

# **CITY OF ELK GROVE**



## **Request for Proposals**

**For**

**Solid Waste Rate Setting and Audit Consultant Services**

**Office of the City Clerk  
City of Elk Grove  
8380 Laguna Palms Way, Suite 200  
Elk Grove, CA 95758**

**Proposals Due by 4:00 PM, July 9, 2009**

## **Introduction:**

The City of Elk Grove is accepting proposals from qualified consultants for Solid Waste Rate Setting and Audit Consultant Services in accordance with the included specifications, terms, and conditions shown in this Request for Proposal (RFP). The City is interested in selecting a firm that will provide services for three critical tasks:

1. Review relevant information and prepare annual solid waste rate calculations consistent with the residential collection and recycling franchise agreement
2. Review relevant information and project possible rate structures necessary to support land acquisition, construction and operation of a City Permanent Household Hazardous Waste Collection Facility (PHHWCF), Transfer Station (TS) and Material Recovery Facility (MRF).
3. Request and review relevant information to audit of solid waste haulers permitted and/or franchised to provide commercial collection and recycling services within the City of Elk Grove.

Prospective respondents are advised to read this information over carefully prior to submitting a proposal. One signed original, four (4) hard copies, and one CD copy of the proposals should be submitted to the Office of the City Clerk by 4:00 PM, July 9, 2009. Proposal shall be submitted in a sealed envelope clearly marked Solid Waste Rate Setting and Audit Consultant Services and addressed to:

**OFFICE OF THE CITY CLERK  
CITY OF ELK GROVE  
8380 Laguna Palms Way, Suite 200  
Elk Grove, CA 95758**

Questions regarding this RFP are to be directed by e-mail to: Cedar Kehoe, Integrated Waste Manager, at [ckehoe@elkgrovecity.org](mailto:ckehoe@elkgrovecity.org). Such contact shall be for clarification purposes only. All questions must be received by the City no later than July 1, 2009. Material changes, if any, to the scope of services or proposal procedures will only be transmitted by written addendum. Answers to submitted questions will be available via the City of Elk Grove Web site by clicking "View" under View Details/Documents for the Bid announcement.

Proposals will not be accepted by fax or electronically.

### **Late Proposals:**

Proposals arriving after the specified date and time will not be considered, nor will late proposals be opened. Each consultant assumes responsibility for timely submission of its proposal.

### **Withdrawal or Modifications of Proposals:**

Any proposal may be withdrawn or modified by a written request signed by the consultant and received by the City Clerk prior to the final time and date for the receipt of proposals. Once the deadline is past, consultants are obligated to fulfill the terms of their proposal.

### **Proposal Acceptance and Rejection:**

The City of Elk Grove reserves the right to accept any proposal, to reject any and all proposals if said rejection is deemed in the best interest of the City, to call for new proposals, and to award the contract to other than the lowest proposal if deemed "proposal most advantageous to the City".

### **Proposal Evaluation and Award:**

Evaluation will be made on the basis of the criteria noted in Attachment B, Evaluation and Selection Criteria. Award shall be made to the responsible consultant whose proposal is determined in writing to be the most advantageous to the City, taking into consideration adherence to the included specifications and price. The City will enter into a contract with the successful consultant for the specified products, services, and deliverables. All consultants that were not selected by the City shall be notified in writing. Nothing herein shall obligate the City to award a contract to any responding consultant.

**Waiver of Irregularities:**

The City retains the right, in its sole discretion, to waive any irregularities in proposals that do not comply with the strict requirements of this RFP, and the City reserves the right to award a contract to a consultant submitting any such non-compliant proposal, all in the City's sole discretion.

**Validity of Pricing:**

Consultants are required to provide a fee structure including, if applicable, the hourly rate of the principles to be assigned to the matter, and proposed cost and expense reimbursement levels. No cost increases shall be passed onto the City after the proposal has been submitted. No attempt shall be made to tie any item or items contained in this RFP with any other business with the City.

**Qualification/Inspection/Interviews:**

Proposals will only be considered from firms normally engaged in providing the types of products and services specified herein. The City reserves the right to inspect the Consultant's facilities, products, personnel, and organization at any time, or to take any other action necessary to determine Consultant's ability to perform. The City reserves the right to reject proposals where evidence or evaluation is determined to indicate inability to perform. The City reserves the right to interview any or all responding consultants and/or to award a contract without conducting interviews.

**Acceptance and Conditions:**

The products and services supplied in response to the RFP award shall remain the property of the Consultant until a physical inspection is made and the products and services are accepted to the satisfaction of the City. The products and services must comply fully with the terms of the RFP, be of the required quality and new unless specified by the City. Any substitutes of products or services not meeting specifications will be rejected, and returned if applicable, at the Consultants expense. Payment will be made only after receipt and acceptance of products or services by the City.

