



# City of Carson Report to Mayor and City Council

February 1, 2011  
New Business Consent

**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

- II. 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, after the initial two-years of the extended contract, due to changes in the Consumer Price Index (CPI) or solid waste disposal rates.

## III. RECOMMENDATION

TAKE the following actions:

1. APPROVE a contract extension for street sweeping services with NES for seven years (FY 2011/12 to FY 2017/18) in an annual amount not-to-exceed \$731,420.00, with an optional three-year extension.
2. AUTHORIZE the Mayor to execute the contract extension, following approval as to form by the City Attorney.

## IV. ALTERNATIVES

1. INSTRUCT staff to advertise for competitive bids for street sweeping services.
2. 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 annual amount not-to-exceed \$731,420.00, with an optional one-year extension.
  - a. TAKE any other action that the City Council deems appropriate.

## V. BACKGROUND

Staff has negotiated 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 have saved 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 have also made the total contract length with NES equal to a total of seven years if the existing optional one-year contract extension is included, and would then align it with the industry average.

February 1, 2011

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 offer letter provided by NES dated October 14, 2010.

This new 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 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 in turn lock in long-term disposal agreements with transfer facilities to maintain current disposal costs.

Staff has also negotiated new sweeping services for the Community Center and City Hall. NES will provide cleaning and pressure washing of all sidewalks in and around the Community Center and City Hall on a monthly basis. All waste water will be recovered to ensure compliance with applicable laws. This cost for this service is estimated to be \$24,000.00. This has been negotiated for free and will enhance the appearance of our facilities.

The City Attorney has reviewed the proposed contract extension language and the proposed contract extension is recommended for City Council action on February 1, 2011.

**VI. FISCAL IMPACT**

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

**VII. EXHIBITS**

1. December 21, 2010 City Council minutes. (pgs. 4-6)
2. December 7, 2010 City Council minutes. (pgs. 7-8)
3. First Ammendment to the Street Sweeping Services Contract. (pgs. 9-14)

Prepared by: Prepared by: Denny Bacon, Public Works Program Administrator.

TO:Rev010511

Reviewed by:

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

**Action taken by City Council**

Date \_\_\_\_\_ Action \_\_\_\_\_

\_\_\_\_\_

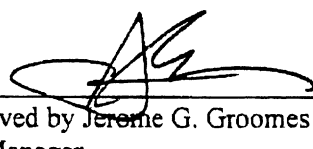


# City of Carson Report to Mayor and City Council

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. Grooms  
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>Michael A. Costa</i>	Development Services
Economic Development Services <i>ju</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 Rottinger  
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

<b>Action taken by City Council</b>	
Date <u>12/7/10</u>	Action <u>Mayor Dear ordered continued for two weeks without objection.</u>

MP



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 1.1 Scope of Services is amended to include:

**Pressure washes all sidewalks, on a monthly basis, in and around City Hall and Community Center. Waste water will be recovered in accordance with applicable laws.**

In compliance with all terms and conditions of this Agreement, the Contractor shall provide those services specified in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by this reference, which services may be referred to herein as the "services" or "work" hereunder. As a material inducement to the City entering into this Agreement, Contractor represents and warrants that Contractor is a provider of first class work and services and Contractor is experienced in performing the work and services contemplated herein and, in light of such status and experience, Contractor covenants that it shall follow the highest professional standards in performing the work and services required hereunder and that all materials will be of good quality, fit for the purpose intended. For purposes of this Agreement, the phrase "highest professional standards" shall mean those standards of practice recognized by one or more first-class firms performing similar work under similar circumstances.



3. Section 2.3 Future Adjustments is amended to read as follows:

**Effective July 1, 2009, and on each July 1 thereafter, the compensation paid to the Contractor may be adjusted annually to rates that are based upon changes in the Consumer Price Index (CPI), All Urban Consumers for Los Angeles-Anaheim Riverside Area, as published by the United States Department of Labor, Bureau of Labor Statistics. The Contractor shall submit to the City, each April, beginning in April 2009, information in support of an annual adjustment. This information will include changes in the CPI that have occurred during the preceding calendar year. The City Manager or his designee shall review the information submitted by Contractor and will refer the proposed adjustment to the City Council for approval, in its reasonable judgment.**

Effective July 1, 2009, and on each July 1 thereafter, the compensation paid to the Contractor shall be adjusted annually to rates that are based upon changes in the Consumer Price Index (CPI), All Urban Consumers, for Los Angeles-Anaheim Riverside Area, as published by the United States Department of Labor, Bureau of Labor Statistics. The Contractor shall submit to the City, each April, beginning in April 2009, information in support of an annual adjustment. This information will include changes in the CPI that have occurred during the preceding calendar year. The City Manager or his designee shall review the information submitted by Contractor and approve the rate adjustment if the information submitted is determined to be accurate. As an alternative, the City Manager may refer the proposed adjustment to the City Council for approval, in its reasonable judgment.

