



MARK PESTRELLA, Director

**COUNTY OF LOS ANGELES  
DEPARTMENT OF PUBLIC WORKS**

*"To Enrich Lives Through Effective and Caring Service"*

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IN REPLY PLEASE  
REFER TO FILE

August 02, 2022

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

25 August 2, 2022

CELIA ZAVALA  
EXECUTIVE OFFICER

**ENVIRONMENTAL SERVICES CORE SERVICE AREA  
AWARD EIGHT EXCLUSIVE COMMERCIAL FRANCHISE CONTRACTS FOR COMMERCIAL  
SOLID WASTE COLLECTION SERVICES IN  
THE UNINCORPORATED AREAS OF LOS ANGELES COUNTY  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Public Works is seeking Board approval to award eight exclusive commercial franchise contracts to provide solid waste collection services for the following commercial franchise service areas: Foothills, Gateway, Puente Hills, San Gabriel Valley East, San Gabriel Valley West, Santa Clarita Valley, South Bay, and Westside. Solid waste collection services include the collection of refuse, recyclables, and organic waste from commercial, multifamily, and certain residential properties.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed actions are not a project under the California Environmental Quality Act, or in the alternative, that the actions are exempt for the reasons stated in this Board letter and the record.
2. Find that the health, safety, and welfare of the public require that the County award exclusive commercial franchise contracts for the collection of solid waste from commercial, multifamily, and certain residential properties within the unincorporated areas of Los Angeles County excluding the communities of Acton, Agua Dulce, and the Antelope Valley areas, and all existing and proposed Garbage Disposal Districts.

3. Award an exclusive commercial franchise contract to provide solid waste collection services to the following contractors: American Reclamation for Foothills Service Area; Valley Vista Services for Gateway, Puente Hills, and San Gabriel Valley East Service Areas; Ware Disposal for San Gabriel Valley West Service Area; Waste Management (USA Waste of California) for Santa Clarita and South Bay Service Areas; and Waste Management (GI Industries) for Westside Service Area. The contracts shall be effective upon execution by the County and each respective hauler. The solid waste collection services are planned to start as early as October 1, 2022, and will terminate on September 30, 2032, for a term of 10 years with three 3-year renewal options for a potential maximum contract term of 19 years. The service rates will be billed directly to customers by the contractors at an estimated total annual cost of \$50 million and will include a 14 percent franchise fee, which will generate an estimated \$7 million in revenues in Fiscal Year 2022-23 for the eight service areas combined.

4. Authorize the Director of Public Works or his designee to (1) execute eight exclusive commercial franchise contracts to provide solid waste collection services for the eight service areas; (2) take all of the necessary and appropriate steps to carry out the contracts; (3) renew the contracts for each additional renewal option at the discretion of the Director of Public Works or his designee; (4) approve and execute amendments to incorporate necessary changes within the contract services; (5) suspend work if, in the opinion of the Director of Public Works or his designee, it is in the best interest of the County to do so; and (6) terminate contract(s) for convenience if mutually agreed by both parties.

5. Authorize the Director of Public Works or his designee to adjust the monthly service rates and fees for collection services billed directly to the customers in accordance with the terms of the contracts.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The recommended actions would provide solid waste collection services for the following commercial franchise service areas: Foothills, Gateway, Puente Hills, San Gabriel Valley East, San Gabriel Valley West, Santa Clarita Valley, South Bay, and Westside. The proposed contracts are to ensure all commercial customers in the unincorporated areas of Los Angeles County receive high-quality and cost-efficient refuse, recycling, and organic waste collection services.

