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COUNCILMEMBER BARBARA HELLER
COUNCILMEMBER ANDREW CUYUGAN McCULLOUGH

CITY MANAGER'S OFFICE
PHONE: 415-485-3070
FAX: 415-459-2242

Request For Qualifications For Solid Waste Rate Application Review

Issued: August 3, 2012

Proposals Due: August 17, 2012, 3:00 pm

**Stephanie Lovette
Economic Development Manager
P.O. Box 151560
San Rafael, CA 94915**

For more information, please contact
Stephanie Lovette, Economic Development Manager,
at stephanie.lovette@cityofsanrafael.org or (415) 485-3460.

**REQUEST FOR QUALIFICATIONS
FOR SOLID WASTE RATE APPLICATION REVIEW**

The City of San Rafael, on behalf of the Marin Sanitary Services Franchisors Group is soliciting statements of qualifications from independent qualified firms (herein “Proposers”) capable of providing comprehensive, accurate, timely and cost-effective solid waste rate review services related to the application scheduled to be filed by Marin Sanitary Service in August 2012 for rates to be effective January 1, 2013.

The Franchisors’ Group is an informal association of certain agencies in Marin County, California managing the collection and processing of garbage, recyclables and organic materials for the cities of San Rafael and Larkspur, the Town of Ross, the County of Marin and the Las Gallinas Valley Sanitary District through franchise agreements with Marin Sanitary Service. Note that MSS’s operations include service to the towns of Fairfax and San Anselmo as well as other unincorporated areas in Marin County that are not part of the Franchisors’ Group.

The Franchisors’ Group welcomes and encourages responses from consultant firms who offer the following services: evaluation of rate proposals to multijurisdictional franchisors; cost allocations, and rate structure analysis and revision. Consultant selection will be limited to firms with physical offices in California.

Generally, the Franchisors’ Group is looking for assistance in administering the rate setting aspects, which are described in Attachment B of each agency’s Franchise Agreement with Marin Sanitary Service (MSS) including, but not limited to the review of:

- Customer billing information and receipts
- Expense review and projections
- Revenue attribution and expense allocation
- Rate structure analysis

Please refer to Exhibit 1 for a description of the current and proposed rate preparation and review methodology, which shall serve as the Scope of Work for the selected proposer.

1. BACKGROUND

The Franchise Agreements with MSS require the company to perform a broad range of solid waste, recyclable and organic materials collection services and supporting functions. The pertinent supporting functions include billing residential and commercial customers, remitting agency fees billed and allocating the cost of service among the agencies served. In addition, the company is required to compile and maintain records related to its operations as necessary to prepare and review the rate application.

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Annually MSS submits an application to the Franchisors' Group for the adjustment of rates calculated in accordance with the methodology described in Exhibit 1. A detailed application is prepared every three years (e.g., for rates effective January 1, 2013) and a summary application (relying, primarily but not exclusively, for price indexed adjustments) in the subsequent years (e.g., for rates effective January 1, 2014 and 2015). The Franchisors' Group engages a third party consultant to review this application. For many years, that consultant has been HF&H Consultants, LLC.

The MSS rate application has various financial aspects that need to be verified. The methodology was initially developed by an international accounting firm and was thereafter simplified and amended many years ago by HF&H Consultants, LLC (HF&H). Since then, many adjustments have been made to the methodology including a renegotiation of the methodology facilitated by HF&H which should be completed shortly.

Therefore, on behalf of the Franchisors' Group, the City of San Rafael is seeking statements of qualifications from firms interested in performing the rate application review.

2. GENERAL INFORMATION

2a. Demographics

In 2011, the Franchisors Group consisted of 24,519 accounts including 724 apartments, 1,985 commercial accounts and 21,810 single family residential accounts. The majority of the commercial and multi family accounts are in San Rafael. Larkspur has a small number of commercial and multi family accounts.

2b. Current Rate Methodology and Timing

The current rate methodology is based on an indexed revenue requirement that includes the contractor's costs of operations for wages and benefits, disposal, equipment and lease expenses, fuel, profit and certain allowable miscellaneous expenses. The Franchise Agreement provides for a detailed review of MSS' operations every three years. In the interim two-year period, annual summary reviews are conducted based on the last detailed analysis. The formula allows a "true-up" in the following year based on the specific indices.

Under the current rate formula, the hauler is entitled to a profit based on the annual cost of operations. The profit is calculated by dividing the forecasted annual cost of operations by 0.905 and subtracting the annual cost of operations from the dividend.

The most recent detailed review was in 2010 and the next one will occur in 2012 for the 2013 rate year. The Franchisors Group and MSS are in the process of negotiating a new rate structure, which may change some of the review areas. This request for qualifications is for the 2013 rate year work.

2c. Services provided by Hauler

The current scope of services for MSS is included as Exhibit 2.

3. CONSULTANT SCOPE OF SERVICES

3a. Review of Rate Application

The work will consist of a review of the rate application and presentation of the findings to the Franchisors Group and the individual governing bodies.

3b. Report findings and presentation

The report results will be presented by the consultant to the governing body of each member of the Franchisors Group. These meetings usually occur in January and February. In addition, there will be two to three meetings with the Franchisors Group to discuss the findings and develop the presentation to the governing bodies.

