

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

DATE: September 21, 2023

TO: Honorable Katy Yaroslavsky, Chair
Honorable Tim McOsker, Vice chair
Honorable Nithya Raman, Member
Honorable Bob Blumenfield, Member
Honorable Eunisses Hernandez, Member
Energy and Environmental Committee

FROM: Barbara Romero 
Director and General Manager
LA Sanitation and the Environment (LASAN)

SUBJECT: STATUS OF ALL RECYCLA CONTRACTS AND THE RECYCLA SERVICE PROVIDERS' (RSPs) COMPLIANCE WITH CONTRACT OBJECTIVES AND PERFORMANCE REQUIREMENTS, AND RELATED MATTERS (CF 19-0170-S1) (CF 21-1208-S3)

This report and its attachments are in response to City Council motions (CF: 19-0170-S1 and CF: 21-1208-S3) directing the following:

Council motion (CF: 19-0170-S1):

- That the Bureau of Sanitation and the Environment (LASAN) report within 60 days on the status of all recycLA contracts and the recycLA Service Providers' (RSPs) compliance with contract objectives and performance requirements. The report should include, at minimum, rates charged versus maximum allowed rates, application of additional fees charged, recycling and organic diversion targets achieved, standing labor peace agreements, facility certification, food rescue and diversion, quality of service (missed collections), and clean (including EV) truck deployment.
- The Chief Legislative Analyst, with assistance from the City Administrative Officer, to report on alternative franchise hauling structures that are designed to increase competition, maximize efficiency, ensure labor peace for uninterrupted service, stabilize rates, ensure customer protection, and accomplish waste diversion goals consistent with

the city's zero waste objectives and state law. This report should include recommendations for additional resources needed to further refine analysis of franchise models before potentially procuring a new contract, and a recommended timeline and summary of the steps required to terminate and replace the franchise agreements should the council decide to do so.

- LASAN to report within 60 days on the feasibility of the Bureau directly providing service to one, multiple, or all zones currently served by RSPs in order to ensure that waste diversion, recycling, and organic collection objectives are met. This report should include potential cost, staffing, facility, and equipment estimates.

Council motion (CF: 21-1208-S3) directs the following:

- LASAN to report back within 60 days with options for commercial accounts to mitigate cost increases associated with adding commercial green bin service. Analysis should include:
 - Waiving of expensive waste fees, such as distance fees and gate fees, for commercial accounts who are in compliance with the bill;
 - Helping commercial account holders recalibrate their waste removal by reducing black bin service to make up for the new green bin service; and
 - Developing a recycLA "base rate" structure that includes organics collection (green bin service), in addition to solid waste (black bin service) and recycling (blue bin service).
- LASAN to report back within 60 days regarding the creation and implementation of a window sticker program to reward businesses who add green bin service, and recognize them for their efforts in being compliant with SB 1383.
- LASAN to report to the Council on a quarterly basis on City-wide compliance of SB 1383 so that Council can stay informed of the program's progress and if any additional help or incentives are needed to ensure its success.

This report and its attachments provide an overview of all recycLA contracts and the recycLA Service Providers' (RSPs) compliance with contract objectives and performance requirements; recommendations to enhance the recycLA program; a preliminary projection of the Bureau directly providing service to one, multiple, or all zones; suggestions to mitigate cost increases associated with adding commercial green bin service; and future implementation of a public marketing program to reward businesses who add green bin service. LASAN seeks Council direction based on the knowledge gained about the program's implementation, an evaluation of the RSP partnerships and contributions, and the reinforcement of the state-mandated Organics (SB 1383) laws and the City of Los Angeles' (City) environmental policies.

Recommendations

1. LASAN concluded its initial review and hereby presents several options to proceed based on the City's policy goals and the capacity of the Bureau. Council is requested to provide guidance to LASAN by selecting policy option(s) to improve the objectives of the recycLA program from the following:
 - a. Option 1: Continue the existing recycLA program, with the option to exercise the first 5-year renewal option in 2027
 - b. Option 2: Authorize LASAN to begin immediate negotiations of contract amendments with the RSPs
 - c. Option 2a: Authorize the reorganization and redistribution of recycLA zones, concurrent with contract amendment negotiations, based on the best performing RSPs available, the price and achievements of environmental policies, for zones where contract amendments negotiations were not successful
 - d. Option 3: Authorize LASAN to begin development and release of a new request-for-proposals (RFP) to codify the programmatic and structural changes desired and/or required through implementation of the recycLA program to date
 - e. Option 4: Authorize LASAN to assume operating services to one, multiple or all recycLA service zones
2. Direct LASAN to extend the Removing Barriers to Recycling (RBR) incentive program until LASAN, CAO and CLA return to Council with further recommendations.

