



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** MARCH 5, 2019

**DEPARTMENT:** PUBLIC WORKS

**FROM:** DAVID JACOBS, DIRECTOR

**BY:** JIM SANDOVAL, ASSISTANT DIRECTOR/CITY ENGINEER

**TITLE:** AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF SALINAS AND R3 CONSULTING GROUP, INC. FOR EXPANDED SOLID WASTE MANAGEMENT CONSULTING SERVICES

**RECOMMENDED MOTION:**

A motion to approve a resolution that approves:

- a. Amendment No. 2 to the May 1, 2017, Professional Services Agreement between the City of Salinas and R3 Consulting Group, Inc., in the amount of \$169,950 for expanded solid waste consulting services.
- b. A supplemental appropriation of \$169,950 from the General Fund to fund the proposed scope of services.

**RECOMMENDATION:**

It is recommended that the City Council approve a resolution that approves:

- a. Amendment No. 2 to the May 1, 2017, Professional Services Agreement between the City of Salinas and R3 Consulting Group, Inc. (Amendment No. 2), in the amount of \$169,950 for expanded solid waste consulting services.
- b. A supplemental appropriation of \$169,950 from the General Fund to fund the proposed scope of services.

The purpose of Amendment No. 2 is for R3 Consulting Group, Inc. (R3) to continue assisting the City of Salinas (City) in its efforts to maximize the level of solid waste management services within the City, minimize costs to rate payers, and expedite the removal of the Sun Street Transfer Station from the Alisal Marketplace to encourage economic development opportunities.

**BACKGROUND:**

The County and all cities in Monterey County are faced with the significant challenges in complying with recent environmental laws that govern the management of solid waste and mandate additional solid waste diversion from landfills. These laws are primarily focused on diverting organic waste (AB 1594,

SB 1826, SB 1383) and recyclables (AB 341) from landfill disposal and will have a profound and long-term impact on all stakeholders involved in paying for and managing Monterey County's solid waste systems.

In an effort to efficiently meet the demands of these mandates and increase the redevelopment potential of the Alisal Marketplace, the City has activated a number of initiatives to achieve these goals:

- On August 7, 2018, the City Council approved a resolution that supports collaboration through a memorandum of understanding (MOU) between the Salinas Valley Solid Waste Authority (SVSWA) and the Monterey Regional Waste Management District (MRWMD) to leverage their resources and efficiently maximize the use of the existing solid waste processing and landfill facilities in Monterey County to minimize the impact of the state regulations noted above. On July 17, 2018, the Monterey County Board of Supervisors declared support of the same MOU.
- In October 2018, the City hired R3 to implement a performance review (i.e., audit) of Republic Services of Salinas (Republic)—the City's franchised solid waste collection company. The audit is being conducted in accordance with Provision 8.8 of the *November 1, 2010 Franchise Agreement between the City and Republic Services*. Per the Franchise Agreement, the audit will be paid for by Republic. The audit is expected to be finalized by the first week of March.
- On November 6, 2018, the City Council approved a resolution that authorizes the City Manager to deliver a one year written notice to the SVSWA of the City's intent to withdraw from the *Joint Powers Agreement Between the City of Salinas, The City of Gonzales, The City of Greenfield, The City of King, The City of Soledad, and the County of Monterey Creating the Salinas Valley Solid Waste Authority*. This notice allows the City to continue the process of determining the most efficient and economical method of delivering waste disposal and diversion services to the Salinas community, and it will allow the SVSWA to begin the process of assessing how to address the City's potential withdrawal from the Joint Powers Agreement.

## DISCUSSION:

The above State mandates and City initiatives, along with Republic's purchase of the Madison Lane Transfer Station in December, have yielded a complex citywide solid waste program with numerous options and variables for the City to assess and manage in 2019. Accordingly, staff have asked R3 to develop a scope of services (SOS) aimed at helping the City assess its options to maximize the level of solid waste management services, while minimizing costs. In summary, the SOS includes the following elements:

### *Task 1--Post-Collection Facility Options*

Task 1 will include an evaluation and rate impact analysis of various scenarios for delivery and use of post-collection facilities (i.e. MRF, transfer, disposal, organics processing). Relevant facilities within a reasonable proximity to the City will be evaluated, including the option to remain as a member of the SVSWA.

### *Task 2--SVSWA Options and Summary Report*

This task will include analyses of the regulatory, contractual, and financial obligations the City will incur if it chooses to withdraw its membership from the SVSWA. It will culminate into a cost-benefit analysis and summary report of the findings in Tasks 1 and 2. The report will include a step-by-step checklist and action plan timeline for the requirements and processes necessary to withdraw from the SVSWA and backfill the services that the SVSWA currently provides to the City.

### *Task 3--Revised /Amended Franchise Agreement*

Task 3 will include working with Republic to a) develop a corrective action plan needed for Republic to address the problems identified in its recent audit, and b) develop and negotiate a revised Franchise Agreement to incorporate operational changes resulting from the decisions made by the City following the work completed in Tasks 1 and 2 above.

Complete details of the SOS are in R3's February 15, 2019, proposal included in Exhibit A of Amendment No. 2, which is attached herein. Please note that the SOS includes Tasks 4 and 5. These tasks have already been contracted with R3 in a \$50,000 purchase order executed in December with budgeted operational funds. R3's Tasks 4 and 5 will provide staff with guidance in taking over the management of the Republic franchise agreement from SVSWA; technical and regulatory assistance in the MOU effort between the SVSWA and MRWMD; and general solid waste management technical and regulatory support. Staff asked R3 to provide more details for Tasks 4 and 5 in the subject proposal because Tasks 1-3 will slightly change the original scope of work for those tasks.

### CEQA CONSIDERATION:

**Not a Project.** The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

### STRATEGIC PLAN INITIATIVE:

The proposed SOS supports the Council's goal of a "Health, Vibrant Sustainable and Green Community" and its initiative to "Practice environmentally responsible conservation, re-use and recycling of its resources".

#### DEPARTMENTAL COORDINATION:

Public Works staff has consulted with other City Departments to develop the recommendation herein, including Administration, Finance, and Legal. Should the City Council approve the recommendation, Public Works will continue to collaborate with these departments, along with Community Development.

#### FISCAL AND SUSTAINABILITY IMPACT:

R3 proposes to undertake Tasks 1-3 for a not-to-exceed amount of \$169,950. To fund this amount, staff requests that the City Council approve a supplemental appropriation from the General Fund.

Staff recommends that R3 be hired as a sole source vendor because they have provided extensive research, technical and regulatory support, and reporting on solid waste operations in Salinas and Monterey County. Thus they are uniquely familiar with the Salinas and regional solid waste issues, and the Franchise Agreement between Republic Services and the City.

The work proposed herein is critical to the City in its efforts to maximize the level of solid waste management services within the City, minimize costs to rate payers, and expedite the removal of the Sun Street Transfer Station from the Alisal Marketplace to encourage economic development opportunities.

#### ATTACHMENTS:

- Resolution
- Amendment No. 2 to the May 1, 2017, Professional Services Agreement between the City of Salinas and R3 Consulting Group, Inc.