



SOLID WASTE, RECYCLING, AND ORGANICS COLLECTION & PROCESSING SERVICES

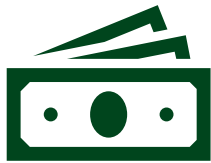
BOARD OF DIRECTORS MEETING

**West Valley Solid Waste Management Authority
December 5, 2022**

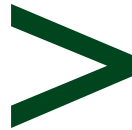
EVALUATION COMMITTEE MEETING AGENDA

- Board-Stated Priorities
- Evaluation Committee Recommendation
- Cost
- Next Steps
- Proposer Comments
- Discussion and Questions

BOARD-STATED PRIORITIES



Cost of service



Quality of service



Diversion/environmental
enhancements

EVALUATION PROCESS & COMMITTEE

1. Review Completeness/Compliance with RFP
2. Evaluate Technical Approach
3. Consider Value of Alternative Proposals
4. Litigation/Regulatory Checks
5. Reference Checks
6. Financial Strength Analysis
7. Cost Proposal Evaluation
8. Contract Exceptions Analysis
9. Cost & Contract Negotiation
10. Evaluation Committee Recommendation, based on Final Deals

Evaluation Committee

Authority Executive Director
Authority Program Manager
Campbell Public Works Staff
Los Gatos Public Works Staff
Monte Sereno Public Works Director
Saratoga Engineering Staff

EVALUATION COMMITTEE RECOMMENDATION

- Authorize Board Chair to execute the agreement with WVC&R, subject to final review and incorporation of non-substantive clerical and administrative corrections.
 - WVC&R offers a lower cost of service, even when VIF is considered
 - WVC&R offers greater flexibility related to redirection of recycling/organics
 - WVC&R provides continuity of service and eliminates transition risk
 - WVC&R is committed to an early implementation of several aspects of their proposal
 - WVC&R adhered more closely to the specifications of the RFP and Agreement
 - WVC&R's negotiated agreement results in less risk and more favorable terms
 - WVC&R agreed to various provisions that mitigate historic service issues

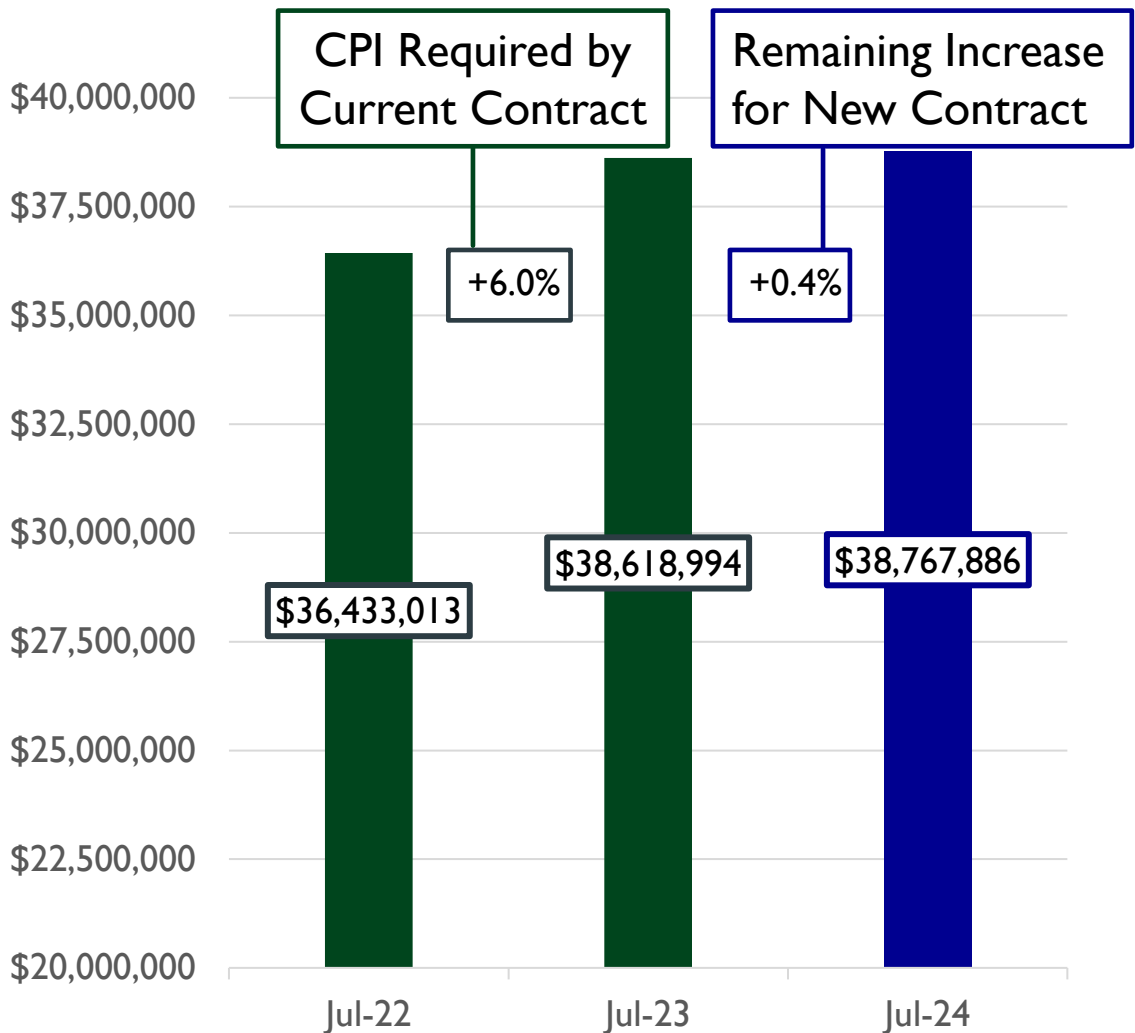
COST PROPOSAL SUMMARY:

