



MARK PESTRELLA, Director

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

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

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**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES  
28 July 3, 2018

CELIA ZAVALA  
ACTING EXECUTIVE OFFICER

July 03, 2018

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:

**SERVICES CONTRACTS**  
**ENVIRONMENTAL SERVICES CORE SERVICE AREA**  
**AWARD CONTRACTS FOR LENNOX GARBAGE DISPOSAL DISTRICT AND MALIBU GARBAGE**  
**DISPOSAL DISTRICT**  
**(SUPERVISORIAL DISTRICTS 2 AND 3)**  
**(3 VOTES)**

**SUBJECT**

Public Works is seeking Board approval to make environmental findings under the California Environmental Quality Act, and award contracts for the Lennox Garbage Disposal District and Malibu Garbage Disposal District to provide Task 1 Customer Service, which includes the collection of refuse, green waste, recyclables, and manure; and Task 2 County Service, consisting of the collection of solid waste discarded in public rights of way within these Districts.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the award of the contracts for the Lennox Garbage Disposal District and Malibu Garbage Disposal District is within the scope of the previously adopted Negative Declarations as amended by the adopted Addendum for the Garbage Disposal Districts contracts.
2. Award a contract for Lennox Garbage Disposal District to Ware Disposal, Inc., consisting of two separate tasks: Task 1 Customer Service, which includes collection of refuse, recyclables, and green waste; and Task 2 County Service, consisting of collection of solid waste discarded in public rights of way, which contract shall be effective upon execution by both parties. The solid waste collection services will start on August 13, 2018, and will terminate on June 30, 2025, with two 18-month renewal options and month-to-month extensions up to 6 months, for a potential total contract term of approximately 10 years and 6 months with a potential maximum contract sum of \$41,476,276, which includes rate adjustments for cost-of-living, fuel costs, diversion/disposal fees,

unforeseen additional work, and changes in law, as authorized by the contract.

3. Award a contract for Malibu Garbage Disposal District to Universal Waste Systems, Inc., consisting of two separate tasks: Task 1 Customer Service, which includes collection of refuse, recyclables, green waste and manure collection; and Task 2 County Service, consisting of collection of solid waste discarded in public rights of way, which contract shall be effective upon execution by both parties. The solid waste collection services will start on August 13, 2018, and will terminate June 30, 2025, with two 18-month renewal options and month-to-month extensions up to 6 months, for a potential total contract term of approximately 10 years and 6 months with a potential maximum contract sum of \$15,179,621, which includes rate adjustments for cost-of-living, fuel costs, diversion/disposal fees, unforeseen additional work, and changes in law as authorized by the contract.

4. Authorize the Director of Public Works or his designee to allow the contractor to increase the monthly rate per customer for each area for Task 1 Customer Service and Task 2 County Service, subject to the terms of the contract for increased contractor expenses related to cost-of-living adjustment, fuel costs, diversion/disposal fees up to 55 percent over the 10 year, 6-month contract term, and for increases by up to 10 percent annually for applicable changes in law.

5. Authorize the Director of Public Works or his designee to increase the contract amount by up to 10 percent of the annual contract sum for unforeseen, additional work within the scope of the contract, if required; to adjust the maximum contract sum for any change in unit counts based on the Office of the Assessor's tax roll, which determines contractors' annual compensation; and to adjust the maximum contract sum based on the adjustments of the unit rates up to a total maximum adjustment of 35 percent of the unit rates over the initial 7-year period or 45 percent and 55 percent at the first and second option years, respectively, if applicable, to allow for cost-of-living adjustments, fuel cost adjustments, and diversion/disposal fee adjustments.

6. Authorize the Director of Public Works or his designee to execute one contract with Ware Disposal, Inc., for Lennox Garbage Disposal District; one contract with Universal Waste Systems, Inc., for Malibu Garbage Disposal District; to take all the necessary and appropriate steps to carry out these contracts; to renew these contracts for each additional renewal option if, in the opinion of the Director of Public Works or his designee, the contractors have successfully performed during the previous contract period; to approve and execute amendments to incorporate necessary changes within the Task 1 Customer Service and Task 2 County Service and specifications; and to suspend work if, in the opinion of the Director of Public Works or his designee, it is in the best interest of the County of Los Angeles to do so.

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

The purpose of the recommended actions is to find that the award of the two contracts for the Lennox Garbage Disposal District and Malibu Garbage Disposal District is within the scope of the previously adopted Negative Declarations and an Addendum prepared under the California Environmental Quality Act (CEQA) and are necessary to protect public health, safety, and welfare; to award contracts that provide Task 1 Customer Service, which include weekly, fully automated, separate collection in carts, processing, disposal of refuse, commingled recyclable materials, green waste, and manure generated by single family and multifamily residences, businesses, commercial establishments, and industrial establishments upon request; and Task 2 County Service, consisting of collection of solid waste discarded in public rights of way; and various actions related to the award, execution, implementation, and extensions of the contracts.