**Other Agencies:**

Other agencies within the Sacramento region may utilize this RFP selection process to meet their Purchasing Ordinance requirements and request proposals for specific audit services for their jurisdictions at some time in the future.

**Payment Terms:**

Payment on non-disputed invoices will be paid net 45 from date of receipt of invoice. In submitting proposals under these specifications, consultants' should take into account all discounts, both trade and time, allowed in accordance with the above payment policy.

**Performance:**

It is the intention of the City to acquire products or services as specified herein from a Consultant that will give prompt and convenient shipment and service. Any such contract will be non-exclusive, and the City reserves the right to seek products or services from other sources, in the City's sole discretion.

**Term of Contract:**

The term of the contract will be for a specific period of time, commencing upon contract execution. The contract may be extended by mutual agreement of the two parties. The initial term shall be through June 2012.

**Change Orders:**

If, in the course of performance of the Contract, Consultant or the City proposes changes to the Project, and informal consultation with the other party indicates that a change in the terms and conditions of the Contract may be warranted, Consultant or the City may request a change in the Contract. The parties to the Contract will meet to discuss and negotiate the required change order documents. Upon completion of those negotiations, the negotiated change order documents will be submitted to the City for approval. Upon approval by the City, an "Order to Proceed" with the approved changes will be submitted to Consultant. Any Amendment to this Contract will not render ineffective or invalidate any unaffected portions of this Contract.

## **INSURANCE**

### **Consultant Shall Maintain Insurance:**

Consultant shall not commence any work before obtaining, and shall maintain in force at all times during the duration and performance of this Contract, the policies of insurance specified in this Section. Such insurance must have the approval of the City as to limit, form, and amount, and shall be placed with insurers with a current A.M. Best's rating of no less than A:VII.

### **Consultant to Provide Evidence of Insurance:**

Prior to execution of this Contract and prior to commencement of any work, the Consultant shall furnish to the City, and the City must approve, original certificates of insurance and endorsements effecting coverage for all policies required by the Contract. The certificates shall be signed by a person authorized by the insurer, or insurers, to bind coverage on their behalf. Certificates of insurance and endorsements shall be on standard Acord, Department of Insurance, and Insurance Services Office approved forms or on forms approved by the City. As an alternative to providing the City with approved forms of certificates of insurance and endorsements, the Consultant may provide complete, certified copies of all required insurance policies, including endorsements, effecting the coverage required by this Section. At anytime at the written request of the City, the Consultant agrees to furnish one or more copies of each required policy including declarations pages, conditions, provisions, endorsements, and exclusions. Such copies shall be certified by an authorized representative of each insurer. Approval of the insurance by the City shall not relieve or decrease any liability of Consultant.

### **City May Obtain Insurance at Consultants Expense:**

In addition to any other remedy the City may have, if Consultant fails to maintain the insurance coverage as required in this Section 20, the City may obtain such insurance coverage as is not being maintained, in form and amount substantially the same as is required herein, and the City may deduct the cost of such insurance from any amounts due or which may become due Consultant under this Contract.

### **No Suspension of Insurance:**

Each insurance policy required by this Contract shall be endorsed to state that coverage shall not be suspended, voided, canceled, terminated by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City, except in the event of non-payment of premium, in which case no less than ten (10) days prior written notice by certified mail, return receipt requested, must be given to the City.

### **Insurance Deductibles:**

Any deductibles exceeding five thousand dollars (\$5,000) must be declared to, and approved by, the City.

### **Insurance Coverage Shall Not Limit Obligations:**

The requirement as to types, limits, and the City's approval of insurance coverage to be maintained by Consultant are not intended to, and shall not in any manner, limit or qualify the liabilities and obligations assumed by Consultant under the Contract.

### **Insurance Required Limits:**

Consultant and its Consultants and sub-Consultants shall, at their expense, maintain in effect at all times during the performance or work under the Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policy satisfactory to the City. The maintenance by Consultant and its Consultants and sub-Consultants of the following coverage and limits of insurance is a material element of this Contract. The failure of Consultant or of any of its Consultants or sub-Consultants to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of this Contract.

- (1) Workers' Compensation and Employer's Liability Insurance.

Consultant shall maintain Workers' Compensation insurance as required by Labor Code Section 3700 of the State of California and Employer's Liability Act's, including Longshoremen's and Harbor Workers' Act ("Acts"), if applicable. Employer's Liability limits shall not be less than one million dollars (\$1,000,000) per occurrence. The Consultant shall execute a certificate in compliance with Labor Code Section 1861, on the form provided in the Contract Documents.

If an injury occurs to any employee of the Consultant for which the employee or his dependents, in the event of his death, may be entitled to compensation from the City under the provisions of the Acts, for which compensation is claimed from the City, there will be retained out of the sums due the Consultant under this Contract, an amount sufficient to cover such compensation as fixed by the Acts, until such compensation is paid or it is determined that no compensation is due. If the City is required to pay such compensation, the amount so paid will be deducted and retained from such sums due, or to become due to the Consultant. The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, and employees for losses arising from work performed by the Consultant.

