



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by: [Signature]
General Manager

Date: 4/9/10

DATE: April 9, 2010
 TO: General Manager
 FROM: Finance Manager
 SUBJECT: Consider HF&H Consultants, LLC Phase II Cost Savings Proposal

RECOMMENDATION: That the Board award a contract to HF&H Consultants, LLC of Walnut Creek, CA, for the Franchise Agreement Procurement Strategy Consideration (Phase II) of the Request for Proposals (RFP) in the amount of \$19,220.

DISCUSSION

At the March 19th meeting, the Board awarded a contract to HF&H Consultants, LLC of Walnut Creek, CA (HF&H) for Phase I alternative financing work at a cost of \$58,255. Staff was directed to contact HF&H to discuss the scope of Phase I work in an effort to identify additional cost savings. The attached letter reviews the original proposal, summarizes cost savings already included, and proposes revisions to the scope of the work, which will yield an additional \$3,000 cost savings, beyond the \$4,200 reported to the Board during the March 19th meeting, as shown below:

Description	Phase I	Phase II	Total
Original Proposal Cost	\$58,255	\$24,920	\$83,175
Reduction in agencies surveyed (from 6 to 4)	(\$1,500)		(\$1,500)
Elimination of one review meeting		(\$1,500)	(\$1,500)
Consolidation of Phase I and Phase II		(\$4,200)	(\$4,200)
Revised Proposal Costs	\$56,755	\$19,220	\$75,975

A total of \$5,700 in cost savings can be realized by conducting the Phase I and Phase II scope of work concurrently which the RFP review committee and staff recommends.

CONCLUSION

Staff believes that the cost savings and timeline efficiencies realized by conducting Phase I and Phase II concurrently are a benefit to the District and its member agencies. The changes to Phase I will not materially impact the results of the work on the alternative funding strategies and will provide a 5% savings.

The franchise agreement procurement strategy consideration (Phase II), if combined with Phase I, will result in a 17% reduction in Phase II costs. The work performed in Phase II will provide detailed considerations for policies, programs, facilities, and contractual considerations as well as timelines allowing each member agency to evaluate the process for negotiating new franchise agreements well in advance of the 2015 expiration date. The Phase II work has previously been identified by the Board as an item of strategic importance in the District's Strategic Planning Workplan as well as in the General Manager's Goals for 2010.



Chuck Rees

Attachment



2175 N. California Boulevard, Suite 990
Walnut Creek, California 94596
Telephone: 925/977-6950
Fax: 925/977-6955
www.hfh-consultants.com

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

March 30, 2010

Mr. William Merry, P.E. DEE
General Manager
Monterey Regional Waste Management District
14201 Del Monte Blvd.
Marina, CA 93933-1670

Re: Alternative Funding and Franchising Agreements Arrangements – Scope Revision

Dear William:

We are pleased to be considered for the award of the contract to study Alternative Funding and Franchising Agreements Arrangements.

You have asked us to review our proposal of February 23, 2010 with the objective of identifying opportunities to cost-effectively reduce our proposed budget. We are pleased to do so, because it continues our approach of providing maximum value to the District.

As you noted:

- We did not propose operational efficiency studies amounting to tens of thousands of dollars, nor did we take the procurement process further than is appropriate at this stage by including an implementation plan.
- We did offer to perform Task 1 at no cost (a savings of \$5,000); because we could capitalize on the work we did for you last fall.
- We structured our task 2 meeting to advance the progress of the work rather than to simply plan the work, saving the district \$3,000.
- We planned the work to guide your staff and monitor its performance rather than our doing the work and thus saved the District \$8,500 in fees.

We are offering the following further savings:

- We can re-scope the survey of other agencies (Phase I Task 3) by reducing the number of agencies from which we collect detailed information from six to four and thereby reduce our costs by \$1,500.



Mr. William Merry,
March 30, 2010
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- We can eliminate a second review meeting with staff of the "Policies and Procedures" and "Contractual Considerations and Procurement" presentations in Phase II, and thereby save an additional \$1,500.
- Through consolidation of discussions at fewer meetings we can perform the overall project (combined Phases I and II) for \$4,200 less, if both projects proceed now rather than phasing separately over a longer period of time.

These savings reduce our proposed fee estimate of \$83,175 by \$7,200 (9%) to \$75,975.

We trust this further reduction in the budget is responsive to your request while maintaining as much value as possible.