WVCR \$738K PER YEAR LESS FOR CORE SERVICES

	GWR	WVCR	WVCR Higher/(Lower)	
			\$ Diff	% Diff
Cost of Operations				
Labor-Related Costs	\$11,758,034	\$10,834,243	(\$923,791)	-7.9%
Vehicle-Related Costs	\$458,290	\$1,521,478	\$1,063,188	232.0%
Fuel Costs	\$1,924,841	\$759,939	(\$1,164,902)	-60.5%
Other Costs	\$158,135	\$253,454	\$95,319	60.3%
Direct Depreciation	\$3,167,885	\$3,147,229	(\$20,656)	-0.7%
Allocated Costs - Labor, Vehicle, Fuel & Other	\$6,327,266	\$8,133,655	\$1,806,389	28.5%
Allocated Costs - Depreciation & Start-Up	\$457,047	\$22,298	(\$434,749)	-95.1%
Total Cost of Operations	\$24,251,498	\$24,672,296	\$420,798	1.7%
Profit	\$3,031,437	\$5,415,870	\$2,384,433	78.7%
Pass-Through Costs				
Disposal/Processing	\$6,234,344	\$5,089,062	(\$1,145,283)	-18.4%
Interest Expense	\$1,576,261	\$357,242	(\$1,219,019)	-77.3%
Allocated Lease Costs	\$1,178,697	\$0	(\$1,178,697)	-100.0%
Total Pass-Through Costs	\$8,989,303	\$5,446,304	(\$3,542,999)	-39.4%
Total Costs before Reimbursements	\$36,272,238	\$35,534,469	(\$737,768)	-2.0%
Street Sweeping Cost per Curb Mile	\$73.00	\$43.31	(\$29.69)	-40.7%

Street Sweeping Example:

Campbell @ 5,685 curb miles per year: \$415,005 vs. \$246,217



WVC&R
 PROPOSED
 RATE
 REVENUE
 IMPACTS
 WITH 6% JULY
 2023 CPI
 ADJUSTMENT

WVC&R @ 6.4% vs. GWR @ 8.4% Rate Revenue Increase
 Note: July 1, 2023 CPI still pending. 6% estimate reflects current Bay Area CPI.
 Assumes Franchise Fee at \$0 and no changes to other Authority Reimbursements.

PRELIMINARY REFUSE VEHICLE IMPACT REIMBURSEMENTS

Member Agency	FY 22-23	FY 24-25	
		GWR	WVCR
Campbell	\$477,600	\$571,600	\$656,200
Los Gatos	\$878,381	\$1,805,900	\$2,099,700
Monte Sereno	\$0	\$206,100	\$245,200
Saratoga	\$454,818	\$944,500	\$1,090,300
Total	\$1,810,799	\$3,528,100	\$4,091,400

Note: These values are preliminary calculations based on fleet selection and do not include all impacts that may be considered during a franchise fee valuation analysis in 2023.

COST COMPARISON - FULL VIF APPLIED

	WVCR FY 22-23	GWR	WVCR
Costs before Reimbursements	\$27,987,853	\$36,272,238	\$35,534,469
Franchise Fees	\$5,211,744	\$0	\$0
Street Maintenance	\$838,300	\$838,300	\$838,300
HHW	\$179,697	\$179,697	\$179,697
Authority Administrative	\$404,620	\$404,620	\$404,620
Refuse Vehicle Impact	\$1,810,799	\$3,528,100	\$4,091,400
Total	\$36,433,013	\$41,222,955	\$41,048,487

With full VIF amount applied to rate revenue, WVCR costs are \$174K lower, while providing \$563K more funding to member agencies' road programs.

NEXT STEPS & SCHEDULE

- Implementation Kick-off January 12, 2023
- Franchise Cost Nexus Proposal to Board February 2023
- Reserve Policy Modification to Board February 2023
- Final Street Sweeping Scope and Budget to Board November 2023
- Franchise Cost Nexus Results to Board November 2023
- Rebranding and New Service Launch Plan to Board November 2023
- Initiate Rebranding and New Service Launch Plan January-June 2024
- Start of Service March 2024
- Start of New Rates July 2024

PROPOSER COMMENTS

DISCUSSION AND QUESTIONS

BOARD DIRECTION

Staff Recommendation:

Approve Resolution 2022-XX and Authorize Board Chair to execute the agreement with WVC&R, subject to final review and incorporation of non-substantive clerical and administrative corrections.

Alternative:

Approve Resolution 2022-YY and Authorize Board Chair to execute the agreement with GWR, subject to final review and incorporation of non-substantive clerical and administrative corrections.