(2) Commercial General and Automobile Liability Insurance.

The insurance shall include, but not be limited to, protection against claims arising from death, bodily or personal injury, or damage to property resulting from actions, failures to act, or operations of the insured, or by its employees or agents, or by anyone directly or indirectly employed by the insured. The amount of insurance coverage shall not be less than one million dollars (\$1,000,000) per occurrence/five thousand dollars (\$5,000) medical per occurrence, and two million dollars (\$2,000,000) per policy aggregate. As an alternative to the per policy aggregate the Consultant may have an aggregate limit of one million dollars (\$1,000,000) per project apply. Coverage shall be at least as broad as Insurance Services Office "occurrence form CG 00 01 (ed. 10/03)" covering commercial general liability or its equivalent, and Insurance Services Office "form CA 00 01 (ed. 06/92) covering automobile liability, Code 1 "Any Auto".

Consultant shall include all sub-Consultants as insured under its policies or shall furnish separate Certificates for each sub-Consultant. All coverage for sub-Consultants shall be subject to all of the insurance requirements stated herein. Commercial general liability coverage shall include independent Consultant's coverage, and the Consultant shall be responsible for assuring that all sub-Consultants are properly insured.

The commercial general and automobile liability insurance coverage shall also include, or be endorsed to include, the following:

- a. Provision or endorsement naming the City and each of its officers, employees, and agents, as additional insureds in regards to: liability arising out of the performance of any work under the Contract; liability arising out of activities performed by or on behalf of the Consultant; premises owned, occupied or used by the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees or volunteers.
- b. Provision or endorsement stating that for any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers to the extent the City is an additional insured. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be in excess of the Consultant's insurance and shall not contribute with it.
- c. Provision or endorsement stating that any failure to comply with reporting or other provisions of the policies including breaches of representations shall not affect coverage provided to the City, its officers, officials, employees, or volunteers.
- d. Provision or endorsement stating that the Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(3) Professional Liability.

The Consultant and its Consultants and sub-Consultants shall secure and maintain in full

force, during the term of this Contract professional liability insurance policies appropriate to the respective professions and the work to be performed as specified in this Contract. The limits of such professional liability insurance coverage shall not be less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) aggregate. As an alternative, Consultants and sub-Consultants of the Consultant may maintain in full force during the term of this Contract, professional liability insurance coverage not less than one million dollars (\$1,000,000) per claim and one million dollars (\$1,000,000) annual aggregate, provided the Consultant and the Consultant's insurance carrier both provide to the City a written statement to the effect that "There are no known claims, reserves, or circumstances that might impair the annual aggregate amount of Consultant's Professional Liability policy." If any professional liability policy is written on a "claims made" basis, such policy, and any succeeding policy must be specifically endorsed to show that "prior acts" occurring at anytime after the inception date of this Contract will be covered. Upon termination of the Contract with the City, the same professional liability insurance requirements will apply for a three (3) year period following such termination. A "tail" policy may be purchased as an alternative to satisfy this requirement.

**Verification of Insurance Coverage:**

Consultant shall furnish City with original certificate of insurance and endorsements effecting coverage required by this clause. The certificates of insurance and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates of insurance and endorsements are to be received and approved by City before work commences.

**Sub-Consultants Insurance:**

Consultant shall include all sub-Consultants as insured under its policies or shall furnish separate certificates and endorsements for each sub-Consultant. All coverage for sub-Consultants shall be subject to all of the requirements stated herein.

**Indemnification:**

The Consultant shall indemnify, keep, and save harmless the City, its Authorized Representatives, agents, officials, and employees (individually and collectively "Indemnitees") against all losses, damages, claims, suits, penalties, liens, liabilities, judgments, costs, and expenses, (collectively "Liability" or "Liabilities") including but not limited to fees of attorneys and other professionals, arising out of, in connection with, resulting from or related to any act, omission, fault or negligence of the Consultant or any of its Sub-Consultants, Consultants, employees, servants, or agents (individually and collectively "Indemnitors") in connection with or related to the Contract, including but not limited to Liabilities on account of personal injury to or death of any person (including employees of Indemnitees) or for damage to or loss of use of property (including property of the City).

The indemnification specified in this Section shall apply even in the event of the act, omission, fault, or negligence, of the Indemnitees, but shall not apply to Liability arising from the sole or active negligence or willful misconduct of the Indemnitees.

The indemnification specified in this Section shall survive termination of the Contract or final payment thereunder and is in addition to any other rights or remedies that the Indemnitees may have under the Law or under the Contract. In the event of any claim or demand made against Indemnitees, the City may at its sole discretion reserve, retain, and/or apply any monies due the Consultant under the Contract, for the purpose of resolving such claims; except that the City may release such funds if the Consultant gives the City reasonable assurance that the City's interests will be protected. The City shall, in its sole discretion, determine whether such assurance is reasonable.

