

AGENDA ITEM NO. 1 F

COUNCIL MEETING

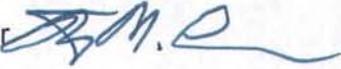
APPROVED BY

DEPARTMENT DIRECTOR

CITY MANAGER

March 17, 2009

**FROM:** RENE A. RAMIREZ, Director  
Department of Public Utilities 

**BY:** ROBERT N. ANDERSEN P.E., Assistant Director  
Department of Public Utilities 

**SUBJECT:** AUTHORIZE DIRECTOR OF PUBLIC UTILITIES TO NEGOTIATE AND ENTER INTO AN AGREEMENT WITH HF&H CONSULTANTS FOR FACILITATION OF A NEW TIPPING FEE AGREEMENT WITH FRESNO COUNTY

#### KEY RESULT AREA

Public Safety

#### RECOMMENDATION

Staff recommends that the City Council authorize the Director of Public Utilities to negotiate and enter into an Agreement with HF&H Consultants for facilitation of a new tipping fee agreement with Fresno County (Landfill Agreement).

#### EXECUTIVE SUMMARY

HF&H Consultants has been under contract with the Department on several previous solid waste matters related to the City's contract with Fresno County's American Avenue Landfill Contract. City and County staff have expressed a desire to begin negotiating a successor American Avenue Landfill Contract, which expires on June 30, 2014. Staffs from both the City and County agree that a facilitated negotiation process by a professional firm with familiarity in solid waste contract issues is in the best interest of both parties. In that HF&H Consultants has provided professional solid waste consultant services to both the City and County, has been engaged by the City in a recent American Avenue Landfill matter, they will not have a steep learning curve in order to provide facilitation services.

Staff is satisfied with HF&H qualifications and service, and, along with the County of Fresno wish to hire HF&H Consultants to facilitate a new American Avenue Landfill Agreement with the County of Fresno. The total joint fee is \$124,470, of which the City's share is \$49,735.

#### KEY OBJECTIVE BALANCE

The project goal is to provide facilitation services between the City and County of Fresno to negotiate a fiscally prudent and fair agreement for the tipping fees at the American Avenue Landfill (Landfill).

## **BACKGROUND**

The current Landfill Agreement was executed in 1993 and ever since 1999, the City has been questioning whether the Landfill reserve balances were excessive in the context of "prudent" reserves as stated in the Landfill Agreement.

In July 2005, the County commissioned a financial study by an independent firm that showed that the Landfill tipping fees were indeed too high, resulting in excess reserves. As a result, the County refunded a total of \$25.1 million to its Landfill customers and the City received a refund of \$16.2 million. Also, tipping fees at the Landfill were reduced from \$28.80 to \$21.25 per ton.

In February 2006, the City filed a claim against the County for charging excess Landfill tipping fees. HF&H was hired by the City at that time to conduct a complete review of the financial projections for the Landfill from 2007 through 2014, which is when the current Landfill Agreement between the City and the County expires, to determine if tipping fees were still excessive at \$21.25 per ton and if the City should pursue its claim.

Based on the results of the 2006 HF&H study, the County's tipping fees for the landfill appear to be reasonable at \$21.25 per ton and any further claim of past excess fees cannot be substantiated. Staff provided City Council with an update on this matter in a tray memo dated February 11, 2008.

Staff wishes to begin negotiations with the County of Fresno on the future Landfill Agreement that the City will need to enter into when the existing Landfill Agreement ends in 2014.

HF&H has been very professional in their services provided on our behalf. HF&H specializes in a comprehensive range of solid waste advisory services including rate structures and fee studies, and they are very informed about our current situation. The County of Fresno has agreed to their facilitation role in the negotiations process.

Staff is satisfied with HF&H qualifications as well as its previous performance of services. Together with the County of Fresno, we wish to hire HF&H Consultants to facilitate the future Landfill Agreement, which would eventually become a Council item for action. Both parties have a goal to recommend a new Landfill Agreement to their respective Boards within 24 months following the start of a facilitated negotiation.

## **FISCAL IMPACT**

None.