTRACTOR as CITY'S employee(s) for hire and shall be the sole property of CITY. CONTRACTOR shall provide CITY with copies of these items upon demand and in any event, upon termination or expiration of the term of this Agreement.

13. **Conflict of Interest and Reporting.** CONTRACTOR shall at all times avoid conflict of interest, or appearance of conflict of interest, in performance of this Agreement.

14. **Notices.** All notices shall be personally delivered or mailed to the below listed addresses. These addresses shall be used for delivery of service of process.

a. Addresses of CONTRACTOR are as follows:

1. *For all notices except payments*  
HF&H Consultants, LLC  
Attention: Laith Ezzet, Senior Vice President  
3990 Westerly Place, Suite 195  
Newport Beach, California 92660

2. *For all payments*  
HF&H Consultants, LLC  
201 North Civic Drive, Suite 230  
Walnut Creek, California 94596

b. Address of CITY is as follows:

City of Manhattan Beach  
Attention: Anna Luke  
1400 Highland Ave  
Manhattan Beach, CA 90266

(with a copy to):

City Attorney  
City of Manhattan Beach  
1400 Highland Ave  
Manhattan Beach, CA 90266

15. **Contractor's Proposal.** This Agreement shall include CONTRACTOR'S proposal or bid which is incorporated herein. In the event of any inconsistency between the

terms of the proposal and this Agreement, this Agreement shall govern.

16. **Licenses, Permits, and Fees.** CONTRACTOR shall obtain a Manhattan Beach Business License, all permits, and licenses as may be required by this Agreement.

17. **Familiarity with Work.** By executing this Agreement, CONTRACTOR warrants that:

- (1) it has investigated the work to be performed;
- (2) it has investigated the site of the work and is aware of all conditions there; and
- (3) it understands the difficulties and restrictions of the work under this Agreement. Should CONTRACTOR discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at CONTRACTOR's risk, until written instructions are received from CITY.

18. **Time of Essence.** Time is of the essence in the performance of this Agreement. CONTRACTOR must complete Tasks 1 and 2 by July 31, 2010; Task 3 must be completed by November 30, 2010 and Task 4 must be completed by December 9, 2010. All work shall be completed no later than April 30, 2011 unless otherwise directed by City Council.

19. **Limitations Upon Subcontracting and Assignment.** Neither this Agreement, or any portion, shall be assigned by CONTRACTOR without prior written consent of CITY.

*[ 20. **Key Person.** during the term of this Agreement CONTRACTOR shall provide the services of Laith Ezzet.]*

20. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement.

21. **Indemnification.** CONTRACTOR agrees to indemnify, defend, and hold harmless CITY and its elective or appointive boards, officers, agents, attorneys and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees arising out of, or in any way connected with performance of, the Agreement by CONTRACTOR, CONTRACTOR'S agents, officers, employees, subcontractors, or independent contractor(s) hired by CONTRACTOR. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONTRACTOR.

22. **Modification.** This Agreement constitutes the entire agreement between the parties and supersedes any other agreements, oral or written. No promises, other than those included in this Agreement, shall be valid. This Agreement may be modified only by a written agreement executed by CITY and CONTRACTOR.

23. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the appropriate branch of the Los Angeles County Municipal or Superior Court.

24. **Interpretation.** This Agreement shall be interpreted as though prepared by both parties.

25. **Preservation of Agreement.** Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

26. **Entire Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties with respect to the subject matter herein. Each party to this Agreement acknowledges that representations by any party not embodied herein, and any other agreements, statements, or promises concerning the subject matter of this Agreement, not contained in this Agreement, shall not be valid and binding. Any modification of this Agreement will be effective only if it is in writing signed by the parties. Any issue with respect to the interpretation or construction of this Agreement are to be resolved without resorting to the presumption that ambiguities should be construed against the drafter.

27. **Attorneys' Fees.** In the event that legal action is necessary to enforce the provisions of the Agreement, or to declare the rights of the parties hereunder, the parties agree that the prevailing party in the legal action shall be entitled to recover attorneys' fees and court costs from the opposing party.