Claims against Indemnitees by any employee of Indemnitors shall not in any way limit the Consultant's indemnification obligation as set forth above, including the amount and/or type of damages, compensation, and/or benefits payable by or for Indemnitors under workers' compensation acts, disability benefit acts, and/or other employee benefit acts and/or insurances. Nothing contained in the Contract is intended to or shall have the effect of creating any rights in any third party against any Indemnitee.

Except as permitted by California Civil Code §2782.1, 2782.2 and 2782.5, such indemnities shall not inure to the benefit of an Indemnitee so as to impose liability on the Consultant for the active negligence of the City, or to relieve the City of liability for such active negligence.

**Records:**

Consultant shall maintain complete and accurate records with respect to labor costs, material expenses, parcels abated or serviced and other such information required by City that relates to the performance of services under this Contract. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible and in a form acceptable to the City, which the City may specify and change from time to time. Consultant shall provide free access to the representatives of City or its designees, at reasonable times, to such books and records, shall give City the right to examine and audit said books and records, shall permit City to make transcripts therefrom as necessary, and shall allow inspection of all work, data, documents, proceedings, and activities related to this Contract. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

## Guidelines for Proposal

The following guidelines are provided for standardizing the preparation and submission of proposals. The intent is to assist respondents in the preparation of their submissions and to assist the City by simplifying the review process providing standards for comparison of submissions.

Statements submitted in response to this RFP shall include a complete response to the requirements in this section in the order presented. Statements should be a straightforward delineation of the respondent's capability to satisfy the intent and requirements of this RFP, and should not contain redundancies and conflicting statements.

Proposals shall be printed double sided, submitted on 8-1/2" x 11" recycled paper, with easy to read font size and style. Pages shall be numbered, tabbed, and presented in a three (3) ring binder. Tabbed dividers should separate and identify the response items described below.

One signed original, four (4) hard copies, and one CD copy of the proposals should be submitted to the Office of the City Clerk by 4:00 pm, July 9, 2009. Proposal shall be submitted in a sealed envelope clearly marked Economic Feasibility Consultant Services and addressed to:

**OFFICE OF THE CITY CLERK  
CITY OF ELK GROVE  
8380 Laguna Palms Way, Suite 200  
Elk Grove, CA 95758**

Proposals shall contain the following information in the order listed:

1. Introductory letter

The introductory letter should be addressed to:

Cedar Kehoe  
Integrated Waste Manager  
City of Elk Grove  
8401 Laguna Palms Way  
Elk Grove, CA 95758

The letter should state the prime consultant and include the consultant's name submitting the proposal, their mailing address, telephone number, email address and contact name. The letter shall address the consultant's understanding of the project based on this RFP and any other information the consultant has gathered. Include a statement discussing the consultant's interest and qualifications for this type of work.

2. Table of Contents

The consultant shall insert a comprehensive table of contents denoting sections three through seven of the proposal as indicated below.

3. Qualifications and Experience

Consultant's proposal shall address the following:

- Briefly introduce your firm, providing a summary of the administration, organization and staffing of your firm, including multiple offices, if applicable. Provide an organizational chart indicating the positions and names of the core management team which will undertake this engagement. If your proposal includes sub-consultants, provide a summary of the administration, organization and staffing of each sub-consultant firm. Provide an organizational chart for each, indicating the positions and names of the core team which will be working with you on this project.
- Identify the lead person who will be the primary liaison with the City and each individual who will work with the City. Include resumes for each person to be assigned. Include any professional designations and affiliations, certifications and licenses, etc., this also

includes any sub-consultants you my use.

- Describe the experience of the firm in the last four (4) to five (5) years in performing consulting services in similar size and scope. List no more than ten (10) different contracts / projects. Include contact names and current phone numbers for each project. References may be contacted as part of the selection process in order to evaluate work quality and performance.
- Identify your firm's (and sub-consultant firm's) experience and understanding of the following:
  - Common municipal rate structures where services are provided by contractors in lieu of City staff.
  - Issues and questions that should be requested and answered in a Solid Waste audit for commercial haulers
  - Information needed for solid waste reporting to the State of California
  - Include on a CD, copies of two recently completed studies of similar scope.

4. Work Plan

The work plan should indicate the consultant's ability to meet each specification as outlined in this document in Attachment A – Scope of Work. The work plan should describe the various tasks and steps that the consultant plans to undertake, estimation of the time needed to complete each task or step, and how these tasks and steps lead to specific deliverables and fees. The plan should be simple, easy to read and follow.