Background

On December 13, 2016 the Los Angeles City Council approved the award of Exclusive Franchise Agreements to seven Franchise Haulers aka recycLA Service Providers (RSPs) under CF: 10-1797-S17. The RSPs were Athens Services; Republic Services; UniversalWaste Systems; Waste Management; CalMet Services, Inc.; NASA Services, Inc.; and Ware Disposal, Inc. The RSPs were awarded 11 zones and the responsibility for collecting, recycling, and disposing of solid waste from approximately 65,000 commercial and multi-family properties (five or more dwelling units). Multi-family residences with fewer than five dwelling units and single-family residences continued being serviced by LASAN. All seven recycLA contracts were executed on January 31, 2017. In accordance with Article 14 of the recycLA contracts, the term of the agreements is for ten (10) years with two (2) renewal options at five (5) years each to be exercised at the City's sole discretion. The seven recycLA contracts will expire on February 1, 2027, at which time the City may elect to renew any or all of the recycLA contracts for the initial 5-year renewal term. *Please note that in early 2022, CalMet, the RSP servicing the East Downtown (EDT) zone, was acquired by Athens, therefore, there are currently six (6) RSPs operating under the recycLA program, but seven (7) separate contracts remain in effect.*

The Board of Public Works, the Mayor and City Council approved the Franchise Implementation Plan, presented by LASAN, in April 2013, from which the RFP was modeled (CF: 10-1797-S15). This action adopted the baseline goals and objectives for the recycLA program. LASAN developed its RFP, staffing plan and contracts for oversight of recycLA in order to meet the goals of the program.

Although many of the recycLA goals have been achieved, there are still significant environmental goals, namely the removal of one million tons of waste from landfills by 2025, are not likely to be achieved. In addition, the City is financially subsidizing the recycling program. Attachment 1 provides the status of the goals established for the recycLA program, and knowledge gained from the development and implementation of the program 7 years into its term.

With the recycLA contracts expiring in three and a half years, the program is approaching a pivotal point. LASAN hereby provides the data and options for consideration as the program moves forward, based on the knowledge gained and seeks Council and Mayor guidance on the next steps.

Program Options

LASAN has collected information, reviewed various metrics, and received feedback from the haulers and customers. However, the recycLA program has yet to reach its intended purpose. The content in this report presents Program Options for Council consideration to optimize the recycLA program with the adopted environmental goals and policies of the City.

The following are the options for the City Council to consider:

Option 1: Continue Existing recycLA Program As Is:

In this scenario the recycLA program will continue in its existing capacity with no changes to the program. The City will continue supporting the RBR program until January 31, 2027, i.e. the end of the existing contract. This includes the option to exercise the first 5-year contract renewal option in 2027

Advantages: The City subsidy of the RBR has reduced the cost impact of the blue bin access and distance fees to recycLA customers and reduced complaints. This option will allow the City to decide the future of the recycLA program after January 2027.

Disadvantages: Customers are still subjected to access and distance fees on organics and black bins. Diversion rates committed by the recycLA providers may not be achieved. The City will continue to pay an RBR subsidy of over \$23 million annually over the next four years.

Option 2: Negotiate a Contract Amendment:

LASAN has learned that there are areas of the contract that need to be updated and/or redefined. LASAN, with the guidance of the CAO, the CLA and the City Attorney, possesses the ability to work with RSPs to restructure the contracts in a fashion that leaves no room for interpretation by the RSPs to the detriment of the customers and the City. Negotiating contract amendments with the RSPs may address the pending issues, meet environmental goals, and provide an immediate overall fiscal relief to both recycLA customers and the City.

Option Goals:

- Eliminate City cost associated with the RBR Program, estimated at \$23 million annually.
- Establish a bundled service model for solid waste, recycling and organics, at a reduced maximum rate.
- Eliminate extra service charges on Black, Blue and Green bins.
- Establish/increase organics collection.

Advantages: Through a negotiated contract amendment the City may be able to eliminate the RBR program and remove all access and distance fees on black, and green bins to the customers. In addition, the City may be able to fully integrate mandatory organic green bin service, and incorporate it into the program's base rate to help increase diversion of material from landfills. The elimination of access and distance fees would result in an immediate positive financial impact to many customers. Currently, the extra service charge on green bins is a disincentive to customers for organics recycling. For example, if a customer has two black bins at their site, they are charged a single access fee per collection event. But, if they chose to swap one of their black bins for a green bin, they would incur a fee for an additional collection event for the green bin, doubling the potential access fee.

