

0150-07149-0005

TRANSMITTAL

TO
The Council

DATE
2/21/17

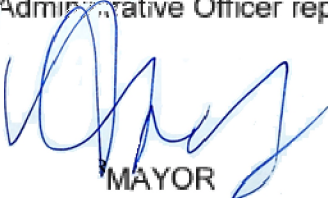
COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT

**Fifth Amendment to Contract C-102987 with Rehrig Pacific Company
For the Supply of Automated Refuse and Recycling Containers and Ancillary Services**

Approved and transmitted for your consideration.
See the City Administrative Officer report attached.



MAYOR

(Ana Guerrero)

RHL:WKP-061700721

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 02-17-17	C.D. No. ALL	CAO File No.: 0150-07149-0005
Contracting Department/Bureau: Public Works/Bureau of Sanitation		Contact: Jonathan Zari, (213) 485-3572	
Reference: Transmittal from the Board of Public Works dated November 28, 2016; referred for report on December 6, 2016.			
Purpose of Contract: To supply automated curbside containers and provide ancillary services such as maintenance and repair of containers and equipment.			
Type of Contract: () New contract (X) Amendment		Contract Term Dates: Two additional years with an optional third year to be renewed on a month-to-month basis.	
Contract/Amendment Amount: \$24,652,701 over three years (or \$8,217,567 per year)			
Proposed amount \$24,652,701 + Prior award(s) \$216,722,505 = Total \$241,375,206			
Source of funds: General Fund and Solid Waste Resources Revenue Fund No. 508			
Name of Contractor: Rehrig Pacific Company			
Address: 4010 East 26 th Street, Los Angeles, CA 90023			
	Yes	No	N/A*
1. Council has approved the purpose	X		
2. Appropriated funds are available	X		
3. Charter Section 1022 findings completed	X		
4. Proposals have been requested			X
5. Risk Management review completed	X		
6. Standard Provisions for City Contracts included	X		
7. Workforce that resides in the City: 41.3%			
*N/A = not applicable ** Contracts over \$100,000			

RECOMMENDATION

That the Council authorize the Board of Public Works, on behalf of the Bureau of Sanitation, to execute the Fifth Amendment to Contract C-102987 with Rehrig Pacific Company for the supply of automated curbside containers and provision of ancillary services. The Fifth Amendment will extend the term of the contract for an additional three years, from 15 years to 18 years, and increase the maximum allowable compensation by \$24,652,701, from \$216,722,505 to \$241,375,206.

COMMENTS

In accordance with Executive Directive No. 3, the Board of Public Works (Board), on behalf of the Bureau of Sanitation (Bureau), requests authority to execute the Fifth Amendment to Contract C-102987 with Rehrig Pacific Company for the supply of automated curbside collection containers and provision of ancillary services, such as maintenance and repair of containers and container collection equipment. The Fifth Amendment will extend the term of the contract by an additional two years with a renewal option for a third year to be executed on a month-to-month basis at the Bureau's discretion, and increase the maximum allowable compensation by \$24.7 million, from \$216.7 million to \$241.4 million. In accordance with Los Angeles Administrative Code Section 10.5(a), Council approval is required to execute the Fifth Amendment as the cumulative term of the contract exceeds three years.

		
WKP Analyst	06170072 Assistant CAO	City Administrative Officer

On March 18, 2002, the Board authorized the Bureau to execute Contract C-102987 with Rehrig Pacific Company for the supply of automated refuse and recycling containers, equipment, and related ancillary services for a term of five years with two five-year renewal options for a total term of 15 years. On June 23, 2003, the Board approved the First Amendment to Contract C-102987 to reflect annual price adjustments, reduce annual container demand guarantee, and waive the warranty insurance. On August 20, 2004, September 26, 2005, and November 13, 2006, the Board approved the Second, Third, and Fourth Amendments, respectively, to Contract C-102987 to reflect annual price adjustments. The Board also executed both five-year renewal options to extend the term of the contract until November 30, 2016.

On June 15, 2015, the Board authorized the Bureau to distribute a Request for Proposals (RFP) to solicit vendors to supply automated refuse containers and provide ancillary services in anticipation of the expiring contract. The Bureau received two proposals, but both proposals failed to meet the City's Business Inclusion Program (BIP) requirements. The Bureau will request authority from the Board to redistribute the RFP. The Bureau is proposing to extend the deadline for proposals and ensure that all potential bidders attend the pre-proposal meeting where BIP requirements are explained. In the interim, the Bureau is requesting to execute the Fifth Amendment to extend the existing contract for an additional three years until a new contract can be awarded.

Summary of Fifth Amendment Changes

The Fifth Amendment will not change or modify the existing scope of work in the contract. The Fifth Amendment will update contact information, rates, City contracting ordinances and requirements, and extend the term of the contract for an additional two years with a third year renewal option to be executed on a month-to-month basis. The Fifth Amendment will also update pledged participation levels for Minority Business Enterprises/Women Business Enterprises/Other Business Enterprises (MBE/WBE/OBE) to reflect anticipated reductions in ancillary services requested by the Bureau.

The Fifth Amendment will increase the contract ceiling by \$24.7 million, from \$216.7 million to \$241.4 million. The Bureau is projecting total costs of \$56.7 million for the additional three year term under the Fifth Amendment. This cost assumes an annual 10 percent increase in the number of containers purchased and fixed ancillary services costs of \$3.0 million per year. Under the current contract ceiling of \$216.7 million, the Bureau has only expended \$184.7 million, which leaves a balance of \$32.0 million. Once this unexpended balance is applied to the \$56.7 million cost, the remaining \$24.7 million balance represents the increase to the existing contract ceiling. Table 1 of the Board's report provides actual and projected expenditures and number of containers purchased over the proposed 18 year term of this contract. Table 1 also illustrates the Bureau's transition from an automated container replacement program (containers were automatically replaced every 10 years) to a demand driven replacement program in August 2010. This transition allowed the Bureau to significantly reduce its container replacement costs.

Charter Section 1022 and other Contracting Provisions

On November 4, 2014, the Personnel Department determined that City employees do not have the expertise to perform the work for this project. Rehrig Pacific Company has complied with all other City contracting requirements.

FISCAL IMPACT STATEMENT

No additional General Fund appropriation is required in the current fiscal year. Funding for the continuation of this contract is provided by the General Fund and Solid Waste Resources Revenue Fund. The recommendation in this report complies with the City's Financial Policies as sufficient funding has been budgeted for this purpose in the current fiscal year. Subsequent year funding will be appropriated through the City's annual budget development process and subject to Mayor and Council approval. The contract includes a clause which limits the City's financial obligation to the extent of the appropriation for this purpose in the corresponding fiscal year budget.

RHL:WKP:06170072