5. Conflict of Interest Statement

Any activities or relationships of the firm that might create a conflict of interest for the firm or the City, and, if such activities or relationships exist, a description of the facts, legal implications, and possible effects sufficient to permit the City to appreciate the significance of the conflict and to grant any conflict waiver, if appropriate and necessary.

6. Supportive Information/References

This section may include graphs, charts, photos, resumes, references, etc in support of the consultant's qualifications.

7. Fee

This section should include the cost for requested products and services outlined in the Scope of Work and as detailed in the work plan. Interested firms shall clearly describe and outline fees for the services to be provided for the project. Fees should be linked to the work plan as provided in Section 4, Work Plan. Consultant shall provide a billable hourly rate schedule and will invoice hourly expenditures per this schedule and the percentage completion of the specific work task. Consultant shall manage their staff so that work tasks are completed with budget. The City will review invoices, verify percentage completion and authorize payment. No cost increases shall be passed onto the City after the proposal has been submitted. No attempt shall be made to tie any item or items contained in this RFP with any other business with the City.

8. Professional Services Contract:

Attached to the RFP (Attachment C) is a copy of the City of Elk Grove's standard Professional Services Contract. Please review this document carefully and note in your proposal any exceptions or alterations to the contract. Alterations or changes to the contract which were not in the consultant's response will not be considered after the selection. This includes alterations, exceptions, or changes to the insurance and indemnity provisions. By requiring these requests up front, the City can compare all respondents on an equal basis.

9. Proposal Evaluation:

Each proposal will be evaluated utilizing the criteria established in Attachment B.

(SEE NEXT PAGE FOR SCOPE OF WORK)

**SCOPE OF WORK**

**Objectives:**

The City of Elk Grove (City) is seeking a professional firm with experience in the preparation of recycling and solid waste audit and rate calculation services tailored to the demands of a public agency. The selected consultant will be responsible for working on three Task areas:

1. Review relevant information and prepare annual solid waste rate calculations consistent with the City's residential collection and recycling franchise agreement
2. Review relevant information and project possible rate structures necessary to support land acquisition, construction and operation of a City Permanent Household Hazardous Waste Collection Facility (PHHWCF), Transfer Station (TS) and Material Recovery Facility (MRF) and associated support facilities.
3. Request and review relevant information to annually audit solid waste haulers permitted and/or franchised to provide commercial collection and recycling services within the City of Elk Grove.

**General Background:**

The City of Elk Grove utilizes contract services for collections, recycling, transport, and disposal of all of the residential and commercial solid waste within its jurisdiction. The State of California requires that the City report rates of diversion, tons collected and disposed and a variety of other information. Franchise agreements and permits are executed with certain private companies that provide these services. As a result of this business methodology the City has several basic concerns:

- A. That information provided by the service providers is accurate and complete
- B. That fees and rates related to this service are appropriate and fair
- C. That payments made by the City to service providers align with actual services provided

The City of Elk Grove has a very small administrative staff with limitation in providing appropriate and consistent over-sight of the numerous companies providing services. This RFP results from the need to expand the over-sight capabilities and expertise in the three task areas noted.

**Work Task Background and Descriptions:**

Following is a partial list of tasks, deliverables and descriptions. The consultant may expand and tailor this list to meet the needs of the contract and budget.

**1. Residential Waste Rate Calculations Background**

Commencing July 1, 2004 the City of Elk Grove (City) entered into a seven-year agreement with Allied Waste Services of North America, LLC (Allied) for the collection, transportation and disposal of the residential trash and the collection, transportation, processing and marketing of recyclables and green waste. Under this agreement, Allied is allowed an annual adjustment to their rates. This rate adjustment calculation uses an annual compensation adjustment which reflects changes in specified indices, including the Consumers Price Index and Producers Price Index for motor fuel. Each March/April time period, new residential solid rates will need to be calculated. In addition, the Franchise Agreement requires that Allied divert a minimum of 40% of the solid waste it collects each year. If Allied fails to achieve the minimum diversion requirement, it's compensation is reduced. If Allied diverts more than 45% of the solid waste it collects each year, it's compensation is increased. The Consultant will review the data submitted by Allied that supports their diversion rate. The Consultant will then provide a written summary of their findings.

**Task 1.1 Review Allied's Rate Year Indexed Rate Adjustment Calculation to:**

- Confirm that it is mathematically accurate; and
- Confirm that it is consistent with the terms and conditions of the Franchise Agreement; and
- Make any appropriate adjustments to Allied's Rate Adjustment Calculation.

**Task 1.2 Review Allied's tonnage reports**

Annually, review Allied's tonnage reports and confirm that the diverted tonnage supports the diversion requirements of the Franchise Agreement. Prepare any calculation adjustment should the diversion either not meet or exceed the requirements. The Franchise Agreement requires that Allied divert a minimum of 40% of the solid waste it collects each year. If Allied fails to achieve the minimum diversion requirement, its compensation is reduced as specified in the Franchise Agreement. If Allied diverts more than 45% of the solid waste it collects each year its compensation is increased. Should Allied submit data which is either below the 40% minimum or above the 45% diversion requirement then the consultant will make recommendations on how the Allied compensation should be decreased or increased.

