

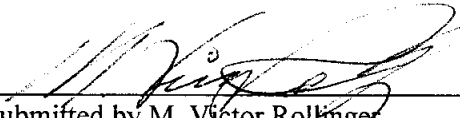


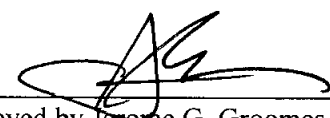
City of Carson

Report to Mayor and City Council

December 21, 2010
Unfinished Business

SUBJECT: CONSIDERATION FOR STREET SWEEPING SERVICES CONTRACT EXTENSION


Submitted by M. Victor Rollinger
Development Services General Manager


Approved by Jerome G. Groomes
City Manager

I. SUMMARY

On December 7, 2010, the Mayor ordered this item continued for two weeks without objection (Exhibit No. 1).

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE a contract extension for street sweeping services with Nationwide Environmental Services (NES) for three years (FY 2011/12 to FY 2013/14) in an amount not-to-exceed \$731,420.00, with an optional one-year extension.
2. AUTHORIZE the Mayor to execute the contract extension, following approval as to form by the City Attorney.

III. ALTERNATIVES

1. INSTRUCT staff to advertise for competitive bids for street sweeping services.
2. APPROVE a contract extension for street sweeping services with NES for seven years (FY 2011/12 to FY 2017/18) in an amount not-to-exceed \$731,420.00, with an optional three-year extension.
3. TAKE any other action that the City Council deems appropriate.

IV. BACKGROUND

Staff received a letter from NES dated October 14, 2010 and analyzed the proposal set forth by NES (Exhibit No. 2). Subsequently, management staff met and determined that a seven-year contract extension wouldn't be in the best interest of the city since a seven-year extension would warrant a competitive bid process.

Understanding this, staff wanted to negotiate a fair extension for the City and NES. The current agreement is for three years with an optional three-year extension, which is generally shorter than the industry average for street sweeping contracts. Usually, street sweeping contracts are for seven years with options for extensions of one to three years.

Staff negotiated the recommended three-year contract extension with NES, including an optional one year extension to save the city approximately \$50,000 per year due to changes in the Consumer Price Index (CPI), and disposal costs for

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two years. This would also make the total contract length with NES equal to seven years, which when the optional one-year extension is included, would then align it with the industry average.

On December 7, 2010, during the City Council meeting NES brought new information to the attention of the city staff and City Council. The information brought forward was not included in the original letter provided by NES dated October 14, 2010.

This information included new tipping fees outlined by the County Sanitation Districts of Los Angeles for Puente Hills disposal facilities (Exhibit No. 3). The new tipping fees increase the disposal rate by approximately ten percent, allowing other transfer stations to increase tipping fees for solid waste. This continued increase in disposal is consistent with the rates stated in forecasted closure communications related to Puente Hills in 2013. When the facility closes, disposal rates will likely continue to climb. The new tipping fee information was not available during the original negotiations.

NES stated that given this new information, they could hold the city's current price for the next seven years, which would be a substantial savings to the City. By locking in a seven-year contract term, NES indicates that they would be able to lock in long term disposal agreements with transfer facilities to maintain disposal costs.

According to Section 3.4 of the existing contract with NES, the agreement may only be extended up to a maximum of three years (Exhibit No. 5).

After considering the new offer and given the current highly competitive bidding market, staff is of the opinion that if a new seven-year contract is desired, then an RFP should be open for competitive bidding which would specify that the service provider hold the service rate constant.

V. FISCAL IMPACT

Funds for this service will continue to be allocated from the Gas Tax Fund.