Disadvantages: There is no guarantee that all six RSPs will agree to contract amendments. The time frame to negotiate a contract amendment cannot exceed 3 months in order to allow the City sufficient time to alternatively issue an RFP to replace the existing contracts. LASAN in coordination with the CAO, CLA and City Attorney's office must begin developing a new RFP in tandem with negotiating a contract amendment.

Option 2a: Reorganize recycLA Zones Through Contract Amendments

LASAN can seek to negotiate contract amendments that will redistribute the zones to the recycLA providers starting February 2027. In this option, the City could redistribute zones based on the haulers who provide the best price to the City and are capable of achieving the environmental goals set by the City.

Option Goals:

- Maintain uniform service in all recycLA zones, after January 2027, for zones in which contract amendment negotiations were not successful.

Advantages: Maintain collection services and achieve the environmental goals across all of the zones. LASAN is confident that higher performing haulers would accept more business opportunities that accompany additional service territory.

Disadvantages: The City may be serviced by fewer than the existing six haulers. In addition, the City will still have to provide some RBR relief to the zones where the RSPs will not be receiving a contract after January 2027. Even under a zone reorganization, some areas may still require continued City programmatic subsidy through the RBR until new contract terms are achieved.

Option 3: Develop and Release a New RFP

LASAN in coordination with the CAO and CLA will develop and release a new RFP to codify the programmatic and structural changes learned about the recycLA program to date.

Option Goals:

- Develop a RFP that addresses the lessons learned from existing contracts.
- Simplified uniform maximum rate structure.
- Award contract(s) to replace existing contracts in February 2027.

Advantages: Through the development of a new RFP, LASAN in coordination with the CAO and CLA, will take into consideration all of the program changes and restructuring based on lessons learned to date, and will include a reevaluation of the number of recycLA zones and the number of service providers required. A new RFP allows for the introduction and consideration of new program elements and the evaluation of new industry standards to include with a future contract agreement.

Disadvantages: Given the complexity of developing a new RFP, LASAN in coordination with the CAO and CLA, will need to identify and secure additional resources, such as consulting services. The development of a new recycLA RFP will need to look at a number of options with many variables. This includes an in-depth analysis of the existing maximum rate model, minimum service levels, and conducting rate studies. Assistance will also be needed in preparation of an annotated RFP outline, the development of an RFP, development of evaluation criteria, RFP evaluation, as well as other recycLA functions such as contract development, implementation and outreach.

Option 4: LASAN Directly Providing Service to One, Multiple, or All Zones Currently Served by RSPs

LASAN has the expertise and the knowledge to service the recycLA customers. LASAN can directly provide service to one, multiple, or all recycLA customers currently served by RSPs, dependent on being provided the proper level of funding for operating costs and securing infrastructure associated with servicing some or all of the customers (See Attachment 2).

Advantages: There are advantages for the City under this option including but not limited to the following:

- a. LASAN is a Council controlled department and its solid waste rates cannot increase without Council and Mayoral approval, and subject to applicable law.
- b. LASAN implemented the Organics program Citywide by completing a scale-up from 49,000 customers in the pilot phase to its 750,000 residential customers. Any future environmental goals that Council and Mayor would like to achieve can be implemented quickly by LASAN.
- c. LASAN drivers have extensive experience servicing commercial accounts in all geographic regions of the City. LASAN Refuse Collection Truck Operators stepped in on numerous occasions to provide services to multi-family units when necessary to assist the RSPs facing periodic collection challenges.

Disadvantages: Some of the challenges include lack of City infrastructure such as collection yards, a City-owned recycling processing facility, and a City-owned organic processing facility.

Challenges

LASAN staff analyzed the recycLA zones, for the number of accounts serviced, black bin tonnage collected, blue bin tonnage recycled, and green bin tonnage processed and composted. LASAN staff also calculated the amount of organics that can be diverted from the black bin into the green bin and computed the tonnage diversion cost into the preliminary tip fee budget. LASAN has also evaluated the number of trucks currently utilized by the recycLA providers, the cost to convert the vehicles from natural gas to electric, the availability of the electric vehicles, the number of collection yards and maintenance facilities needed to service the collection zones and maintain the trucks. In addition, LASAN staff took into account the warehouse space needed to store parts for trucks and the collection bins. LASAN staff also calculated the number of the drivers and mechanics needed for both LASAN and the Department of General Services.