**IN WITNESS THEREOF**, the parties hereto have executed this Agreement on the day and year first shown above.

CONTRACTOR

By

CITY OF MANHATTAN BEACH

By



ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

## EXHIBIT A

### CITY OF MANHATTAN BEACH

#### SCOPE AND FEE SCHEDULE FOR CONDUCTING A COMPETITIVE PROCUREMENT PROCESS FOR A SOLID WASTE COLLECTION AGREEMENT

##### SCOPE

##### **TASK 1: Prepare Procurement Strategy**

##### **Subtask 1A: Prepare Schedule and Key RFP Issues**

We will prepare a meeting document to address key issues relating to the procurement of a new franchise agreement, and confirm the detailed schedule for the procurement process.

##### **Subtask 1B: Meet with City**

We will meet with City Staff and the Finance Subcommittee to discuss key RFP issues, including proposal evaluation criteria, and confirm the process schedule.

##### **TASK 2: Prepare and Issue Request for Proposals**

##### **Subtask 2A: Prepare draft RFP and agreement**

Based on the information and direction received from City, we will prepare the draft RFP, agreement, and criteria to be used in evaluating the proposals received. The RFP will also address those programs reflecting the Environmental Task Force goals based on Council direction.

We will describe the RFP process, including key dates, submittal procedures, proposal criteria, and communication guidelines during the process. The RFP will include detailed, step by step requirements as to the information regarding the proposing firm, proposed key staff, its financial stability, its experience providing similar services to other jurisdictions, its proposed facilities, carts and vehicles to be used, exceptions to the draft agreement, legal disclosures, and other such information vital to a proper proposal evaluation.

Rate Proposal Forms - We will develop rate proposal forms, so that proposers can submit cost proposals in a consistent, comparable manner and include specific costs for all services and service levels. The proper submittal format will allow the City the ability to compare proposals on an overall cost basis.

Supporting Cost Worksheets - We will develop supporting cost worksheets, whereby proposers will provide supporting costs, tonnage assumptions and other data that will allow

HF&H to evaluate the reasonableness of the proposals and help determine whether errors have been made.

Operational Data - We will obtain from City staff and the current service provider existing billing and operational data needed by the proposers to accurately estimate their service costs and propose rates. We will review this data for overall reasonableness, and summarize it in a user-friendly manner. This operational data will include current service levels such as container counts and service frequency, current rates and rate revenues, disposal and recyclables tonnage, free City service levels, City hazardous waste manifests, City-sponsored event requirements, City litter container information, route data, and other information necessary for proposers to calculate their cost to provide service.

**Subtask 2B: Upon review by the City Attorney, other City staff and potential proposers, revise RFP and agreement**

We will submit the draft RFP package to City staff, City Attorney, and potential proposers for review. We will provide a list of potential proposers to the City. After City staff and the potential proposers have reviewed the documents and provided us with their written comments, we will confer with City staff and make appropriate revisions once to these documents. The draft agreement is included in the RFP as an attachment. The City Attorney is requested to make any changes directly to the documents in a strike-and-replace format.

**Subtask 2C: Attend Council meeting to approve RFP package**

HF&H will attend one City Council meeting at which the City Council will approve the RFP and draft agreement. Once the RFP and draft agreement have been approved by the City Council, they can be distributed to potential proposers. We will provide the City with a recommended list of potential proposers.

**Subtask 2D: Prepare for and attend proposers' conference**

We will schedule, along with City staff, a proposers' conference to be conducted shortly after release of the RFP. Potential proposers will have an opportunity to receive clarification of any issues and ask questions at this conference. We will also accept written requests for clarification until a set deadline. We recommend that contact between proposers and the City be controlled and will suggest methods to do so, based on City staff and City Council's desired level of interaction with proposers.

**Subtask 2E: Prepare addenda**

We will prepare written responses to questions posed at the proposers' conference, or submitted in writing, and prepare any necessary addenda arising from issues posed at the

proposers' conference. All questions and responses shall be made available to all proposers in attendance at the conference.

### **TASK 3: Review and Evaluate Proposals**

#### **Subtask 3A: Review proposals for completeness**

We will perform an initial review of each proposal submitted for compliance with the City's RFP requirements and disregard incomplete proposals.