VI. EXHIBITS

1. December 7, 2010 City Council minutes. (pgs. 4-5)
2. Letter of Contract Extension from Nationwide Environmental. (pgs. 6-9)
3. County Sanitation Districts of Los Angeles County letter. (pgs. 10-12)
4. First Amendment to the Street Sweeping Services Contract. (pgs. 13-14)
5. Section 3.4 of existing Street Sweeping Contract. (pg. 15)

Prepared by: Denny Bacon, Public Works Program Administrator.

sf:Rev061902

Reviewed by:

City Clerk	<u>City Treasurer</u>
<u>Administrative Services</u>	<u>Development Services</u>
<u>Economic Development Services</u>	<u>Public Services</u>

Action taken by City Council

Date _____ Action _____



City of Carson Report to Mayor and City Council

December 7, 2010
New Business Consent

SUBJECT: CONSIDERATION FOR STREET SWEEPING SERVICES CONTRACT EXTENSION

Submitted by M. Victor Rotlinger
Development Services General Manager

Approved by Jerome G. Groomes
City Manager

I. SUMMARY

Faced with a city budget deficit, staff has been instructed to find ways to reduce costs and bring in new revenue. The Development Services Work Group (DSG) has reviewed contract services to find ways to accomplish that. Staff has negotiated with its street sweeping contractor, Nationwide Environmental Services (NES), and has received a proposal for a contract extension that would allow the city to guarantee a contract price that will not increase due to fluctuation in the Consumer Price Index (CPI) or a change in the disposal rate, or any other cause.

NES is requesting a three-year contract extension for street sweeping services. According to Section 3.4, an extension can be authorized up to a maximum of three additional years upon the mutual agreement of the parties and authorization by a vote of the City Council (Exhibit No. 1). As part of the contract negotiation, the city and the vendor included a provision that gives the city the right to exercise an option at its own sole discretion to extend the amended contract for one year upon approval of the City Council.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE a contract extension for street sweeping services with Nationwide Environmental Services for three years (Fiscal Years 2011/12, 2012/13 and 2013/14) in an amount not-to-exceed \$731,420.00 for each year, with an optional one-year extension.
2. AUTHORIZE the Mayor to execute the contract extension, following approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE any other action that the City Council deems appropriate.

IV. BACKGROUND

The current contract for street sweeping services began on July 1, 2008, and will expire on June 30, 2011. Under this contract, NES is allowed to ask for a price

increase due to a change in the CPI and any "Extraordinary Adjustments" such as a change in the disposal rate.

NES has agreed to hold the price of street sweeping at the current rate of \$731,420.00 for the duration of the extension. This rate is the same rate as when the existing contract started on July 1, 2008, and has not been adjusted for CPI or disposal. This will save the city approximately \$150,000.00 for the 3-year period.

Extending the street sweeping contract with NES for three more years allows the city to capitalize on the value of a long-term agreement by locking in the current rate and continuing to realize a saving of approximately \$50,000.00 per year. This translates to a total savings of about \$300,000.00 if the City Council approves the extension of the contract.

NES has provided street sweeping services for the city of Carson since 1995, and in that time, city staff has received a minimal number of complaints and has found the contractor to be reliable and dependable.

V. FISCAL IMPACT

Funds for this service will continue to be allocated from the Gas Tax Fund.

VI. EXHIBITS

1. Section 3.4 of the Street Sweeping Services Contract (pg. 3).
2. First Amendment to the Street Sweeping Services Contract (pgs. 4-5).
3. Letter of Contract Extension from Nationwide Environmental (pg. 6).

Prepared by: Denny Bacon, Public Works Program Administrator.

sf:Rev061902

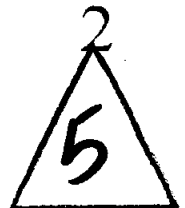
Reviewed by:

City Clerk	City Treasurer
Administrative Services	Development Services
Economic Development Services	Public Services

Action taken by City Council

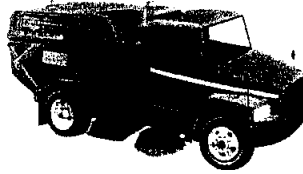
Date 12/7/10 Action Mayor Dear ordered continued for two weeks without objection.

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Nationwide Environmental Services

Division of Joe's Sweeping, Inc.



October 14, 2010

Mr. Denny Bacon
Program Administrator
City of Carson
2390 E. Dominguez Street
Carson, CA 90749

RE: Street Sweeping Contract

Dear Mr. Bacon:

Pursuant to Section 2.3 and 2.4 of the street sweeping agreement with the City of Carson, Nationwide Environmental Services (NES) is eligible for a CPI adjustment and extraordinary increases in disposal rates.