Preliminary projection of LASAN & GSD Cost to Service All recycLA Zones

Cost Component	Cost	Cost Frequency
New Collection Yards with Electric Infrastructure	\$1,848,431,268	One-time
Electric Collection Vehicles	\$554,938,518	Every 10 years
Staffing LASAN	\$87,780,000	Annual
Staffing GSD	\$9,692,503	Annual
Tipping Fees	\$124,433,673	Annual
New Material Recovery Facility	\$120,000,000	One-time

Timeline for recycLA Program Options

<u>RecycLA Options</u>	<u>Est. Start Date</u>	<u>Est. Completion Date</u>
Option 2 & 2a Negotiate Contract Amendment	Oct 2023	Dec 2023
Option 2 & 2a Prepare Contract Amendment	Jan 2024	Mar 2024
Options 2&2a Contract Amendment - Board of Public Works, followed by Mayor & Council approval	Apr 2024	Aug 2024
Option 2 & 2a - New Amended Contract Terms Begins	Aug 2024	
Option 3 RFP Development	Oct 2023	March 2024
Option 3 Release RFP	April 2024	Sep 2024
Option 3 Evaluate, Negotiate and Execute New Contracts	Oct 2024	Jan 2027
Option 3 - Existing contracts expire and new recycLA contracts begin	Feb 2027	

Extending the Removing Barriers to Recycling (RBR) Program

The City provides blue bin distance and access fee relief to customers by way of a City Council approved settlement agreement and contract amendment negotiated with the RSPs in March 2019 (CF: 19-0170). This action established the RBR program. Through the creation of the RBR Program, recycLA customers have not had to pay extra service charges (for access or distance) associated with blue bin collection since February 2018. To date, customers have saved over \$144 million in avoided access and distance fees on blue bins. However, this comes at a cost to the City since the City compensates the RSPs 50 percent of the access and distance charges associated with recycLA customers' blue bin service.

The RBR Program costs the City \$23 million annually, with \$15 million dollars paid annually to the RSPs, plus an additional \$8 million annual exposure including over-cap future payments. The overcap payment for future calendar years is paid to the RSPs at the end of the contract term, or when the program is terminated by City Council. The RBR program accounts for approximately 50% of the AB 939 expenditures. As anticipated, the program usage by the customers has grown, as has the City's resulting annual costs. Continuation of the RBR program will protect some customers from assuming the cost of access and distance fees on blue bins, however, will require additional continued support by the General Fund.

On March 23, 2023, LASAN submitted a detailed report to the City Council's Energy and Environment Committee on the RBR program's creation, benefits and its fiscal impact to the City. The settlement/contract amendments that created the RBR program require the City to evaluate the available future RBR funding and provide notice to the RSPs on the City's decision to continue or to discontinue the program. If the City Council, in its sole discretion, concludes the City cannot continue funding the RBR Program, then the City is obligated to provide a minimum of one calendar year's written notice to the RSPs of its decision. LASAN's RBR report back to Council is still under consideration, and it should be noted that the recommendations in that report to continue the RBR through March 31, 2024 will need to be modified to match Recommendation 2 of this report i.e. the RBR program is extended until LASAN, CAO and CLA return to Council with further recommendations.

recycLA Program January 2017 - July 2023 - Knowledge Gained

While the recycLA program has succeeded in addressing several environmental justice concerns, reducing diesel particulate matter emissions, and providing better working conditions to solid waste employees, the program most likely will not achieve its goal to divert one million tons of waste material from landfills by 2025 as desired by the City. LASAN has compiled a list of items based on the knowledge gained to date that can be factored into the development of either new

contract amendments or a new RFP. The following are some of the major items that impacted the program and recommendations to address them.

Diversion Goals: The City desired the recycLA program to reduce the tonnage going to landfills from the commercial sector by one million tons by 2025. The diversion goals have thus far not been met as anticipated. The assessment of liquidated damages was not a sufficient driver for all of the RSPs to meet their diversion goals. The recycLA contracts made the RSPs solely responsible for achieving diversion, and with this responsibility, the RSPs had authority to establish service levels with each customer with the intention of RSPs increasing blue bin participation and service, and decreasing black bin service, resulting in decreasing customer costs and increasing diversion. However, the recycLA program has not yielded a significant decrease in black bin service as anticipated. In addition to less than expected black bin reduction, the RSPs are also under performing in working with customers to subscribe to green bin collection service. Although there have been improvements over the last year, overall, the RSPs are behind in meeting their contractual organics goals.