The existing contract for Lennox Garbage Disposal District with Allied Waste Services of North America, LLC and Malibu Garbage Disposal District with Universal Waste Systems, Inc., are set to expire on August 12, 2018. Both were 7-year contracts with three 1-year extensions and up to an

additional 120 days for a potential maximum term of 10 years and 120 days. The proposed new contracts will be effective upon execution, with solid waste services set to begin on August 13, 2018.

### **Implementation of Strategic Plan Goals**

The County Strategic Plan directs the provisions of Strategy II.3, Make Environmental Sustainability our Daily Reality, and Strategy III.2. Embrace Digital Government for the Benefit of our Internal Customers and Communities. The recommended actions will address global climate change and encourage a reduction in waste generation while promoting recycling and waste reduction practices and the actions will also use technology to share solid waste-related data.

### **FISCAL IMPACT/FINANCING**

There will be no impact to the County General Fund.

The annual amount of each contract is based on: Task 1 Customer Service, consisting of automated collection, disposal and management of parcels receiving refuse, recyclable, and green waste services; and Task 2 County Service, consisting of cleanup, collection, transportation, disposal, and management of discards from all alleys and specified public curbside receptacles.

The proposed annual contract amount for the Lennox Garbage Disposal District is based on: Task 1 Customer Service, consisting of approximately 5,508 refuse units multiplied by the monthly unit rate of \$24.58, which equals an initial annual amount of \$1,624,639 (\$135,386.64 monthly); and Task 2 County Service in the amount of \$678,150 annually (\$56,512.50 monthly). The solid waste collection services will start on August 13, 2018, and will terminate June 30, 2025, with two 18-month renewal options and month-to-month extensions up to 6 months, for a potential total contract term of approximately 10 years and 6 months with a potential maximum contract sum of \$41,476,276, including rate adjustments for cost-of-living, fuel costs, diversion/disposal fees, unforeseen additional work, and changes in law as authorized by the contract.

The proposed annual contract amount for the Malibu Garbage Disposal District is based on: Task 1 Customer Service, consisting of approximately 3,012 refuse units multiplied by the monthly unit rate of \$20.85, which equals an initial annual amount of \$753,602 (\$62,800.20 monthly); and Task 2 County Service in the amount of \$89,180 annually (\$7,431.67 monthly). The solid waste collection services will start on August 13, 2018, and will terminate June 30, 2025, with two 18-month renewal options and month-to-month extensions up to 6 months, for a potential total contract term of approximately 10 years and 6 months with a potential maximum contract sum of \$15,179,621 including rate adjustments for cost-of-living, fuel costs, diversion/disposal fees, unforeseen additional work, and changes in law as authorized by the contract.

The contract annual amount may be adjusted by 10 percent of the annual contract sum for any unforeseen, additional work within the scope of work of the contract, if required, plus changes to the annual amount based on the adjustments of the unit rates. The rates may be adjusted up to a total maximum amount of 35 percent of the unit rates over the initial 7-year period or 45 percent and 55 percent at the first and second optional renewal years, respectively, if applicable. The adjustments are to allow for cost-of-living adjustments, fuel cost adjustments, and solid waste facility fee adjustments. The contract amount can be adjusted annually if there is a change in refuse unit counts based on the County Assessor's tax roll and/or when the initial monthly unit rate is adjusted due to annual cost-of-living adjustments, fuel cost adjustments, solid waste facility fee adjustments, and changes in law in accordance with the terms of the contract.

Funding for Task 1 Customer Service and Task 2 County Service are included in the Lennox Garbage Disposal District, Malibu Garbage Disposal District, and Road Fund Fiscal Year 2018-19 Budgets. The Road Fund will be reimbursed for the Task 2 County Service by the Lennox Garbage Disposal District Fund and Malibu Garbage Disposal District Fund. Funds for the contracts' future years and 10 percent additional funding for unforeseen additional work within the scope of the contract, if required, will be requested through the annual budget process.

Streets and Highways Code, Section 953, requires that the costs for cleanup, collection, transportation, disposal, and management of discards from alleys and public curbside receptacles be paid from the Road Fund Budget. Although the Road Fund must pay for these services, other funds available to pay for such services may be placed in the Road Fund. Both Districts will deposit funds into the Road Fund to pay for those activities related to the cleanup, collection, transportation, disposal, and management of discards from the public road right of way from all alleys and specified public curbside receptacles within the Districts.

Awarding both contracts will not necessitate an increase in the current annual service fee to continue to meet both Districts' operating costs. Both Districts' reserves together with the estimated revenues at the current service fee rates are sufficient to fully finance these recommended contracts through Fiscal Year 2018-19. Both Districts will continue to submit the Annual Garbage Collection and Disposal Service Fee Report to the Board for approval to provide for the continued garbage collection and disposal service fees on the tax roll.