Based on the Consumer Price Index, Urban Wage Earners Report for March 2010, the cost of living adjustment increased 2.4% and the disposal costs increased 4.21%. Therefore, the overall operating costs increased 6.61%. Please see attachments for the formula and index to determine the CPI and disposal rate adjustment.

However, NES desires to do its utmost to assist the City of Carson during these difficult economic times by offering to absorb the 6.61% increase for 2010/2011 and approximately 7.11% increase for 2011/2012 fiscal years. However, in return, NES is requesting a seven (7) year contract renewal with an option to extend for one (1) additional three (3) year period. All other terms and conditions of the existing contract between the City and NES will remain unchanged. In making this proposal the City will save over \$100,000 within a two (2) year period. Furthermore, the City will have the assurance that the City's streets will always be clean as evidenced by the years of excellent service provided by NES.

I trust that you will give this proposal immediate consideration. As always, NES will continue to provide high quality sweeping services with outstanding customer service.

If you have any questions, please feel free to contact me. Thank you for your consideration.

Sincerely,

Ani Samuelian
Vice President

Attachments
11914 Front Street • Norwalk, California 90650 • (562) 860-0604 • Fax (562) 868-5726
www.nes-sweeping.com

EXHIBIT NO. - 2

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CARSON
ATTACHMENT

Disposal/Composting Rates

Community Recycling	2009	2010	2011
Price Per Ton	\$34.00	\$48.00	Est. \$60.00
Estimated Annual Tonnage	2,200.0	2,200.0	2,200.0

Estimated Annual Increase to the Contract Amount		4.21%	3.61%
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Consumer Price Index - Urban Wage Earners

March 2010	2.40%	Projected 3.5%
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Summary

Calculated Contract Increase	6.61%	7.11%
Annual Contract Adjustment (Savings)	\$48,346.86	\$52,003.96



COMMUNITY RECYCLING & RESOURCE RECOVERY, INC.
9147 De Garmo Avenue
Sun Valley, California
818-767-6000

COMMERCIAL PRICE LIST

	Mon-Fri: Sat: Mon	<u>After Hours</u> 6:00 PM – 5:59 AM 2:01 PM to 5:59 AM
Trash:	\$48.00/Ton 58.00/Min	\$55.00/Ton 70.00/Min
Construction/Demolition:	\$48.00/Ton 58.00/Min	\$55.00/Ton 70.00/Min
Green Waste:	\$39.00/Ton 58.00/Min	\$44.00/Ton 63.00/Min
Clean Scrap Wood:	\$31.00/Ton 58.00/Min	\$38.00/Ton 63.00/Min
Food Waste	\$55.00/Ton	\$68.00/Ton
Gypsum Board	\$20.00/Ton	\$33.00/Ton

ALL LOADS MUST BE TARPED. A \$15.00/load charge will be accessed on all loads that are not tarped.

WE DO NOT ACCEPT: Hazardous Waste, Liquid Waste, Asbestos, Paint, Solvents, Sewage or Sludge, Barrels or Drums, Vehicle Batteries, Oil, Antifreeze, Tires, Dead Animals, Contaminated Soil, Red Bag Medical Waste, Refrigerators, Air Conditioners, E-Waste, or Televisions, etc.





COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

1955 Workman Mill Road, Whittier, CA 90607-1400
Mailing Address: P.O. Box 4998, Whittier, CA 90607-4998
Telephone: (562) 699-7411, FAX: (562) 699-5422
www.lacsd.org

DEC 01 2010

STEPHEN R. MAGUIN
Chief Engineer and General Manager

November 24, 2010

File No. 31R-10.10

V. Roling
D. Bacon

Dear City Manager/City Administrator:

Rates for Solid Waste Materials Recovery, Transfer, and Disposal Facilities

This is to advise you of the rates to be charged at the Puente Hills Landfill, the Puente Hills Materials Recovery Facility (MRF), the Downey Area Recycling and Transfer (DART) Facility, the South Gate Transfer Station, the Calabasas Landfill, and the Scholl Canyon Landfill, effective January 1, 2011. Overall, the rates for these facilities will remain the same as the current rates with three exceptions:

- A new volume discount program is being offered at the Puente Hills Landfill for qualified customers who dispose of large quantities (over 5,000 tons per month) of Municipal Solid and Inert Waste (MSW) at the landfill;
- The tip fee for MSW at the Puente Hills MRF will increase from \$38.26/ton to \$42.14/ton;
- The tip fee for recycling segregated, uncontaminated loads of green waste will increase by \$3.00/ton at the Puente Hills Landfill, the DART Facility, the Calabasas Landfill, and the Scholl Canyon Landfill. In addition, at the DART Facility, a 1-ton minimum charge will apply to green waste.

Details of Rate Changes

In order to provide future disposal capacity for the communities of Los Angeles County to replace the capacity that will be lost when the Puente Hills Landfill closes in 2013, the Sanitation Districts have been developing a waste-by-rail system. Containers of waste will be loaded onto trains at intermodal facilities for transport by rail to the Mesquite Regional Landfill in Imperial County. Because the waste-by-rail system will be expensive to develop and more expensive to operate than local disposal, the Sanitation Districts have been raising tip fees since 2005 to generate funds for the cost transition program to supplement the waste-by-rail expenses.

The tonnage received at the Puente Hills Landfill has decreased over the last few years due to the current recession and the use of other disposal facilities by local cities. As such, revenue received at the Puente Hills Landfill has decreased and contributions to the cost transition program have been smaller than originally anticipated. Because the Puente Hills Landfill must close on October 31, 2013, according to its Conditional Use Permit, the drop in tonnage means the landfill will close with excess disposal capacity. In an effort to both increase the contributions to the cost transition fund and maximize the use

DOC# 1741456

Recycled Paper



EXHIBIT NO. - 3



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
SCHEDULE OF RATES FOR SOLID WASTE MATERIALS RECOVERY, TRANSFER, AND DISPOSAL FACILITIES

	RATE January 1, 2011
PUENTE HILLS LANDFILL, Whittier ⁽¹⁾⁽²⁾	
Municipal Solid and Inert Waste	\$38.26 /ton
Volume Discount Program ⁽³⁾	
Direct Haul >5,000 tons in a calendar month	34.17 /ton
Transfer Haul >5,000 -12,500 tons in a calendar month	32.38 /ton
>12,500 - 18,750 tons in a calendar month	31.08 /ton
>18,750 tons in a calendar month	28.28 /ton
Hard-to-Handle, Bulky Items	46.24 /ton
Tires	82.26 /ton
Special Handling	63.01 /ton
Minimum Charge MSW	37.25 per load
Pull-Offs	33.00 each
Segregated Uncontaminated Green Waste (1-ton minimum charge)	22.95 /ton
PUENTE HILLS MATERIALS RECOVERY FACILITY(MRF), Whittier ⁽¹⁾	
Municipal Solid and Inert Waste	\$42.14 /ton
Mixed Plastics	25.00 /ton
Hard-to-Handle, Bulky Items	46.24 /ton
Minimum Charge MSW	37.25 per load
SOUTH GATE TRANSFER STATION, South Gate ⁽¹⁾	
Municipal Solid and Inert Waste	\$50.38 /ton
Mixed Plastics	25.00 /ton
Hard-to-Handle, Bulky Items	57.63 /ton
Minimum Charge MSW	37.75 per load
DOWNEY AREA RECYCLING & TRANSFER FACILITY (D.A.R.T.), Downey ⁽¹⁾	
Municipal Solid and Inert Waste	\$54.15 /ton
Mixed Plastics	20.00 /ton
Hard-to-Handle, Bulky Items	61.40 /ton
Minimum Charge MSW	37.75 per load
Segregated Uncontaminated Green Waste (1-ton minimum charge)	38.95 /ton
CALABASAS LANDFILL, Agoura ⁽¹⁾⁽²⁾	
Municipal Solid and Inert Waste	\$40.82 /ton
Hard-to-Handle, Bulky Items	48.79 /ton
Tires	84.82 /ton
Special Handling	57.32 /ton
Minimum Charge MSW	39.25 per load
Pull-Offs	33.00 each
Segregated Uncontaminated Green Waste (1-ton minimum charge)	25.25 /ton
Asphalt	5.50 /ton
-Minimum Charge	20.00 per load
SCHOLL CANYON LANDFILL, Glendale ⁽¹⁾⁽⁴⁾	
Municipal Solid and Inert Waste	\$48.99 /ton
Hard-to-Handle, Bulky Items	58.05 /ton
Tires	92.74 /ton
Special Handling	66.80 /ton
Minimum Charge MSW	48.25 per load
Pull-Offs	40.00 each
Segregated Uncontaminated Green Waste (1-ton minimum charge)	25.25 /ton
Asphalt	8.50 /ton
-Minimum Charge	30.00 per load
Clean Dirt	4.00 /ton
-Minimum Charge	30.00 per load