3c. Additional Work outside this contract

Individual members of the Franchise Group may request additional work on rate related issues outside of the scope of this contract. Some examples of additional work in past rate analyses have been analysis of vehicle impact fees and the addition of street sweeping. In addition to the Franchisors Group, MSS also serves the Towns of San Anselmo and Fairfax. The two towns may also request the consultant to perform a similar rate application review outside of this contract.

4. RFQ PROCESS AND PROPOSER SELECTION TIMELINE

Statements of Qualifications must be submitted by 3:00pm on August 17, 2012 to:

Stephanie Lovette
Economic Development Manager
P.O. Box 151560
City of San Rafael, CA 94915

For more information, please contact Stephanie Lovette, Economic Development Manager, stephanie.lovette@cityofsanrafael.org or (415) 485-3460.

The schedule for the selection process and performance of the engagement is shown below:

Distribute RFQ	August 3, 2012
Receipt of SOQ's	August 17, 2012
Interviews (if necessary)	Week of August 20, 2012
Consultant Selection	Week of August 20, 2012
Negotiation of Contract	Week of August 27, 2012
Award of Contract	Week of September 12, 2012
Commence Detailed Review	Week of September 19, 2012
Submission of Draft Report	Week of October 29, 2012
Submission of Final Report	Week of November 12, 2012

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Consultant selection will be determined by the Franchisors Group. Selection criteria will include: the experience of the firm with multi jurisdictional solid waste application reviews, the qualifications and experience of key staff, experience with similar work, sufficient client engagements to provide information on comparable refuse rates and services in other California communities, and familiarity with MSS operations. Consultants will be limited to firms with physical offices in California.

5. DESIRED CONSULTANT QUALIFICATIONS

The Franchisors' Group is seeking an independent consulting firm with expertise conducting reviews of rate applications for solid waste, recyclable and organic materials franchise collection services and solid waste transfer/MRF operations companies in a multi-jurisdictional environment.

The successful firm responding to this RFQ shall demonstrate that it has the appropriate professional and technical background as well as access to adequate resources to fulfill the stated scope of services. Any experience with similar projects for jurisdictions with demographics similar to those of the Franchisors' Group Member Agencies should be noted.

6. TERM OF AGREEMENT AND REQUIRED DOCUMENTS

It is anticipated that Franchisors' Group and the selected Proposer will enter into an agreement for a minimum of a three-year term.

Completion of the following documents is required prior to commencing work:

1. Professional Services Agreement
2. Proof of insurance coverage
3. A copy of IRS Form W9
4. City of San Rafael Business License

7. PROCEDURE FOR SUBMITTING QUESTIONS AND INQUIRIES

All questions/inquiries must be directed to Stephanie Lovette in writing via email at stephanie.lovette@cityofsanrafael.org by August 10, 2012 at 3:00pm. The Franchisors' Group will provide a written response to all questions in the form of an Addendum to this RFQ. Please include both a PDF version and the source file (e.g., Word document).

8. PROPOSAL REQUIREMENTS

Proposers must respond to this RFQ by submitting a Proposal no later than August 17, 2012 at 3:00pm in order for submittals to be considered. Proposals must be addressed to the attention of Jim Schutz, clearly labeled "**Proposal – Franchise Rate Application Review Statement of Qualifications.**" Please include five (5) double-sided copies of the Proposal.

8a. Proposal Contents

The Proposal should be concise and responsive. The length of the Proposal is limited to the guidelines explained below.

➤ Cover Letter

A two (2) page (double-sided) cover letter describing your firm, its history, number of years in business, and how your firm meets the desirable qualifications and has the ability to perform the scope of services. The individual authorized to contractually bind the firm should sign the cover letter. Resumes for the proposed team and sub consultants, if any, should be provided as an appendix. Proposer shall in its cover letter make the following representations:

- Neither Proposer nor its principals are presently disbarred, suspended, proposed for disbarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency, any California State agency, or any local governmental agency.
- Neither Proposer nor its principals has been engaged by Marin Sanitary Service or any company in the industry for the past five years and will not accept engagements with Marin Sanitary Service or any company in the industry for the next five years.
- Neither Proposer nor its principals received unauthorized information from any Franchisors' Group staff member during the RFQ response period except as provided for in the RFQ package or through formal addenda issued by Franchisors' Group.
- Proposer hereby certifies that the information contained in the Proposal and all accompanying documentation is true and correct.

➤ Description of Firm Qualifications

A three (3) page description of the firm and its qualifications for performing this engagement.

➤ List of Staff

A one (1) page organization chart of all staff and sub-consultants associated with the project describing their role in the project, followed by a one (1) page statement of each staff member's qualifications.

➤ References

A one (1) page description of each multi-jurisdictional public rate application review you have performed in the past five years including contact information.

➤ Additional Attachments

Proposers are encouraged to include pertinent examples (i.e., five (5) maximum) of rate application review reports that are similar in nature or content to the scope of services described herein.

9. EXHIBITS

The following are included as attachments to this RFQ (digital distribution only) ;

- Exhibit 1 [Current rate model](#)
- Exhibit 2 [MSS Current Description of Services](#)
- Exhibit 3 [Sample Professional Services Agreement](#)
- Exhibit 4 [2012 Refuse Collection Rates](#)
- Exhibit 5 [2012 Maximum Collection Rate Staff Report](#)
- Exhibit 5 [City's Zero Waste Resolution](#)