#### **Subtask 3B: Evaluate complete proposals**

The specific criteria for which we evaluate the complete proposals will be developed using input received from City staff and the City Council. Based on our experience in other cities, we anticipate evaluating the proposals based on the following criteria:

- Exceptions taken to the terms and conditions of the draft agreement;
- Proposed total compensation (rate revenue) over the term of the agreement, based on the rates included in the financial section of the proposal;
- Experience of the proposers in providing the requested services in other jurisdictions, based on information contained in their proposals;
- Financial resources of the proposers, based on information in their proposals; and,
- Unique proposal features that exceed the RFP's minimum requirements.

#### **Subtask 3C: Prepare follow-up questions for proposers**

After performing our initial review and evaluation, we will provide each proposer with our summary evaluation of the company's individual proposal in order to confirm our understanding of the information presented in the proposal.

#### **Subtask 3D: Review responses and clarify unresolved issues**

We will review responses received from proposers and resolve any open issues to help ensure that proposers are satisfied with the representation of their proposals.

#### **Subtask 3E: Meet with City to discuss preliminary evaluation**

We will meet with City to discuss preliminary evaluation findings and to determine which proposals merit further consideration by the City. We will provide a summary of the proposals to City staff for review in advance of our meeting.

#### **Subtask 3F: Interview proposers**

At this stage in the process, usually one, two, or three proposals are clearly more likely to be selected. Along with the City's evaluation team, we will interview up to five proposers, scheduling all interviews on one day.

### **Subtask 3G: Contact references for recommended proposer**

We will contact references provided for the proposer to be recommended to the City Council for award of the agreement. We will summarize the results of the reference checks within the evaluation report.

### **Subtask 3H: Prepare draft evaluation report and review City Staff Report**

All proposals receive a preliminary evaluation. A detailed evaluation is performed of the one or two proposals that appear to offer the most value for the services and costs proposed. Additionally, we will review the overall reasonableness of the operational and financial assumptions contained in the technical section of the proposals selected for detailed evaluation. After our evaluation is complete, we will provide the City with a report describing the evaluation results.

We will review the City's staff report and make suggested revisions.

### **Subtask 3I: Review City comments and prepare final evaluation report**

HF&H will review and incorporate City comments into the evaluation report and provide a final evaluation report.

## **TASK 4: Negotiate With Top Ranked Contractors, and Prepare a New Agreement with Selected Contractor for City Council Approval**

### **Subtask 4A: Participate in negotiating session**

HF&H will participate in a negotiation session with one or more haulers. Based on our prior experience, final negotiations can usually be completed during one session per proposer, and the fee estimate includes costs for one session with one proposer. However, the City may prefer to negotiate with multiple proposers at this time, as multiple proposals may appear attractive prior to finalizing the agreement(s). Proposers are most cooperative when they are still in competition. After finalizing negotiations, we would then assist the City's evaluation team in its determination of a final selection. If the City desires to negotiate further with the final selection, we would assist in those negotiations as well.

### **Subtask 4B: Prepare revised portions of agreement**

Based upon the negotiations, we will make one set of revisions to the final agreement negotiated with each proposer and ask each proposer to sign the agreement. The City can then make a decision based on clearly defined contract terms, verses general promises often made in proposals and during negotiations. Also, at award, neither the successful nor unsuccessful proposers can debate what was or was not the final offer to the City.

**Subtask 4C: Attend one City Council meeting for approval of final agreement**

We will attend the City Council meeting at which the final agreement is expected to be approved.

**EXHIBIT B**

**FEE ESTIMATE**

We will perform the scope of work based on time and materials. The estimated total budget is \$105,000. Our actual costs could be higher or lower than this amount, depending on the complexity of the City’s contracting process, the number of proposals to be evaluated, the number of negotiation sessions required, and other factors that cannot be precisely estimated in advance. The proposed workplan includes preparation of the RFP, gathering operating data, soliciting proposals, conducting a pre-proposal conference, evaluating up to five proposals, and preparing and negotiating the final agreement with one proposer. Should additional proposals be submitted, we estimate that the budget will increase by \$5,500 per proposal. If negotiations are conducted with more than one proposer, or if other changes are made to the scope, our fee estimate may increase.