Uncovered Loads Capable of Producing Litter: Puente Hills Landfill, Calabasas Landfill, Puente Hills MRF, South Gate, DART - \$4.40/ton surcharge;
 Scholl Canyon Landfill - \$5.00/ton surcharge; \$5.00 minimum

Non-manifested Tire Loads: Puente Hills and Calabasas Landfills - \$4.40/ton surcharge; \$4.40 minimum
 Scholl Canyon Landfill - \$5.00/ton surcharge; \$5.00 minimum

⁽¹⁾All rates excluding pull-offs, green waste, asphalt, and clean dirt include the following fees, as appropriate:

California Integrated Solid Waste Management Fee:	\$1.40 per ton
Los Angeles County Solid Waste Management Fee:	\$1.50 per ton
Los Angeles County Department of Health Services Regulatory Service Fee:	\$0.21 per ton

⁽²⁾All rates and surcharges include the Los Angeles County Business License Tax, as appropriate:

10% of gross receipts, excluding state and local fees and taxes

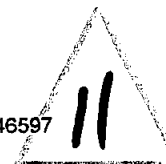
⁽³⁾ Customers must be registered with the Districts for the Volume Discount Program to receive the discounted rates.

⁽⁴⁾All rates and surcharges (except for Clean Dirt) include the City of Glendale - Scholl Canyon Landfill Assessment:

25% of gross receipts; vehicles owned and operated by the City of Glendale are exempt

RATES CONTINUED ON NEXT PAGE

DMS-#1746597



Volume Discount Program

Municipal Solid & Inert Waste at the Puente Hills Landfill

What is the Volume Discount Program?

Effective January 1, 2011, the Puente Hills Landfill (PHLF) will be offering volume discounts to customers that deliver over 5,000 tons per month of Direct Haul Municipal Solid and Inert Waste (MSW) or over 5,000 tons per month of Transfer Haul MSW for disposal at the landfill. The non-discounted MSW disposal rate will remain the same as it was in 2010, which is \$38.26/ton. All customers will be charged this rate at the time of disposal.

What discounts will be available?

Direct Haul – A discounted rate of \$34.17/ton will be available to registered customers who deliver over 5,000 tons of Direct Haul Waste in a calendar month to PHLF for disposal. Direct Haul Waste is MSW that is collected and hauled directly to the landfill without being processed through a transfer station or materials recovery facility.

Transfer Haul – The following discounts will be available to registered customers who deliver over 5,000 tons of Transfer Haul Waste in a calendar month to PHLF for disposal. Transfer Haul Waste is MSW that originates from and is processed through a transfer facility or materials recovery facility that is registered with the Sanitation Districts of Los Angeles County (Districts).

<u>Transfer Haul Tonnage disposed in a calendar month</u>	<u>Discounted rate applicable to <i>all</i> MSW tonnage received that month</u>
>5,000 - 12,500 tons	\$32.38/ton
>12,500 - 18,750 tons	\$31.08/ton
>18,750 tons	\$28.28/ton

How do I qualify for a discount?

In order to qualify for a discounted rate, customers must register for the Volume Discount Program and deliver the minimum tons required for the discount. The discount only applies for the calendar month during which the minimum tons were delivered to the landfill. Volume discounts apply to individual registered customers only and Transfer and Direct Haul Tonnage cannot be combined to meet the tonnage requirements for any of the discounted rates. Cards issued to each truck by the Districts must be presented at the time the waste is delivered in order for the tonnage to count towards a discount. Waste delivered under the Hauler Disposal Authorization Program will not count towards a discount.