Additionally, the exclusive commercial franchise contracts are necessary to ensure organic waste collection services for all commercial customers so that the County would be in compliance with Senate Bill (SB) 1383 (2016) organic waste regulations. These contracts will also assist the County in implementing programs and outreach and reporting the required organic waste regulations. These contracts will provide standardized high-quality refuse, recycling, and organic waste collection services to all commercial customers; increase hauler accountability for customer service; require the use of clean alternative fuel vehicles, uniform recordkeeping and reporting; and establish additional recycling, organic waste management, and educational programs. Additional benefits to the unincorporated communities and region include optimizing waste hauling route efficiency by no longer allowing multiple waste haulers to provide service in the same communities. Ultimately, this will lead to fewer collection trucks on the road, reduced traffic, reduced pollution, and reduced wear and tear on the roads.

## **Implementation of Strategic Plan Goals**

These recommendations support the County Strategic Plan: Goal II, Foster Vibrant and Resilient Communities; Strategy II.3, Make Environmental Sustainability our Daily Reality; and Objective II.3.4, Reduce Waste Generation and Recycle and Reuse Waste Resources. The recommended actions improve the environment, economy, and social well-being of our communities by providing solid waste collection services, which includes the collection of refuse, recyclables, and organic waste, which protects the environment and improves the quality of life of the residents and businesses within the franchise and surrounding areas.

## **FISCAL IMPACT/FINANCING**

There will be no impact to the County General Fund.

Upon approval by the Board, the service rates will be billed to customers by the contractors and the 14 percent franchise fee paid to the County by the contractors will generate an estimated total annual revenue amount of \$7 million for the 8 service areas combined. The franchise fee will provide the necessary funds to administer the exclusive commercial franchise contracts and will fund enhanced programs and services for customers. Administration includes the solicitation process and award of the contracts, complaint resolution, outreach material creation and review, contamination monitoring, and contractor and customer compliance monitoring. Enhanced services include expanded educational outreach, community meetings regarding collection services, site visits to increase diversion from landfills, and customer service support. This revenue is included in the Solid Waste Management Fund (GD1) Fiscal Year 2022 23 Budget and will be included through the annual budget process for the remaining contract years.

The contract authorizes rate adjustments for customer service rates and fees as follows: The first rate adjustment will be on July 1, 2023, and annually thereafter based on annual changes in the Consumer Price Index for Trash and Garbage Collection. The contract authorizes rate adjustment increase of up to 5 percent per year over the maximum contract duration of 19 years. The contract also authorizes a rate adjustment increase due to applicable changes in law, changes in scope of services, and extraordinary circumstances up to 10 percent per year.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Public Works is transitioning its existing non-exclusive commercial franchise to an exclusive commercial franchise in select County unincorporated communities.

Under the existing non-exclusive commercial franchise contracts, any private waste hauler that has a contract with Los Angeles County can offer solid waste collection and recycling services to businesses, multi-family complexes (of 5 units or more), and single-family residences that request dumpster service. There are 18 waste haulers with active contracts as of December 2021. Each waste hauler can offer different rates for different customers and schedule waste collection pickup at varying times and days, resulting in a lack of uniformity and potential disparity across the County.

The proposed exclusive commercial franchise contracts establish eight exclusive service areas that each allow a single-waste hauler to provide services in the respective service area. Under the exclusive franchise contracts, the selected waste haulers would provide waste management services

including default trash, recycling, and organic waste collection service with rates structured per a customer's service level needs.

Title 20, Section 20.70.020 of the Los Angeles County Code authorizes the Board to award a nonexclusive, partially exclusive, or wholly exclusive franchise for certain solid waste handling services for unincorporated County areas. The awarded contractor shall pay a monthly franchise fee to the County in such amount as may be determined by the Board, expressed as a percentage of the monthly gross receipts of the contractor arising from the use, operation, or possession of the franchise. The recommended contracts include a 14 percent franchise fee.

Additionally, the proposed exclusive commercial franchise contracts will allow the County to develop programs, records, and reports required under Assembly Bills 939 (1989) and 341 (2012), SB 1383 (2016), and other applicable laws and regulations.