**Task 1.3 Project revenues for the City's Fiscal Year budget**

Annually, each March or April, consultant will project revenues for the City's Fiscal Year budget for the residential solid waste fund as adjusted for the new Allied approved rates for both the residential and commercial sector of the solid waste department, solid waste long-range project (currently project is underway and funded at \$1.41/month), Utility Billing Administration Fee and the any other category of rate increase (i.e. overhead allocation).

**Task 1.4 Prepare a Summary Report**

Prepare a summary report of any discrepancies between tonnages reported to the City for diversion, create and submit a copy of the spreadsheet with the calculations in support of the findings, and recommend rate adjustments in time to allow for the required public notice deadline.

**Task 1.5 Verify that the Actual Rates are being Billed Correctly**

Once the final Public Meetings related to the rate increase have been completed, the consultant will review all the final calculations and insure that all approved rate increases are applied correctly and all billing adjustments are accurate. All residential rate increases should be correct and effective with the first rate effect on July 1, 2010; assuming a July 1, 2010 rate adjustment, or every year thereafter for the term of the contract.

**Task 1.6 Verify the Monthly Payments to Allied are Accurate (only as requested)**

The City of Elk Grove and Allied Waste have identified significant differences between how Allied tracks their data and how the City generates and tracks data and then pays Allied. The City has developed a system to assist with the reconciliation process between the Allied monthly statements and the City's bi-monthly billing process. In brief review, the City bills customers bi-monthly in advance while BFI invoices the City monthly in arrears. The City uses different rate codes in their billing system than Allied uses in their invoice system. Generally, the number of customers and details on the customers included in the City's billing and the Allied invoices do not match. For this reason, the City and Allied agreed to a monthly payment system that would contain two pages of backup calculations that then support the calculations used in the original payment letter. Monthly data such as the date of payment and the service period covered are included. Also included are amounts directly from the general ledger to be used for comparison and to ensure reconciliation from one month to the next. Standard fees in the data also feed the payment letter. One section has the General ledger balance and shows the computation of the billing charge for the two-month billing period. It allows for a download of adjustments from the prior two months and shows the data as it appears in the general ledger by date. The adjustments are totaled, reconciled to the ending general ledger and the balance flows automatically into the payment letter.

This payment reconciliation is designed to insure a consistent calculation and reconciliation to the City's general ledger and provide Allied Waste the means by which to follow the flow of the general ledger balances from one billing period to the next.

Periodically, as directed by the City, the Consultant may review this documentation and the payments to Allied for accuracy. The consultant will make recommendations should the adjustment and reconciliation of items included in the payment identify areas of concern.

### **Task 1.7 Perform Franchise Fee Survey (only as requested)**

The City's franchise fee is currently set at ten (10) percent of Allied's Gross Receipts for the residential section and a sliding scale of eight (8) percent to thirty-five (35) percent for the commercial sector, depending on the amount of material recycled by the permitted commercial hauler. The City may explore the potential to increase or decrease the fees and may have an interest in identifying other jurisdictions in Sacramento and neighboring counties that have different franchise fees. The consultant may be asked to survey up to 20 jurisdictions in Sacramento or the neighboring counties and provide the City with a report documenting the survey results.

## **2. Rate Structures for a Permanent Household Hazardous Waste Collection Facility, City Transfer Station and Material Recovery Facility Background**

Currently, Elk Grove residents and businesses are allowed to drop off small quantities of hazardous waste at two permitted facilities: 1) the Household Hazardous Waste (HHW) collection center located at the Sacramento Recycling and Transfer Station operated by the City of Sacramento; or 2) the HHW collection center located at the North Area Transfer Station in North Highlands operated by Sacramento County. A Permanent Household Hazardous Waste Collection Facility (PHHWCF) within Elk Grove is a very high priority. The CIWMB awarded Grant dollars for the design of the potential PHHWCF. The City's consultant has generated planning level estimates as follows:

### **Permanent Household Hazardous Waste Collection Facility**

The building size is estimated to be 30,000 square feet in order to receive, inspect, sort by type, and ship for proper disposal residential hazardous waste and small quantities of commercial hazardous waste. This would also include HHW recycling and reuse capacity to reduce the amount requiring disposal.