How do I register for the program?

Contact Customer Service at (562) 908-4876.

When do I see a discount?

Charge Customers will see the discounted rate on their monthly invoice.

Cash Customers will receive a credit for the difference between the non-discounted rate paid and the applicable discounted rate for the qualifying tons delivered that month. This credit will be issued within 30 days of the end of the month and will be applied to the customer's future disposal fees at the PHLF.

FIRST AMENDMENT TO
CONTRACT SERVICES AGREEMENT

This First Amendment to the CONTRACT SERVICES AGREEMENT ("First Amendment") is made as of the ____ day of _____, 2010, by and between the CITY OF CARSON, a municipal corporation ("City"), and NATIONWIDE ENVIRONMENTAL SERVICES, a California Corporation ("Contractor"). The City and Contractor agree as follows:

RECITALS

- A. The City and the Contractor entered into a Contract Services Agreement ("Agreement") dated July 1, 2008, for street sweeping services within the City; and
- B. The Agreement is due to expire on June 30, 2011; and
- C. The parties wish to renew the Agreement;

NOW THEREFORE for good and adequate consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. Recitals: The recitals are incorporated herein by this reference.
- 2. Section 3.4 Term Section 3.4 is amended to read as follows:

"Unless earlier terminated in accordance with Section 7.8 of this Agreement, this Agreement shall continue in full force and effect from July 1, 2008 (the "Commencement Date") through June 30, 2014. In addition, the City (in the sole discretion of the City Council) shall have the option of exercising one one-year extension. The City shall exercise this option, if at all, by the City Council providing written notice to Contractor of the City Council's decision to exercise the option not less than thirty (30) days prior to the expiration of the term of this agreement.

- 3. Effect of this First Amendment: Except as expressly amended hereby, the Agreement shall remain in full force and effect.

TO EFFECTUATE THIS AGREEMENT, each of the parties has caused this Agreement to be executed by its duly authorized representative as of the date set forth below the authorized signature.

CITY OF CARSON

ATTEST:

By: _____

JIM DEAR, MAYOR

CITY CLERK

Date: _____

APPROVED AS TO FORM:

CITY ATTORNEY

Nationwide Environmental Services, a
California Corporation

By: _____

(Authorized Representative)

Title: _____

Date: _____

By: _____

(Authorized Representative)

Title: _____

Date: _____

Council of the City for the purposes of this Agreement. The availability of funding is affected by matters outside the City's control, including other governmental entities. Accordingly, the City has the option to void the whole Agreement or to amend the Agreement to reflect unanticipated reduction in funding, for any reason.

3.0 PERFORMANCE SCHEDULE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance. All services rendered pursuant to this Agreement shall be performed within the time period established in the "Schedule of Performance" attached hereto as Exhibit "J" and incorporated herein by this reference. Extensions to the time specified in the schedule of Performance may be approved in writing by the Contract Officer.

3.3 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Contractor shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Contractor be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Contractor's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Term & Extended Term(s). Unless earlier terminated in accordance with Section 7.8 of this Agreement, this Agreement shall continue in full force and effect from and after July 1, 2008 and for three (3) consecutive calendar years thereafter. City reserves the right, in its sole and unfettered discretion, to extend the Term of this Agreement for up to a maximum of (1) three-year extended term (an "Extended Term"). City shall exercise its right to extend the Term of the Agreement by providing Contractor with written notice of its intent to extend the Term or any Extended Term of this Agreement not less than thirty (30) calendar days prior to the expiration of the Term or any Extended Term of this Agreement.

4.0 COORDINATION OF WORK

4.1 Representative of Contractor. The following principals of Contractor are hereby designated as being the principals and representatives of Contractor authorized to act in its behalf with respect to the work specified herein and make all decisions in connection therewith:

Never Samuelian/President

Joe Samuelian/Vice President

Ani Samuelian/Vice President & Director