Access and Distance Extra Service Fees: Access and Distance fees have had the most substantial impact on customer bills. In many cases these fees exceeded the maximum Base Rate for solid waste and recycling services. In an effort to mitigate cost, some customers resorted to moving bins to areas of their property not intended for waste or recycling bins. The distance fees specifically had a great impact. This fee is chargeable on a per bin, per collection basis. For customers with multiple bins this fee can be substantial. Access and distance fees are applicable on black, blue and green bins providing a disincentive for recycling. For example, if a customer has two black bins, they are charged a single access fee per collection event. If they chose to swap one of their black bins for a green bin, they would add an additional collection event for the green bin doubling the potential access fee.

The Removing Barriers to Recycling (RBR) Program: The RBR is not fiscally sustainable. The annual RBR Program costs the City \$23 million annually, with \$15 million dollars paid annually to the RSPs, plus an additional \$8 million annual exposure including over-cap future payments. As anticipated, the program usage by the customers has grown, and correspondingly the City's annual costs have grown significantly. Continuation of the RBR program will protect customers from assuming the cost of access and distance fees on blue bins, however, funding will need continued support by the General Fund.

Organics: State regulations now require customers to subscribe to organics service and this change in law needs to be included into the program and its existing practice. Under the existing recycLA agreements, organics service is an additional optional service and cost which is not built

into the base rate. With sufficient organic processing capacity available, minimum service level for organics recycling should be included as part of the base rate (required service). Other than the requirement to divert waste from landfills there is no incentive for RSPs to work with customers to right size accounts and truly reduce solid waste service.

Bundling green bin service into the customers maximum base rate (similar to how blue bin service is “bundled” with black bin service) may help reduce the financial impact to customers. The recycLA contracts were developed as a three-bin collection system. RSPs are required to *offer* and *provide* upon agreement source-separated organic services to all commercial and multi-family customers. In December 2022, the City approved the SB 1383 mandatory enforcement ordinance that requires all customers to participate in organics recycling, with enforcement beginning in 2024. However, SB 1383 requires that all customers are provided organic service without the requirement to opt in. Under a revised black, blue and green bin service, LASAN would require this “bundled” service be provided at a maximum rate that is less than simply adding it to the existing current base maximum rate structure. The current recycLA contracts do not allow the RSPs to require organic service by bundling the cost into the base rate. In order to incorporate organic service into the base rate as a required bundled service, the recycLA contracts would need to be amended.

Recycling not Provided (RNP): The cost associated with collecting and processing blue bins were factored into the negotiated maximum rates. The contracts established a 50 percent minimum "low bar" threshold for the ratio of blue bins to black bins, by volume of collection, to ensure sufficient service is provided to meet the diversion goals. The RSP rolled out blue bins at a rate just above the minimum 50 percent. Some RSPs have stated they met the goal of 50 percent, when in fact they only just met the minimum threshold.

Overweight Bin Fees: The application of overweight fees in the contract language is optional. The recycLA contracts do not specify a weight per bin that constitutes an overweight bin. Most recycLA vehicles do not have scales on them and the ones that do are not certified by a Weighmaster. As there are not typically scales on collection vehicles, the RSPs use an unofficial determination by the collection staff to determine if a bin is overweight and unsafe to move. Due to lack of parameters in the recycLA contracts the application of overweight fees are not uniform across RSPs.

Overfilled Bin Fees: The application of the extra service fees related to overfilled bins has been a concern of some customers. The contracts specify how high past the top of the bin material can be. However, staff has found that in some cases it may simply be some cardboard boxes that were not broken down, while the majority of the waste is well below the top of the bin.

Bins on Street: The recycLA contract needs to have a standard on how long bins can be left out on the public right of way. The recycLA contracts do not have any limits on how long a bin can be left on the street after they have been scouted. The RSPs often leave a bin on the street for an extended period of time creating dangerous conditions for drivers and pedestrians. This also creates health and safety concerns for customers due to no bins on site and bins being left away from trash chutes. This has been a significant concern for many customers.