4. Section 2.3 Extraordinary Adjustments is amended to read as follows:

**Extraordinary adjustments will be frozen for the first two-years of the extension, FY 2011/12 and FY 2012/13, disposal increases will be held for the duration of the contract. The City Manager or his designee shall review the information submitted by the Contractor and the City Manager will refer the proposed adjustment to the City Council for approval, in its reasonable judgment.**

The Contractor or the City may request an adjustment to the compensation paid to the Contractor at times other than those specified in Section 2.3, based upon unusual changes in the cost of providing service under this agreement. The Contractor may request only one such adjustment during any rate year. Unusual changes may include changes in components of the disposal rate, changes in the disposal site requested by the City, changes in state or local government solid waste fees and charges, and changes in the law. These changes do not include inaccurate estimates by the Contractor of its proposed cost of operations. For each request, the Contractor must prepare a schedule

documenting the extraordinary costs. The request shall be prepared in a form acceptable by the City with support for all assumptions made by the Contractor in preparing the estimate. The City shall review the Contractor's request and, in the City's reasonable judgment, make the final determination on the appropriate amount of the adjustment, if any.

5. Section 3.4 Term 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, 2018. In addition, the City (in the sole discretion of the City Council) shall have the option of exercising one three-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.**

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.

6. Section 7.8 Termination Prior to Expiration of Term is amended to read as follows:

**Subject to the provisions of and compliance with section 7.2 of this Agreement, this Section 7.8 shall govern any termination of this Agreement, subject to the additional rights and remedies the City is entitled to as provided for in Section 7.9. The City reserves the right to terminate this Agreement at any time, for cause, upon sixty (60) days written notice to Contractor. In addition, the Contractor reserves the right to terminate this Agreement at any time, for cause, upon sixty (60) days written notice to City. Except where the Contractor has initiated termination, the Contractor shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event the**



**Contractor has initiated termination, the Contractor shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder. For purposes of this Agreement, cause shall be defined as the failure to abide by all terms and conditions of this Agreement, the failure of Contractor to perform its obligations hereunder in a timely and satisfactory manner, or if Contractor ceases performing its work for ten (10) days during any thirty (30) day period.**

This Section shall govern any termination of this Agreement except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Agreement at any time, with or without cause, upon thirty (30) days' written notice to Contractor, except that where termination is due to the fault of the Contractor, the period of notice may be such shorter time as may be determined by the Contract Officer. In addition, the Contractor reserves the right to terminate this Agreement at any time, with or without cause, upon sixty (60) days' written notice to City, except that where termination is due to the fault of the City, the period of notice may be such shorter time as the Contractor may determine. Upon receipt of any notice of termination, Contractor shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Contractor has initiated termination, the Contractor shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event the Contractor has initiated termination, the Contractor shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder. In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2. For purposes of this Agreement, cause shall be defined as the failure to abide by all terms and conditions of this agreement, the failure of Contractor to perform its obligations hereunder in a timely and satisfactory manner, or if Contractor ceases performing its work for ten (10) days during any thirty (30) day period.

7. 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: \_\_\_\_\_



## EXHIBIT "A"

### SCOPE OF SERVICES

A.1. The Contractor shall provide the following services:

**Pressure washes all sidewalks, on a monthly basis, in and around City Hall and Community Center. Waste water will be recovered in accordance with applicable laws.**

1. Sweep all paved streets, medians, alley, cul-de-sacs, municipal public facilities, and parking lots as shown in Exhibit "J", within the corporate limits of the City of Carson at the times provided in the Schedule of Performance (Exhibit "J").

2. The route and time of day of sweeping ("sweeping schedule") shall be similar to the current established Route and Time and shall be reviewed with and approved by the Contract Officer prior to City's issuance of a notice to proceed under this Agreement. The sweeping schedule may be modified by the Contract Officer from time to time upon five (5) working days' advance written notice to the Contractor. City agrees the sweeping schedule shall not be modified by the Contract Officer without prior consultation, in good faith, with Contractor, but City reserves the right to establish or modify the sweeping schedule following consultation with Contractor notwithstanding Contractor's failure to consent to same. The sweeping schedule shall give due regard to the peace and convenience of persons residing or working in Carson, and to any fiscal impact upon the parties to this agreement.

3. No sweeping shall be performed on City-recognized holidays, or when, in the sole and unfettered determination of the Contract Officer, inclement weather prevents effective street sweeping and areas which are not swept on holidays need not be swept until the next regularly scheduled sweeping day for such areas. Contractor shall perform all extra work caused by inclement weather without additional charge to the City.

4. If for any reason other than inclement weather, such as an equipment breakdown, Contractor fails to adhere to the sweeping schedule, Contractor shall perform the missed sweeping services prior to the next sweeping date or give the City a credit in accordance with the rate specified in the Schedule of Compensation (Exhibit "I") of not less than one (1) curb line miles plus one-half of another curb line mile of work not performed.

5. Contractor's services shall be rendered in accordance with the highest professional industry standards for street sweeping services and shall include but not be limited to sweeping through standing water rather than around it and making as many passes on a given portion of street as is necessary to clean it.