The City is also assessing additional solid waste facilities that could include a solid waste Transfer Station, a Materials Recovery Facility (MRF), and a residential Drop- Off/Buyback Center. The goal of these facilities would be to improve solid waste collection and transfer efficiencies and to serve residents and businesses that self-haul solid waste as well as to accommodate the waste handled by the City's franchised residential waste and recycling vendor and the various commercial haulers that handle the City's commercial waste. The City's consultant has generated planning level estimates as follows:

### **Solid Waste Transfer Station and Material Recovery Facility**

The building size is estimated to be 120,000 square feet in order to receive, consolidate and transfer solid waste to remote disposal site(s). This size would accommodate 1) Residential and commercial self-haul waste and franchise waste; 2) a Materials Recovery Facility (MRF) component for processing curbside recyclables delivered by franchise collection vehicles and portions of the residential and commercial self-haul loads that are usually rich in recyclables; and 3) a Residential Drop-off/Reuse and Buyback Center will also be included.

### **Other Miscellaneous Facilities**

The following facilities may be incorporated, planned, or combined depending on utilization, size, and location of potential site(s).

- Vehicle Maintenance Facility
- Covered Vehicle Fueling Facility
- Covered Vehicle Truck Wash
- Overnight Collection Vehicle Parking
- Various Employee/Staff Support Facilities

The scope of the infrastructure that the City may include is the building of the PHHWCF only, or City Council may direct the purchase of land and the PHHWCF, or the purchase of land and the entire complex over a period of many years. Numerous scenarios are possible and the rate impact will clearly have an impact on the outcome of what facilities that are ultimately built. The Consultant would be expected to forecast the rate impacts of these types of decision and other scenarios not listed above.

The rate analysis will include scenarios based on different financing assumptions. As noted, the City may

chose to finance a number of different facilities including a PHHWCF, a MRF, a Solid Waste Transfer Station, or a residential Drop Off/Buyback Center in addition to acquiring land on which to construct these facilities. With each project, the City may elect to phase in land acquisition and/or construction over a number of different time periods and financing amounts depending on available capital generated through solid waste rates. The consultant will provide a summary of the various rate impacts for a number of different time periods and financed amounts.

The City has contracted with the financial advisory firm KNN Public Finance (KNN) to assist in planning for any financings related to land acquisition or construction of future solid waste facilities. KNN is a firm specializing in municipal financing and will provide assumptions into the current and anticipated municipal bond market by creating financial models detailing various phasing scenarios the City may adopt relating to the building of the PHHWCF and other capital facilities. The Consultant will be working with KNN to properly incorporate the various scenarios into the rate setting analysis provided to the City.

**Task 2.1 Review Debt Financing Scenarios**

Review City debt financing and phasing scenarios prepared by KNN and proposed by the City in relation to land acquisition and construction of various facilities. KNN will work directly with the City to develop the assumptions and models used to calculate financing costs.

**Task 2.2 Develop Rate Structure Projections**

Provide various rate structure projections using the financing assumptions presented by KNN. These projections will show how each phasing method developed by KNN and the City may affect future billing rates. This may include multiple scenarios showing construction of a PHHWCF, a MRF, a Solid Waste Transfer Station, or a residential Drop OFF/Buyback Center all constructed at the same time or with construction phased in over a period of time.

**Task 2.3 Rate Structure Phasing Plan**

Separate each component of the long term financing plan in the rate calculation so its individual cost is easily determined. Financing of construction and land acquisition for each component will contain specific costs to the rate payer that the City would like to evaluate separately to determine each project's feasibility.

The Transfer Station Schedule can be viewed at: <http://www.egrtrashrecycleservices.org/index.asp>

**3. Commercial Hauler Audit Background**

Consultant will perform audits of the commercial tonnages and commercial refuse hauler fees collected under the solid waste hauling permit or Franchisee Agreements of commercial haulers operating within Elk Grove. Although this contract is not a regional contract, the consultant will work with local jurisdictions, which may include the City of Sacramento, the County of Sacramento, the Cities of Rancho Cordova, Citrus Heights, Folsom, West Sacramento and Galt. Other jurisdictions are likely to be performing a similar audit of the same commercial Franchisee Hauler for the same period of time that the City may select. Each year, two audits will be performed of one large hauler and one small-sized hauler. Procedures performed will consist of the review of a sample of supporting documentation, for a selected period of time, of commercial hauler fees collected under the solid waste permit or Franchise Agreement of a solid waste hauler selected by the City, for accuracy and completeness. The City has the option to add procedures for additional waste haulers at its discretion, subject to the contract limit. If discrepancies are noted in hauler fees paid to the City, a separate contract may be entered into to perform additional procedures, at the request of the City, for a separate fee at the rates per hour in this contract.

The consultant must have established experience in the range of audit and rate-setting requirements and have previously participated in the review of the financial and operating records of hauling companies on behalf of their clients. The consultant should be able to document conscientious audits, insightful recommendations and meticulous examination of commercial hauler records. The consultant will be required to work with local commercial haulers and regional jurisdictions that will be conducting similar audits during the same time period.