Liquidated Damages: The agreed restitution for under-performance of the recycLA contract is Liquidated Damages. Liquidated Damages, in one particular instance, is assessed for failure to achieve diversion rates - per the recycLA contract, such as the goal of removal of one million tons of waste from the landfill stream by 2025. The City issued liquidated damages letters for five of the six recycLA service providers for failing to achieve the 2022 diversion targets as set in the contracts. The total assessment is approximately \$12.5 million to date. Five RSPs have challenged the payment of liquidated damages assessed by the City under the contract terms. The sixth RSP, Athens, met the diversion requirements in three of the four zones they operate in.

There are other contract terms that should be updated based on the knowledge gained to date, including, but not limited to, uniformity in proof of provision of service requirements, such as standardizing photo and video proof of IT system failure, or failing to maintain and provide accurate data.

Green Bin Sticker Program

LASAN will continue to provide enhanced outreach, education and recognition to recycLA customers. In 2018 LASAN began the recycLA Stars program. Under the recycLA Stars Program businesses and apartment owners who embraced recycLA's recycling, landfill diversion, and food rescue opportunities, investing in new business practices and taking action to achieve the highest levels of recycling were recognized. RecycLA Stars customers were awarded a decal for a storefront window and a certificate from the City of Los Angeles. In addition, recycLA Stars customers were featured on LASAN's recycLA website and highlighted at events and presentations, to ensure that people throughout Los Angeles recognize recycLA Star achievements. This program ceased due to lack of funding. LASAN can build on the recycLA Star program and refocus to promote and recognize businesses that choose to comply with SB 1383, helping the City reach its environmental goals, by subscribing to organics service. LASAN will need to develop a new window sticker and work with the RSP's on implementation. LASAN will also continue to work on increased distribution of food waste kitchen pails.

Other Pending Items for Council Consideration

There are several pending items that LASAN and other City offices are preparing as it relates to the concerns associated with the future of the recycLA Program. The adopted Council instructions mentioned above are being analyzed and reports drafted for presentation in the near future. In addition, here are other related-matters that LASAN is working on concurrently for future recycLA reports:

- Franchise Fee Litigation - There is pending litigation against the City that challenges the City's collection of franchise fees from the recycLA service providers. For further information, Council may consider agendaizing a closed session discussion or briefing from counsel on this matter (Apartment Owners Association of Calif., Inc., v. City of Los Angeles, L.A.S.C. Case No. BC677423 and Consolidated Case (BC709658) and Related Case (BC705056))
- Auditing the RBR Program - Council has directed LASAN to conduct a fiscal audit of the RBR charges. LASAN is currently auditing one of the RSPs for both their RBR charges, as well as their AB 939 payments to the City. LASAN is also working with the City Controller's office to launch financial RBR/ AB939 audits of other RSPs. The audit report will be presented to Council in October 2023.

Conclusion

Over the span of 6 years of recycLA program operations, LASAN has identified many areas that require updating and/or restructuring based on the knowledge gained to date. These program updates and restructuring could be accomplished through a negotiated contract amendment. However, if contract amendment negotiations are unsuccessful, LASAN seeks to prepare a new RFP for collection services for the end of the current term expiration. Concurrent with implementing contract changes, LASAN should prepare to augment its residential curbside service collection model, to include service to some or all recycLA customers, under a Council approved model to take over zone operations. LASAN, in coordination with the CAO and CLA, will factor changes based on all that has been learned thus far into the recycLA system in order to address unmet goals or lessons learned, to enhance successes achieved.

BR/DKM:dm

Attachments

Attachment 1: recycLA Mid-Term Update - Successes, Benefits and Challenges

Attachment 2: Feasibility Of The Bureau of Sanitation Directly Providing Service To One, Multiple, Or All Zones Currently Served By RSPs



RecycLA Update

Successes, Benefits and Challenges

LA SANITATION & ENVIRONMENT
June 2023



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Executive Summary

In April, 2013, after many stakeholder meetings, and several hearings before the Board of Public Works, Council Committees, and full Council, the Mayor and City Council approved the Franchise Implementation Plan presented by LASAN, through which the Request for Proposals was modeled (CF#10-1797-S15). This action adopted the baseline goals and objectives for the recycLA program. LASAN developed the Request for Proposals and staffing plan for oversight of the recycLA system in order to meet all of the Council's environmental goals and objectives listed below, all of which have been made possible to attain through the RSP contracts and recycLA program:

1. Meet the City's Zero Waste Goals.

- a. Blue Bin recycling, at minimum, at every customer site.
- b. Preserve existing organic waste separation and recycling programs.
- c. Offer green waste collection to all multifamily customers.
- d. Include Landfill disposal reduction targets in Franchise agreements with accountability for performance including through liquidated damages.