Task 1 Customer Service and Task 2 County Service rate adjustments authorized by the contract are as follows. First, a rate adjustment increase on the first July 1 and annually thereafter is allowed based on annual changes in the Consumer Price Index, fuel adjustments, and/or solid waste facility fees. The rate adjustment increase is allowed up to 55 percent over the 10-year, 6-month contract term. Second, an increase of the maximum contract amount is allowed due to unforeseen additional work within the scope of the contract, up to 10 percent per year. Third, a rate adjustment increase of the maximum contract amount is allowed due to applicable changes in law, up to 10 percent per year.

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

California Public Resources Code, Section 49019, authorizes the Board to enter into contracts for disposal of garbage and other refuse matter.

The recommended contractors are Ware Disposal, Inc., located in Santa Ana, California, and for the Lennox Garbage Disposal District and Universal Waste Systems, Inc., located in Santa Fe Springs for the Malibu Garbage Disposal District. These contracts are effective upon execution by the respective parties. The solid waste collection services will start on August 13, 2018, and will terminate on June 30, 2025, with two 18-month renewal options and month-to-month extensions up to 6 months, for a potential total contract period of approximately 10 years and 6 months.

The contracts will be in the form substantially similar to the form previously reviewed and approved by County Counsel (Enclosure A). Prior to the Director of Public Works or his designee executing these contracts, the contractor will sign and County Counsel will review it as to form. The recommended contracts with Ware Disposal, Inc., and Universal Waste Systems, Inc., were solicited on an open competitive basis and are in accordance with applicable Federal, State, and County requirements.

The contracts contain terms and conditions in compliance with the Board's ordinances, policies, and

programs. The standard Board directed clauses that provide for contract termination or renegotiation apply only to Task 2 County Service. Enclosure B reflects the contractors' minority participation. Data regarding the proposers' 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.

The Invitation for Bids (IFB) for these contracts were not submitted to any union for review since no Public Works classifications were impacted. Public Works has evaluated and determined that the Living Wage Program (Los Angeles County Code, Chapter 2.201) does not apply to these recommended contracts, which are not subject to Proposition A, as authority to award these contracts for solid waste handling services is expressly provided by California Public Resources Code 49019.

### **ENVIRONMENTAL DOCUMENTATION**

In 2008, Negative Declarations were prepared by the County, acting as lead agency, for the award of contracts for the Lennox Garbage District and Malibu Garbage Disposal District in compliance with CEQA. The Initial Studies showed there was no substantial evidence that the projects may have a significant effect on the environment. Based on the Initial Studies, two Negative Declarations (NDs) for the Lennox Garbage Disposal District and Malibu Garbage Disposal Districts were adopted by the Board on March 18, 2008, and April 1, 2008, respectively. In accordance with Sections 15162 and 15164(b) of the State CEQA Guidelines, an Addendum to the previously adopted NDs was prepared for Task 1 Customer Service, which includes the collection of refuse, green waste, and recyclables; and Task 2 County Service consisting of the collection of solid waste discarded in the public rights of way, since there were only minor changes to the previously approved contracts that did not result in any significant effect on the environment and there have been no substantial changes or new information regarding the previously approved projects due to new or substantially more severely significant effects or to the circumstances under which the activities will be undertaken. The Addendum was adopted by the Board on January 30, 2018, at the time that the Board had reviewed and considered the information contained in the Addendum and found the award of the franchise contracts was within the scope of the NDs and the Addendum. The recommended action is within the scope of the projects analyzed in the previously adopted NDs and an Addendum, and there have been no changes to the projects or the circumstances under which they are proposed that necessitate preparation of further documentation under CEQA.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Determination with the County Clerk for the Lennox Garbage Disposal District and the Malibu Garbage Disposal District in accordance with Section 21152 of the California Public Resources Code.

### **CONTRACTING PROCESS**

On April 12, 2018, a notice of the IFB was placed on the County's "Doing Business With Us" website (Enclosure C), Public Works' "Business Opportunities" website, Twitter, and an advertisement was placed in the Los Angeles Daily Journal, Los Angeles Sentinel, and La Opinion Advertisement. Also, Public Works informed 1,330 Local Small Business Enterprises, 136 Disabled Veteran Business Enterprises, 88 Social Enterprises, and 187 independent contractors and community business enterprises about this business opportunity.

On May 9, 2018, four bids were received for the Lennox Garbage Disposal District and two bids were received for the Malibu Garbage Disposal District. The bids were first reviewed to ensure that the bids and the bidders met the minimum requirements in the IFB. All bids/bidders having met these minimum requirements. The cost to perform the services were then reviewed to determine the lowest responsive bid and responsible bidder for each District. Based on this review, it is recommended that the contracts be awarded to the apparent lowest responsive, responsible, bidders: Ware Disposal, Inc., located in Santa Ana, California, for the Lennox Garbage Disposal District and Universal Waste Systems, Inc., located in Santa Fe Springs, California, for the Malibu Garbage Disposal District.

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

These contracts will provide improved waste collection services for these communities.

**CONCLUSION**

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

Respectfully submitted,



MARK PESTRELLA

Director

MP:SA:td

Enclosures

c: Auditor-Controller  
Chief Executive Office (Chia-Ann Yen)  
County Counsel (Talin Halabi)  
Executive Office