**Task 3.1 Perform a walkthrough of internal controls**

The consultant will perform a walkthrough of internal controls over accounting for disposal tonnages, including the handling of dump tags, reconciliation of tonnages and revenue collected from customers to revenue recognized by the contractor, revenue reports provided to the City and hauler fees paid to the City. The reports to be reviewed include customer lists, tonnages of materials land filled, gross receipts billed and fees paid within each jurisdiction by independent waste haulers. The consultant will provide a letter to the City documenting the contractor's controls in place and any apparent weaknesses in internal control encountered for each of the selected haulers.

**Task 3.2 Review a sample of solid waste dump tags and report to the City**

The consultant will review a sample of solid waste dump tags and report to the City whether that documentation is tracked using unique numbers in consecutive order, allowing receipts, adjustments and cancellations to be properly controlled and reconciled to cash receipts, adjustments and cancellations in the contractor's general ledger and revenue report provided to the City.

**Task 3.3 Trace revenue and tonnages**

The Consultant will trace revenue and tonnages related to the sample of dump tags for waste hauled in the period tested to the amount reported to the City in the revenue report for the period, verifying that the origin of the material was within the jurisdiction of the City.

**Task 3.4 Compare dump tags to tonnage accepted by landfills**

The consultant will reconcile tonnages accepted per the dump tags to the tonnages accepted by the landfills used by the contractor on a combined basis and will report any inconsistencies.

**Task 3.5 Compare information submitted to the City to information submitted to the County**

Compare information submitted to the City by the contractor to the information that was reported to Sacramento County for material transported outside of the City. This information shall be included in the report to the City.

**Task 3.6 Interview staff and drivers**

The consultant will interview staff and drivers of the company to discuss with them how they are told to report and identify tons, and how they invoice, report, and handle revenue. The consultant will select employees at random. Drivers will be asked how they are instructed to report Elk Grove tons when a mixed load of waste is generated from more than one jurisdiction.

**Task 3.7 Prepare a summary report**

Prepare a summary report that will include any discrepancies between tonnage reported to the City, Sacramento County or San Joaquin County for tonnages collected by the selected hauler with a separate page for each jurisdiction (assumes more than one jurisdiction is auditing) by commodity for the period of the audit. The report will identify any discrepancies and make recommendations on how the selected hauler could improve record keeping for future audits.

**4. Meetings**

The selected firm must be available to participate in meetings with staff, the community, and sub-consultants/staff. In addition, attendance at public hearings associated with any rate adjustment may be required. The proposal fee should provide for two (2) public hearings/meetings; two (2) meetings with City staff at Elk Grove City Hall, and conference call meetings with City staff from time to time, as determined to be necessary for each annual rate adjustment. The proposal should relay costs associated with attendance at additional meetings in the offices of the commercial haulers that are being audited on a time and materials basis. Please note that project liaison meetings are to be included in the fee and the project scope.

## 5. City's Budget

The City's estimated not-to-exceed budget for the work related to each Task is presented below:

<b>Scope</b>	<b>FY 2009/10</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>
Task 1	\$ 20,000	\$ 20,000	\$ 15,000
Task 2	\$ 45,000	\$ 45,000	0
Task 3	\$ 40,000	\$ 40,000	\$ 40,000
<b>Total Budget</b>	<b>\$ 105,000</b>	<b>\$ 105,000</b>	<b>\$ 55,000</b>

## 5. **Contract Schedule**

The contract is expected to terminate no later than June 30, 2012.

**Evaluation and Selection Criteria**

**Evaluation Criteria**

Proposals will be evaluated using eight (8) categories listed below. The evaluation criteria for the award of the contract will be weighted as follows. A score of points is assessed to each category. The scores from all 8 categories are added together to create final scores. The maximum possible points are 100. The following represent the principal selection criteria which will be considered during the evaluation process:

1. Experience and Knowledge of Municipal Solid Waste Rate Structures. (10 pts.)
2. Experience and Knowledge of Solid Waste Operations and Hauler Audits. (15 pts.)
3. Public Sector Experience and Resources: The Firms experience in providing services to California municipalities and knowledge of California Integrated Waste Management Board (CIWMB) regulations and reporting criteria. (10 pts.)
4. Work Plan: The completeness of the work plan description and proposed modifications based on previous Solid Waste related experience. (10 pts.)
5. Supportive Information References: The satisfaction with and opinion of the Firms quality of work based on the client and professional references provided. (10 pts.)
6. Assigned Relationship Manager/Team: The credentials and experience of the person(s) assigned to the team. The experience and credentials of any partnership firms. (15 pts.)
7. Fees for Services: Evaluation of the proposed fee structure as outlined in Section 7 of the Guidelines for Proposal. (25 pts.)
8. Proper Submission of Proposal: Adherence to all specifications and requirements. (5 pts.)

**Professional Service Contract**

The standard form consultant contract used by the City of Elk Grove is attached.