*LASAN has requirements in the RSP contracts to encourage maximum Blue Bin recycling, implement robust Green Bin organics programs for yard trimmings and food scraps, , and meet an ambitious goal of over 90% waste diversion from landfills by 2025. RSPs are required to divert over one million tons of waste per year from landfills. Failure to meet these waste diversion requirements are subject to liquidated damages. **Currently the RSPs are not on a trajectory to achieve this goal.***

There are over 65,000 recycLA customer accounts. The recycLA contract base rates include blue bin recycling as part of the minimum level of service at every customer site. While the RSPs have attempted to provide blue bins to all recycLA customers, some customers have refused blue bin service for various reasons. Currently less than 3% (1,828) of recycLA customers are non-compliant with State and City blue bin recycling requirements. LASAN, in coordination with the RSPs, are taking enforcement measures to bring the non compliant recycLA customers into compliance with the blue bin recycling services requirement..

The RSPs are behind in working with customers to encourage green bin collection. However, some RSP have shown significant improvements. Since January 2022 the number of customers with green bin service has more than tripled. In January 2022 there were 2,764 customers with green bins as of May 1, 2023 there were 9,257,

To meet the City Zero Waste Goals the recycLA contracts have a combined requirement to reduce landfill disposal by over 1 million tons annually by the end of 2025. Each recycLA contract has separate landfill reduction requirements per recycLA zone. There are measurement periods leading up to ultimate the 2025 contract requirement for disposal reduction. Failure to meet the contractual landfill reduction targets during these measurement periods result in the assessment of liquidated damages. The first measurement period was from February 1, 2022 to January 31, 2023. The second measurement period is from February 1, 2024 to January 31, 2025.

Collectively the RSPs were required to reduce landfill disposal by 606,000 tons during the first measurement period ending January 2023, and through the recycLA program, a significant landfill disposal reduction of 403,000 has been achieved. However, in terms of contract performance, the RSPs collectively missed the contractual disposal target for the first measurement period by 203,000 tons. As a result, LASAN issued liquidated damage assessments to NASA, Republic, UWS, Ware and WM totaling \$12.2 million for not meeting their disposal targets for the first measurement period of February 1, 2022 to January 31, 2023. Athens was able to meet their disposal target requirement in three of their four collection zones (WLA, NC and HB). The EDT Zone (formerly assigned to CalMet via contract, but acquired by Athen's in early 2022), failed to meet its disposal target, but by less than 1,000 tons (actual disposal was 694 more than their disposal target), and did not meet the liquidated damage assessment threshold beginning at 1,000 tons above the disposal target. The mass balance and diversion data from Athens East Downtown and North Central zones are being re-examined based on recently obtained information from the Crown Recycling organic processing facility. LDs will be assessed if the zones fail to achieve their diversion targets

All RSP have appealed the assessment of the Liquidated damages. At the time of this report LASAN was still reviewing the letters of appeal.

- 2. Meet and Exceed State requirements for waste diversion and mandatory recycling.**
 - a. Phase in Citywide organics diversion programs.
 - b. Encourage, through Request for Proposals (RFP) evaluation criteria, proposers to exceed required targets in their proposals by including innovative programs and new technologies.

The State of California's mandatory recycling requirements for commercial businesses and multifamily (AB 341), for both commingled recycling in the Blue Bin, and organics recycling (AB 1826 and SB1383), are achievable through the recycLA program. The recycLA contracts include requirements for new and improved infrastructure, and waste diversion goals that require source reduction, reuse, food rescue, and recycling of all potential materials with accountability for failure to meet these requirements. The recycLA program makes it possible for the commercial and multi family sector to comply with State requirements for mandatory recycling.

- 3. Improve Health and Safety for Solid Waste Workers enforced by provisions in Franchise Agreements.**

- a. City certification and inspection of all facilities.
- b. Right to inspect facilities for compliance with appropriate rules and regulation.
- c. Require compliance with Living Wage Ordinance (LWO) provisions.
- d. Require compliance with Service Contract Workers Retention Ordinance and First Source Hiring Ordinance.
- e. Establish a City hotline for employee complaints, and protection from retaliation for reporting problems.

This important goal set by Council has been accomplished through the recycLA's Facility Certification Program. Participation is required for any facility that wishes to handle recycLA material. To date LASAN has certified 41 solid resources facilities.

