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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

87 June 14, 2022

CELIA ZAVALA
EXECUTIVE OFFICER

IN REPLY PLEASE
REFER TO FILE

June 14, 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:

REVISED

**SERVICES CONTRACT
ENVIRONMENTAL SERVICES CORE SERVICE AREA
AWARD EXCLUSIVE FRANCHISE CONTRACTS FOR
SOLID WASTE COLLECTION SERVICES AT RESIDENTIAL PROPERTIES IN THE
UNINCORPORATED AREAS OF ALTADENA/KINNELOA MESA AND SOUTH BAY
(SUPERVISORIAL DISTRICT 2, 4, AND 5)
(3 VOTES)**

SUBJECT

Public Works is seeking Board approval to award exclusive franchise contracts to provide services for the unincorporated areas of Altadena/Kinneloa Mesa and South Bay including the collection of refuse, recyclables, and organic waste from residential properties; removal of solid waste discarded in public rights of way; and emergency solid waste collection services.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the award of the exclusive franchise contracts for services for the unincorporated areas of Altadena/Kinneloa Mesa and South Bay is within the scope of the Negative Declaration previously adopted by the Board, as amended by the Addendum for the Franchise Agreements for Residential Solid Waste Collection Services in unincorporated communities in Los Angeles County adopted on January 30, 2018.
2. Find the health, safety, and welfare of the public require that the County award exclusive franchise contracts for the collection of solid waste from carts for the unincorporated areas of Altadena/Kinneloa Mesa and South Bay.

3. Award exclusive franchise contracts for services for the unincorporated areas of Altadena/Kinneloa Mesa to Universal Waste Systems, Inc., consisting of the following two separate tasks: Task 1 Customer Service, to provide refuse, recyclables, and organic waste collection from carts; and Task 2 County Service, consisting of daily monitoring for illegal dumping, collection of solid waste discarded in public rights of way and alleys, and emergency services to remove uncollected solid waste anywhere in Los Angeles County or adjacent counties. The contract shall be effective upon execution by both parties. The solid waste collection services will start ~~on~~ **as soon as** July 1, 2022, and will terminate on June 30, 2029, for a term of 7 years with two 2-year renewal options for a potential maximum contract term of 11 years. The initial monthly rate per customer for Task 1 Customer Service will be \$32.58, which includes a 10 percent franchise fee and will generate an estimated \$508,248 in revenues in Fiscal Year 2022-23. Task 2 County Service will be for an initial annual contract sum not to exceed \$414,468.20, both not including rate adjustments for cost of living, fuel costs, diversion/disposal fees, unforeseen additional work, and changes in law, as authorized by the contract.

4. Award exclusive franchise contracts for services for the unincorporated area of South Bay to Universal Waste Systems, Inc., consisting of the following two separate tasks: Task 1 Customer Service, to provide refuse, recyclables, and organic waste collection from carts; and Task 2 County Service, consisting of daily monitoring for illegal dumping, collection of solid waste discarded in public rights of way and alleys, and emergency services to remove uncollected solid waste anywhere in Los Angeles County or adjacent counties. The contract shall be effective upon execution by both parties. The solid waste collection services will start ~~on~~ **as soon as** July 1, 2022, and will terminate on June 30, 2029, for a term of 7 years with two 2-year renewal options for a potential maximum contract term of 11 years. The initial monthly rate per customer for Task 1 Customer Service will be \$33.96, which includes a 10 percent franchise fee and will generate an estimated \$448,272 in revenues in Fiscal Year 2022-23. Task 2 County Service will be for an initial annual contract sum not to exceed \$932,038.20, both not including rate adjustments for cost of living, fuel costs, diversion/disposal fees, unforeseen additional work, and changes in law, as authorized by the contract.

5. Authorize the Director of Public Works or his designee to adjust (1) the monthly rate for basic services billed directly to the customers; (2) the monthly rate as billed by the contractor for additional Customer Services, such as more containers, billed directly to the customers; (3) the monthly rate billed to the County by the contractor for Task 2 County Service; and (4) the contract amount, if applicable, by the following amounts:

- a. By up to 10 percent of the annual contract sum for unforeseen, additional work within the scope of work of the contract.
- b. By up to 10 percent of the annual contract sum for applicable changes in law.
- c. By up to a total maximum cumulative service fee adjustment of 35 percent of the unit rates over the initial 7-year period, and up to 5 percent for each optional renewal year, respectively, if applicable, to allow for cost-of-living adjustments, fuel cost adjustments, and diversion/disposal facility fee adjustments.