Very truly yours,

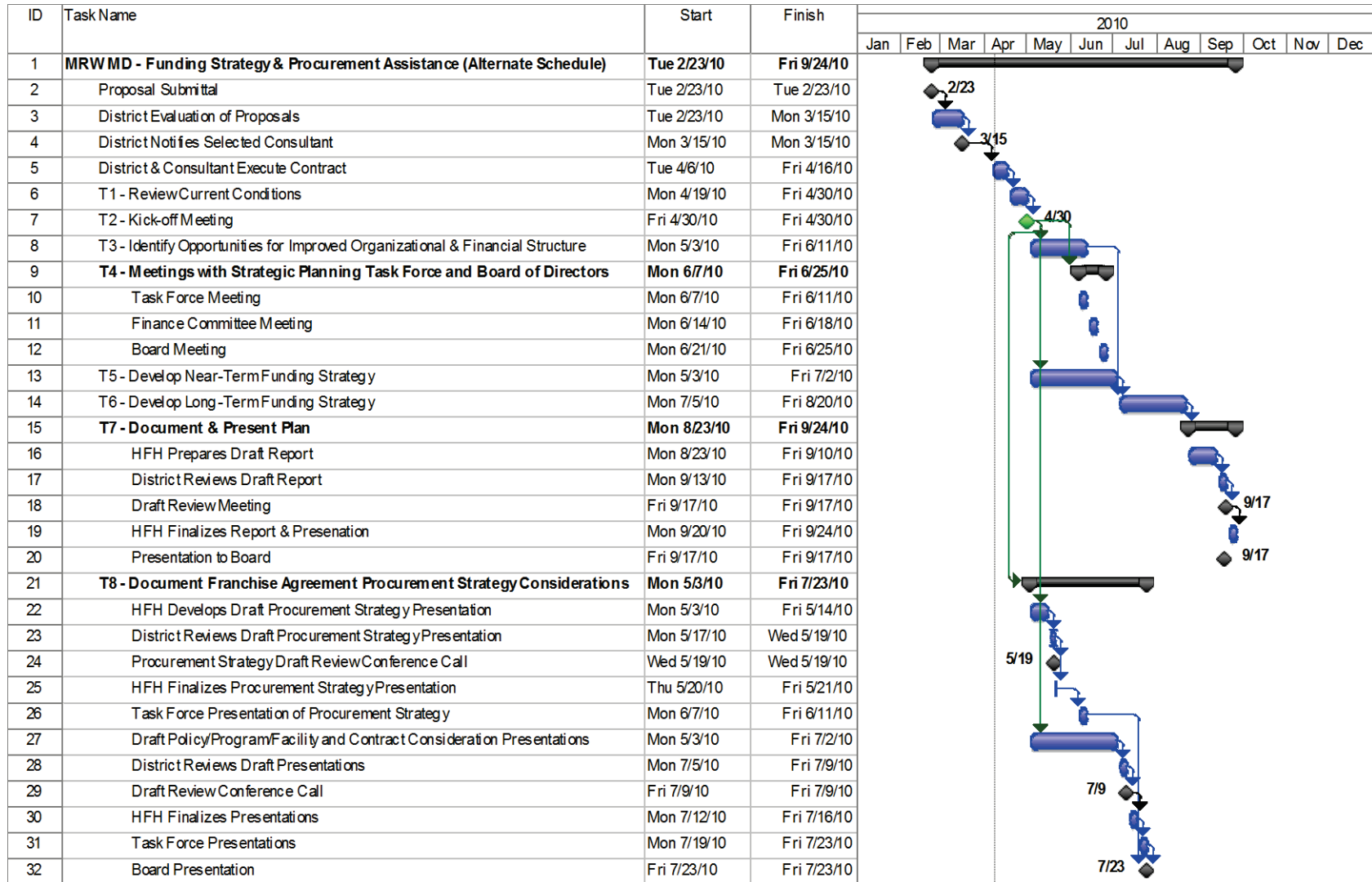
HF&H CONSULTANTS, LLC

A handwritten signature in cursive script that reads "Robert D. Hilton".

Robert D. Hilton, CMC
President

3/30/10 SCOPE REVISION LETTER ATTACHMENTS

REVISED SCHEDULE:



3/30/10 SCOPE REVISION LETTER ATTACHMENTS

REVISED BUDGET:

	Bob Hilton	Rob Hilton	Marva Sheehan	Tracy Swanborn	Sima Mostafaei	Marisa Gan	Admin	Labor	Labor	Expense	Total
	\$ 240	\$ 175	\$ 210	\$ 210	\$ 155	\$ 125	\$ 90	Hours	\$	\$	\$
Task 1 - Review Current Conditions	0	0	0	0	0	0	0	0	\$ -	\$ -	\$ -
Task 2 - Kick-off Meeting	6	8	0	0	0	0	2	16	\$ 3,020	\$ 75	\$ 3,095
Task 3 - Identify Opportunities for Improved Organizational & Financial Structure	10	31	2	0	0	7	6	56	\$ 9,660	\$ -	\$ 9,660
Task 4 - Meetings with Strategic Planning Task Force and Board of Directors	24	24	0	0	0	9	9	66	\$ 11,895	\$ 225	\$ 12,120
Task 5 - Develop Near-Term Funding Strategy	4	16	8	0	20	20	12	80	\$ 12,120	\$ 75	\$ 12,195
Task 6 - Develop Long-Term Funding Strategy	4	16	8	0	8	8	8	52	\$ 8,400	\$ 75	\$ 8,475
Task 7 - Document & Present Plan	16	24	0	0	16	0	6	62	\$ 11,060	\$ 150	\$ 11,210
Subtotal Objectives 1 & 2	64	119	18	0	44	44	43	332	\$ 56,155	\$ 600	\$ 56,755
Task 8 - Document Franchise Agreement Procurement Strategy Considerations	24	25	0	24	0	17	18	108	\$ 18,920	\$ 300	\$ 19,220
Total	88	144	18	24	44	61	61	440	\$ 75,075	\$ 900	\$ 75,975

In culture shift, Berkeley seeks recycling fee

San Francisco Chronicle

Matthai Kuruvila

Monday, March 29, 2010

Berkeley wants to start charging households and businesses a recycling fee, a move that would end an era in which the city, yearning to encourage recycling, charged only for garbage.

With less trash going into the garbage can, people are shifting to smaller can sizes. That is putting less money in city coffers - even after a 20 percent garbage rate increase last year.

But the recycling and composting services once billed as free continue to grow.

"Our (garbage) fee is oversimplified and idealistic," said David Tam, a Berkeley resident and a longtime recycling and reuse activist. "It just needs to be fixed."

Berkeley's fee proposal comes as Alameda County cities face a goal of diverting 75 percent of their waste from landfills by the end of this year. In an imagined future of little or zero waste, curbside pickup fees tied solely to the amount of garbage have a problem. "All of a sudden, we're picking this stuff up for zero money," said Ken Etherington, the city's solid waste and recycling manager.

Charging for recycling reflects a culture shift in Berkeley and other California communities, where people no longer need to be told recycling is free to do it. "People recycle like it's brushing your teeth every day," Etherington said.

Some residents, however, dislike the idea of paying for recycling. "It's a pity to punish us for recycling," said Renee Watkins, 78, a Berkeley resident for 20 years who is careful to sort her bottles and cans every week. Unlike most Bay Area cities, Berkeley operates its own garbage service and transfer station. It would be one of just a handful of cities in the region to bill households for recycling.

El Cerrito, which runs its own recycling division but contracts out garbage, has such a fee. So does Sacramento. The decrease in garbage isn't just about recycling and composting. It's also tied to the economy. As consumption goes down, so does the amount of packaging and nonrecyclable waste that goes into garbage cans.

Etherington said it actually costs the city more to pick up and process recycling than garbage - \$53 a ton versus \$45. In the past, recycling mostly paid for itself through the resale process. But that's no longer the case.

Commodity rates for many recycled goods have plummeted. Paper went from being worth \$187 a ton in July 2008 to \$46 a ton in January 2009 and \$116 a ton in December 2009, according to city staff. Aluminum went from \$1,908 a ton to \$679 to \$1,200 in those same periods.

Some residents say scavengers, who raid curbside blue bins for the most valuable recyclables, are the reason recycling is less profitable.



Lance Iversen/The Chronicle

Aluminum cans are dropped off at the Berkeley Recycling Center, where prices have plummeted.

Mark Powell, 53, has lived in Berkeley for 25 years and says he saves his recycling until just before the truck comes to protect his bottles from what he calls "poachers." City staffers, however, believe the impact from scavengers is minimal.

The proposed recycling fee hasn't been specified but is expected to raise \$1.5 million - an amount equal to the revenue lost from residents who switched to smaller garbage cans. The fee would help patch the \$4 million deficit in the \$35 million refuse fund.

By charging for recycling as a regulatory fee, it could be passed by a simple City Council majority, said City Manager Phil Kamlarz. A rate hike would have to go to households for a vote.

Other measures to close the refuse fund gap include closing the transfer station on holidays and increasing enforcement so everyone pays for garbage service.

City staff also has proposed shifting to garbage and compost trucks operated by one person instead of two-person teams. The garbage workers union, as well as some council members, say one-person trucks would be less efficient. Berkeley would be the last Alameda County city to shift to one-person trucks, Kamlarz said. The proposals will be hashed out over the next six weeks and come back to the council in May.

Powell said that even though he views the recycling fee as a disincentive, he'd still recycle. "It's being a good citizen," he said. "In the world we live in, you have to be accountable for your garbage."

What's next

The recycling fee and other measures to patch a refuse fund deficit of \$4 million will be hashed out in the next six weeks and come back to the City Council in May.