



THE CITY OF KEY WEST

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MEMORANDUM

EXECUTIVE SUMMARY

TO: Jim Scholl, City Manager
E. David Fernandez, Asst. City Manager - Operations

FROM: Jay Gewin, Utilities Manager

DATE: October 5, 2011

RE: **Approval of Task Order # 2 from Kessler Consulting, Inc. to Develop a Collection, Transfer, Processing and Disposal Contract for Solid Waste and Recycling in the Amount of \$78,000. Approving the use of \$30,500.00 from Reserves for the Task Order**

ACTION STATEMENT:

This resolution will approve task order # 2 from Kessler Consulting, Inc. for a new collection, transfer processing and disposal contract for solid waste and recycling for the City of Key West in the Amount of \$78,000. The task order will also include setting up and conducting meetings with prospective bidders and the public, bid review recommendations, assistance with contract negotiations, and assistance with a service transition if a new contractor is hired. This resolution will also approve the use of \$30,500 from operating contingency reserves to fund a share of the task order.

The agreement will be executed pursuant to F.S. 287.055 (CCNA), City Code 2-841, and the City's contract with Kessler Consulting, Inc. approved by Resolution # 10-186.

BACKGROUND:

The City Commission issued a task order for Kessler Consulting, Inc. to develop a Solid Waste Master Plan for the City of Key West (Resolution 10-276). Work on this task order is in progress, with many of the key deliverables already completed.

The City has an existing contract with Waste Management for a franchise agreement to provide curbside collection of solid waste and recyclables for residents and businesses. This contract also regulates the hauling and

Key to the Caribbean – Average yearly temperature 77° F.

processing of recyclables.

This contract was originally for five years, with two additional five-year options allowable if approved by both Waste Management and the City. We are currently about two years into the final five-year option, meaning that there are three years remaining before the contract will be required to be re-bid. The contract may also be terminated 180 days after notification from either Waste Management or the City.

The City is currently negotiating with Waste Management to encourage recycling particularly in the business community, and is also negotiating for the City to obtain deserved recycling revenue through amending existing contracts.

PURPOSE AND JUSTIFICATION

Whether the City exercises the 180-day termination option, or allows the existing contract to expire at the end of the final 5-year term, there will be a need for RFP documents to be created, and other consulting services associated with the bid process to ensure its success. As we approach the conclusion of our Solid Waste Master Plan, we now are obtaining sufficient information that will allow us to move ahead on plans to increase our recycle rate.

Once this information is obtained, and if negotiations with Waste Management for changes to the existing contract prove unsuccessful, this task order would allow the City to be prepared to move forward on a new contract that would better facilitate recycling.

Should City Staff recommend exercising the contract's termination clause in the future, the issue would be brought before the City Commission for approval.

This task order includes the following services:

- 1) **Pre-planning:** The purpose of this item is twofold. First, Kessler will contact potential vendors to gauge their interest in bidding the contract. This would include meetings one-on-one with City Management. Next, Kessler will conduct a public meeting to allow our residents to provide input on the services they would like to see included in a new contract.
- 2) **RFP Development:** Kessler Consulting will draft a RFP based on the City's objectives and utilizing their extensive knowledge in the Florida solid waste market.
- 3) **Bid Phase Services:** Kessler will provide technical assistance to prospective bidders during the RFP process, and will evaluate submittals to provide a recommendation to the City for award.
- 4) **Contract Negotiation:** The consultant will assist the City on negotiating the terms of a service contract.
- 5) **Service Transition:** Should the City select another contractor besides Waste Management to operate our curbside solid waste/recycling services, Kessler will work with

the City to ensure a smooth transition. If the City selects Waste Management in the new RFP, this portion of Kessler's task order will not be required.

The City does not have the staff available with the technical expertise required to perform this work independently. Staff has reviewed this submittal and found it consistent with the hourly rates established in the City's contract extension with Kessler Consulting.

Further, Staff does not feel that the hours that will be billed under this task order are disproportionately allotted to higher-wage management staff. In fact, the Project Director only accounts for approximately 17.0% of the hours allotted in this task order.

The task order also includes Kessler Consulting's staff's trips to Key West over the course of the project. City staff feels that this number of trips, and the associated costs, are reasonable to assure that the consultant staff has sufficient oversight for the completion of the project.

OPTIONS / ADVANTAGES / DISADVANTAGES:

1. The City Commission can decline this task order. This option is not recommended by staff, as the City will need to be prepared to issue an RFP for our curbside solid waste contract whether it is three years from now when the contract expires, or some time before that if negotiations with Waste Management are not successful.
2. The City Commission can approve this task order from Kessler Consulting, Inc. Kessler Consulting offers a tremendous amount of expertise in solid waste and recycling that the City can utilize to generate a RFP for curbside solid waste that will create a service contract that will help increase our recycling rate.

FINANCIAL IMPACT:

Of the \$78,000 task order, \$47,500 will be funded through budget line item 403-3401-534-31. The remaining \$30,500 will be funded through operating contingency account 403-3401-534-98.

Of the \$78,000, \$55,000 is directly related to the bid and award, and \$23,000 would only be utilized should a transition in contractors be needed.

RECOMMENDATION:

Staff recommends that the City Commission select option 2, the approval of Task Order # 2 from Kessler Consulting, Inc. for the creation of a Strategic Solid Waste Management Plan.