6. Authorize the Director of Public Works or his designee to (1) execute franchise contracts with Universal Waste Systems, Inc., to provide services for the unincorporated areas of Altadena/Kinneloa Mesa and Universal Waste Systems, Inc., for the unincorporated areas of South Bay; (2) take all of the necessary and appropriate steps to carry out these contracts; (3) 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;

(4) approve and execute amendments to incorporate necessary changes within the Task 1 Customer Service and Task 2 County Service specifications; and (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.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to find that the award of the exclusive franchise contracts for the unincorporated areas of Altadena/Kinneloa Mesa and South Bay is within the scope of the previously adopted Negative Declarations (ND) and Addendum to the ND, which were prepared under the California Environmental Quality Act (CEQA) and that the recommended actions are necessary to protect public health, safety, and welfare. It is also to award franchise contracts that provide Task 1 Customer Service, consisting of weekly, fully automated, separate collection in carts, processing, and diversion/disposal of refuse, commingled recyclable materials, and organic waste generated by residential properties upon request; and Task 2 County Service, consisting of daily monitoring for illegal dumping, collection of solid waste discarded in public rights of way and alleys, and emergency services to remove uncollected solid waste anywhere in the County or adjacent counties, and various actions related to the award, execution, implementation, and extensions of the contracts. Additionally, the contracts are necessary to ensure organic waste collection services for all customers so that the County would be in compliance with Senate Bill (SB) 1383 (2016) organic waste regulations.

The existing franchise contracts for services to Altadena and Kinneloa Mesa (previously separate franchise areas but are now being combined into one contract) are both with Arakelian Enterprises, Inc., dba Athens Services, which provides solid waste services to approximately 13,000 customers. South Bay consists of four existing franchise contracts that are being combined into one contract with a total number of customers of approximately 11,000. These existing contracts are as follows: El Camino Village/Del Aire/Wisburn/Alondra Park with USA Waste of California, Inc., dba Waste Management; Rancho Dominguez/West Rancho Dominguez/Rosewood with USA Waste of California, Inc., dba Waste Management; Oceanview/La Rambla/West Carson with CalMet Services, Inc., dba Calsan; and Pioneer Carson Park with Universal Waste Systems, Inc. All these contracts had an initial 7-year term with three 1-year extensions and month-to-month extensions up to 6 months with a maximum term that expired on February 28, 2022. On November 23, 2021, the Board approved a recommendation to extend the term of the contract on a month-to-month basis for up to 1 year with the maximum extension to expire on February 28, 2023. The proposed new franchise contract will be effective upon execution with solid waste services set to begin on as soon as July 1, 2022.

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 protects the environment and improves the quality of life of the residents within the franchises and surrounding areas.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund.

The proposed monthly rate per customer for Task 1 Customer Service for Altadena/Kinneloa Mesa is \$32.58, which includes a 10 percent franchise fee; and the annual contract amount for Task 2 County Service is \$414,468.20.

The proposed monthly rate per customer for Task 1 Customer Service for South Bay is \$33.96, which includes a 10 percent franchise fee; and the annual contract amount for Task 2 County Service is \$932,038.20.

Upon approval by the Board, the franchise fee resulting from Task 1 Customer Service multiplied by the combined estimate for both areas of 24,000 customers will generate an estimated \$956,520 in revenues from the contract for Fiscal Year (FY) 2022-23 based on the service commencement date of July 1, 2022. The franchise fee will provide the necessary funds to administer the franchise and provide enhanced services for the unincorporated areas of Altadena/Kinneloa Mesa and South Bay. Administration includes the release and award of the contract, complaint resolution, outreach material creation and review, and contractor compliance monitoring. Enhanced services include abandoned waste collection, expanded educational outreach, site visits to increase diversion, and increased enforcement of illegal dumping violations. This revenue is included in the Solid Waste Management Fund (GD1) FY 2022-23 Budget and will be included through the annual budget process for the remaining contract years. Note that there are increased costs associated with SB 1383 requirements to implement organic waste processing, perform customer outreach, and oversee services, which are reflected in rates for Task 1 Customer Services that are approximately 10 to 20 percent higher.

Task 1 Customer Service Monthly Rate and Task 2 County Service maximum contract amount may be adjusted by up to 10 percent for any unforeseen, additional work within the scope of work of the contract, if required. Task 2 County Service may also be adjusted by up to 50 percent of the total contract sum to be used for emergency services within the scope of work of the contract, if required. The rates may be adjusted up to a total maximum amount of 35 percent of the rates over the initial 7-year period, and 5 percent each optional renewal year, respectively, if applicable. The adjustments are to allow for cost-of-living adjustments, fuel cost adjustments, and solid waste facility fee adjustments.

Task 2 County Service will be paid from the Road Fund (B03), or by supplemental sources of funding, including but not limited to, bond funding and/or other State or Federal assistance as appropriate to offset costs to the County for services provided. The County 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 rights of way from all alleys and specified public curbside receptacles within the service area.

Funding for Task 2 County Service is included in the Road Fund FY 2022-23 Budget. The Road Fund will be reimbursed by the Solid Waste Management Fund. Funds from the Solid Waste Management Fund to pay for Task 2 County Service shall not exceed 30 percent of franchise fee payments received during the FY. Funds for the contract's future years, 10 percent additional funding for unforeseen additional work within the scope of the contract, if required, and 50 percent additional funding for emergency services within the scope of the contract, if required, will be requested through the annual budget process.

