


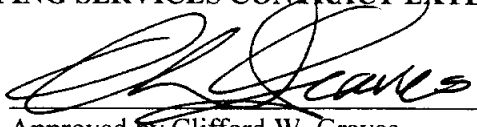


City of Carson Report to Mayor and City Council

January 18, 2011
Unfinished Business

SUBJECT: CONSIDERATION FOR STREET SWEEPING SERVICES CONTRACT EXTENSION


Submitted by M. Victor Rollinger
Development Services General Manager


Approved by Clifford W. Graves
Interim City Manager

I. SUMMARY

On December 21, 2010 (Exhibit No. 1), the City Council voted to have staff bring back a seven-year extension and draft language for the street sweeping contract that would require City Council approval of increases due to changes in the Consumer Price Index (CPI) or disposal rates.

II. RECOMMENDATION

CONTINUE to the February 1, 2011 City Council meeting.

III. ALTERNATIVES

TAKE any other action that the City Council deems appropriate.

IV. BACKGROUND

Staff has been negotiating with Nationwide Environmental Services (NES) since October 14, 2010, for a street sweeping contract extension. Early negotiations recommended a three-year contract extension with NES, including an optional one year extension which would save the city approximately \$50,000.00 per year due to NES's agreement to forego changes in the CPI, and disposal costs for 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 (Exhibit No. 2), during the City Council meeting, NES brought new information to the attention of 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. This increase in disposal fees is consistent with the rates stated in forecasted 2013 closure communications related to Puente Hills. 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

23.

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.

The City Attorney is currently reviewing the proposed contract extension language and the proposed contract extension will be available for City Council action on February 1, 2011.

V. FISCAL IMPACT

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

VI. EXHIBITS

1. December 21, 2010 City Council minutes. (pgs. 3-5)
2. December 7, 2010 City Council minutes. (pgs. 6-7)

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>

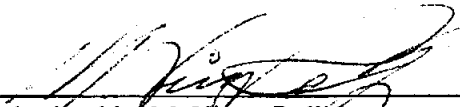
Action taken by City Council	
Date _____	Action _____

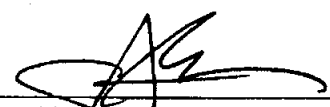


City of Carson Report to Mayor and City Council

December 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

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	City Treasurer
Administrative Services <i>Maquelin Costa</i>	Development Services
Economic Development Services <i>Maquelin Costa</i>	Public Services

Action taken by City Council

Date 12/21/2010 Action Council Voted 5-0 to have staff
draft language in the Street Sweeping Contract that would only
allow the City Council to approve increases to the original rates and
to bring back a 7-year contract extension. See
ON MOTION OF ES/DH.





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 Rottlinger
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:

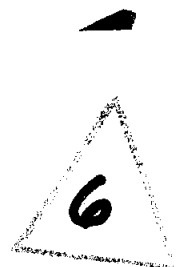
1. APPROVE a contract extension for street sweeping services with Nationwide Environmental Services for three years (Fiscal Years 2011/12, 2012/13 and 2013/14) in an amount not-to-exceed \$731,420.00 for each year, with an optional one-year extension.
2. AUTHORIZE the Mayor to execute the contract extension, 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 <u>12/7/10</u>	Action <u>Mayor Dear ordered continued for two weeks without objection.</u>

mp