Effective January 1, 2022, SB 1383 requires all jurisdictions in the State to provide organic waste collection services to residents and businesses and divert such materials from landfills. Transitioning to an exclusive commercial franchise is critical to the County's compliance with State law.

The exclusive commercial franchise contracts are effective upon execution by the County and each respective contractor. The solid waste collection services will start as early as October 1, 2022, and will terminate on September 30, 2032, for a term of 10 years with three 3-year renewal options for a potential maximum contract term of 19 years.

Prior to the Director of Public Works or his designee executing the enclosed contract, the contractor will sign, and County Counsel will review the contract as to form (Enclosure A) prior to approving. The recommended contracts for the eight service areas were solicited on an open-competitive basis and in accordance with applicable Federal, State, and County requirements.

The exclusive commercial franchise contracts contain terms and conditions consistent with the Board's programs and policies. The enclosed table (Enclosure B) reflects the selected contractors' minority participation. Data regarding the contractor's minority participation is on file with Public Works. The contractors were selected upon final analysis and consideration without regard to race, creed, gender, or color.

Public Works has evaluated and determined that the Living Wage Program (Los Angeles County Code, Chapter 2.201) does not apply to this recommended contract. The eight exclusive commercial franchise contracts are not subject to Proposition A, as the Board's authority to award the franchise contracts for solid waste handling services is expressly provided by statute.

## **ENVIRONMENTAL DOCUMENTATION**

The recommended actions are either not subject to the California Environmental Quality Act (CEQA) because they are activities excluded from the definition of a project by Section 21065 of the California Public Resources Code and Section 15378, Subdivision (b) of the State CEQA Guidelines or, in the alternative, are exempt pursuant to Class 15061(b)(3) of the Guidelines because it can be seen with certainty that the actions will not have a significant adverse impact on the environment. The collection and disposal of solid waste is not only mandated and regulated by State law, but an essential service for the public health, safety, and welfare.

The proposed change in service providers or awarding of a new franchise agreement for existing services will not result in significant impacts on the environment.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Exemption with the County Clerk in accordance with Section 21152 of the California Public Resources Code.

### **CONTRACTING PROCESS**

On November 10, 2021, a notice of the Request for Proposal (RFP) was placed on the County's "Doing Business with the County" website (Enclosure C), Public Works' "Business Opportunities" website, Twitter, and in advertisements placed in the Los Angeles Daily Journal and nine other newspapers. Also, Public Works informed 1,538 Local Small Business Enterprises, 179 Disabled Veteran Business Enterprises, 169 Social Enterprises, 801 Community Business Enterprises, and 195 independent contractors and community business enterprises about this business opportunity.

On February 1, 2022, 15 proposals were received for providing solid waste collection services for the exclusive commercial franchise service areas, see enclosed map (Enclosure D). The proposals were first reviewed to ensure that they met the minimum requirements in the RFP. One proposal did not meet the requirements and was disqualified. The 14 remaining proposals that met these requirements were then evaluated by an evaluation committee consisting of Public Works staff. The evaluation was based on criteria described in the RFP, which included proposed annual amount for providing collection services, experience, work plan, references, financial resources, history of disputes, actions, contests, debarments, and environmental history; and was conducted utilizing the Informed Averaging methodology for applicable criteria. Based on these evaluations, it is recommended that exclusive commercial franchise contracts be awarded to the highest-rated, apparent responsive, and responsible proposers for each service area.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

These contracts will provide standardized high-quality solid waste collection services, which includes the collection of refuse, recycling, and organic waste collection services for the unincorporated areas of Los Angeles County. The award of these contracts will continue the services without disruption to the public and will not result in the displacement of any County employees as these services are presently contracted with the private sector.

**CONCLUSION**

Please return one adopted copy of this Board letter to Public Works, Environmental Programs Division.

Respectfully submitted,



MARK PESTRELLA, PE  
Director

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Enclosures

c: Chief Executive Office (Chia-Ann Yen)  
County Counsel  
Executive Office