Task 1 Customer Service and Task 2 County Service rate adjustments authorized by the contract are as follows: First, a rate adjustment increase on July 1, 2023, 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 maximum contract duration of 11 years. 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 and an increase for emergency services within the scope of the contract, up to 50 percent of the total contract amount. Third, a rate adjustment increase of the maximum contract amount is allowed due to applicable changes in law, up to 10 percent per year.

In the event of an emergency and the County directs the contractor to provide solid waste collection assistance to other areas within the County, including cities, or adjacent counties and their cities, other funds, including those from other jurisdictions, may be used in order to extend services into those areas. 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.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Title 20 - Utilities, of the Los Angeles Code, Section 20.70.020, authorizes the Board to award a nonexclusive, partially exclusive, or wholly exclusive franchise for certain solid waste handling services for any given geographic area of the unincorporated territory of the County. As consideration for the grant of a franchise awarded as provided in Section 20.70.020, the contractor shall pay a 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 contract includes a 10 percent franchise fee.

Additionally, the proposed contracts will allow the County to develop programs, records, and reports required under Assembly Bill 939 (1989) and 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.

The recommended contractor for Altadena/Kinnetoa Mesa and for South Bay is Universal Waste Systems, Inc., located in Santa Fe Springs, California. These franchise contracts are effective upon execution by the respective party. The solid waste collection services will start ~~on~~ **as soon as** July 1, 2022, and will terminate 7 years from the commencement of collection services, with two 2-year renewal options, for a potential total contract period of 11 years.

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

The franchise 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. The enclosed Proposers Utilization Participation Table (Enclosure B) reflects the contractors' minority participation. Data regarding the proposers' minority participation is on file with Public Works. The contractor was selected upon final analysis and consideration without regard to race, creed, gender, or color.

The Request for Proposal (RFP) for these contracted services was 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. Task 1 Customer Service is not subject to Proposition A, as authority to award the franchise contract for solid waste handling services is expressly provided by statute. Task 2 County Service is required on an as needed and intermittent basis; hence, these contracts are not subject to Proposition A (Los Angeles County Code, Chapter 2.121).

ENVIRONMENTAL DOCUMENTATION

In 2007, the Board adopted an ND on November 20, 2007. In accordance with Sections 15162 and 15164(b) of the State CEQA Guidelines, an addendum to the previously adopted ND was prepared for Task 1 Customer Service, which includes the collection of refuse, recyclables, and green waste and Task 2 County Service, which includes the collection of solid waste discarded in the public rights of way and alleys since there are only minor changes to the previously approved franchise contract 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 Board reviewed and considered the information contained in the addendum, and on January 30, 2018, adopted the addendum and found the award of the contract was within the scope of the ND and the addendum.

Six of the residential franchise system areas described in the ND and addendum are being reorganized for administrative purposes. The areas of El Camino Village/Del Aire/Wiseburn/Alondra Park, Pioneer/Carson Park, Rancho Dominguez/West Rancho Dominguez/Rosewood, and Westfield/La Rambla/West Carson are being combined into the South Bay contract. Altadena and Kinneloa Mesa are being combined into the Altadena/Kinneloa Mesa contract. The recommended action is within the scope of the projects analyzed in the previously adopted ND and addendum, and there have been no significant changes to the projects or the circumstances under which they are proposed that necessitate preparation of further documentation or findings under CEQA.

The location of the documents and other materials constituting the record of the proceedings upon which the Board's decision is based in this matter is Public Works, Transportation Planning and Programs Division at 900 South Fremont Avenue, Alhambra, CA 91803. The custodian of such documents and records is Mr. Ed Dingman, Senior Civil Engineer, Los Angeles County Public Works.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Determination with the County Clerk in accordance with Section 21152 of the California Public Resources Code and will post the notice to its website pursuant to Section 21092.2.

CONTRACTING PROCESS

On January 19, 2022, a notice of the RFP was placed on the County's "Doing Business With the County" website as shown in (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 1,562 Local Small Business Enterprises, 183 Disabled Veteran Business Enterprises, 165 Social Enterprises, 830 Community Business Enterprises, and 253 independent

contractors and community business enterprises about this business opportunity.

On March 22, 2022, four bids were received for providing solid waste collection services for the unincorporated areas of Altadena/Kinneloa Mesa and three bids for the unincorporated area of South Bay. The proposals were first reviewed to ensure that they met the minimum requirements in the RFP. The evaluation was based on criteria described in the RFP, which included proposed annual amount for Task 1 Customer Service; proposed annual amount for Task 2 County Service; experience, work plan, references, financial resources, disputes, actions, contests, debarments, and environmental history; and utilizing the Informed Averaging methodology for applicable criteria. Based on these evaluations, it is recommended that these franchise contracts be awarded to the highest-rated, apparent responsive, and responsible proposer Universal Waste Systems, Inc., located in Santa Fe Springs, California for Altadena/Kinneloa Mesa and for South Bay.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

CONCLUSION

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

Respectfully submitted,



MARK PESTRELLA, PE

Director

MP:PH:tl

Enclosures

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