The proposed cost assumes that one integrated residential and commercial collection service RFP and agreement is developed and a single set of services proposed upon, with a maximum of two optional services that may be added at the City’s discretion. The proposed scope of services does not include preparing the staff report that City staff will need to prepare to transmit various action items to the City Council during the process.

The workplan on the next page itemizes hours by task and staff classification. Hours may be shifted among tasks. We will bill you once per month based on the number of hours worked and expenses incurred. Payment is due within 30 days of invoicing.

Hourly rates through December 31, 2010 for professional and administrative personnel are listed below. Rates will adjust each January 1 by approximately 4%.

<u>Position</u>	<u>Rate</u>
Senior Vice President	\$245
Director	\$200
Senior Associate	\$185 - \$195
Associate Analyst	\$125 - \$145
Assistant Analyst	\$105 - \$115
Administrative Staff	\$80 - \$90

Expenses will be billed as follows:

Mileage	\$0.500 per mile*
Document Reproduction	\$0.15 per page (black & white) \$0.75 cents per page (color)
Outside document reproduction/couriers/postage	Actual
Public conveyances and parking	Actual
All other out-of-pocket expenses	Actual

\* Or as adjusted by IRS allowance.

In most of the competitive procurements we have conducted for other cities, the successful contractor is required to reimburse the City for its consulting costs.

## EXHIBIT C

### WORKPLAN

TASK DESCRIPTION	Sr. Vice President	Director	Senior Associates	Associate	Total Hours
<b>1. Prepare Procurement Strategy</b>					
A. Prepare schedule and summarize key RFP issues (prepare mtg. doc)	4	0	6	0	10
B. Meet once with City staff (meeting #1)	4	0	4	0	8
<b>2. Prepare and Issue Request for Proposals</b>					
A. Prepare draft RFP and revise agmt and discuss with city (mtg. #2)	16	8	40	40	104
B. Revise documents once after review by City Attorney, other City staff, and potential proposers	8	0	14	10	32
C. Attend Council meeting to approve RFP package (meeting #3)	6	0	6	0	12
D. Prepare for and attend proposers' conference (meeting #4)	4	0	6	0	10
E. Prepare addenda	4	2	14	2	22
<b>3. Review and Evaluate Proposals</b>					
A. Review proposals for completeness	1	0	4	0	5
B. Evaluate complete proposals (maximum of five)	15	0	50	20	85
C. Prepare follow-up questions for proposers	4	0	10	0	14
D. Review responses and clarify unresolved issues	4	0	10	0	14
E. Meet with City staff to discuss preliminary evaluation (meeting #5)	5	0	5	0	10
F. Interview proposers (meeting #6)	8	8	8	0	24
G. Contact references for recommended contractor	1	0	4	6	11
H. Prepare evaluation report and review City staff report	16	0	40	20	76
I. Review City comments and prepare final evaluation report	4	0	8	0	12
<b>4. Negotiate Final Agreement and Prepare a New Agreement</b>					
A. Participate in one negotiating session (meeting #7)	8	0	8	0	16
B. Prepare revised portions of agreement	8	0	16	0	24
C. Attend up to two Council meetings for approval of final agreement (meetings #8 and #9)	12	0	12	0	24
<b>5. Manage Project and Prepare Workpapers</b>	4	2	4	2	12
<b>Total Hours</b>	<b>136</b>	<b>20</b>	<b>269</b>	<b>100</b>	<b>525</b>
<b>Hourly Rate</b>	<b>\$ 245</b>	<b>\$ 200</b>	<b>\$ 195</b>	<b>\$ 140</b>	
<b>Fees</b>	<b>\$ 33,320</b>	<b>\$ 4,000</b>	<b>\$ 52,455</b>	<b>\$ 14,000</b>	<b>\$ 103,775</b>
<b>Expenses</b>					<b>\$ 1,225</b>
<b>Total Budget</b>					<b>\$ 105,000</b>