All facilities used by the RSPs are verified for with regulatory agency permits and best practices. Under the recycLA Facility Certification Program, the City has the right to inspect facilities, and the program allows the City to monitor, track, audit and inspect facilities on a regular and as-needed basis. LASAN staff conducts scheduled and unscheduled inspections, and facilities will have monthly and annual reporting requirements to maintain certification. All facilities are inspected facilities at minimum once per month.

The recycLA Facility Certification Program also raised the bar to address the issue with "open" facilities, by requiring enclosed facilities in its program; facilities that handle or process solid waste and organics must be enclosed by December 31, 2023, and facilities that process recyclables must be enclosed by December 31, 2026.

Through the contract process, the RSPs' are subject to LWO provisions, Service Contract Workers Retention Ordinance and first source hiring. RSP's have over 760 staff for collections, in addition to increased staffing to their call centers, and management teams, and outreach and education units.programs.

LASAN developed a program that provides transparency to the community. Community members may observe inspections, discuss issues with recycLA Facility Certification Program inspectors and provide input for on the program.

As a result of the recycLA Facility Certification Program, the City has been able to reduce impacts to public health and the environment due to dust, odor, litter and noise, help ensure safe and health working conditions, support the State requirements for mandatory recycling, require facility enclosures, engage the community through transparent operations, and assist the City in meeting its Zero Waste goals through increased material processing and handling capacity.

4. Improve Efficiency of the City's solid waste system.

- a. Adopt the Exclusive Commercial Franchise Zone Map with 11 zones.
- b. Require routing efficiencies in proposals, and monitor Vehicle Miles Traveled (VMT) in franchise agreements.

With the establishment of the recycLA program and its eleven exclusive recycLA franchise zones, the RSPs are able to continually optimize routing while meeting customer needs through its three bin collection system.

The recycLA contract requires RSPs to notify LASAN and their customers of re-routing to maximize route efficiencies. Three RSPs have made route changes to date (WM, Republic and Athens) resulting in 1,466 Vehicle Miles Traveled (VMT) savings.

There are instances where routing changes made by the RSPs do not result in VMT savings as reported by the RSPs. These include route changes made to better serve customers and/or drivers schedules, for collection efficiencies moving black bin and blue bin collection to the same day, and to lessen workloads on heavier collection days by shifting workload to another day.

5. Improve the City's air quality.

- a. Require late model low emission clean fuel vehicles.

RSPs have converted their entire collection fleet to the latest model of near zero emission natural gas vehicles. The RSPs have reported 543 late model near zero emission natural gas vehicles used to support the recyclLA program. The RSPs have added four (4) new CNG fueling stations to date.

The RSPs fleet consist of active (aka in-use) CNG and LNG collection trucks and also to the greatest extent possible, maintain a reserve/emergency fleet of CNG and LNG collection trucks.

As environmental standards for operational vehicles change, so will the requirement for RSPs as the contracts specify to be in compliance with 1193. This would include changes made to the law pertaining to Electric Vehicles (EV). Some RSPs reported to LASAN that they are at the early stages of their EV plan that includes keeping an eye on the industry's development of EV truck manufacturing, researching and testing EV trucks, and looking into the infrastructure required to support an EV fleet. One RSP, Republic, reported that they are on schedule in meeting CARB's EV requirements, and they even posted a short article on March 13, 2023 regarding their plans for fleet electrification entitled "Going Electric" on the linkedin's website (<https://www.linkedin.com/pulse/going-electric-jon-vander-ark>).

6. Provide the highest level of Customer Service.

- a. Require contractors to use all forms of communication with their customers (call center, online, etc).
- b. Require extensive, ongoing outreach programs.
- c. Include Customer needs and specialized services in RFP and franchise agreements.
- d. Provide access to customer service data by LASAN in order to evaluate performance and customer satisfaction.
- e. Address Hospital and other special needs in the Franchise service requirements, and through continuing stakeholder involvement.
- f. Establish an alternative for studios with the requirements to:
 - i. Use one of the franchise haulers .
 - ii. Meet all franchise requirements such as, but not limited to, waste diversion, accurate reporting, payment of fees, and clean air vehicles
 - iii. Require third party auditing of all standards.

The recyclA contracts address all six of the above objectives adopted by the Mayor and City Council in order to provide the highest level of customer service. LASAN modified its Customer Care Center curbside service request tracking system to include and track recyclA customer service requests, inquiries and complaints (more detail on this is included under the RSP Progress section of this report.). The RSPs have over 130 staff in the field doing waste assessments and assisting customers as part of their outreach efforts. Hospitals have been brought into the recyclA programs by all RSPs. And studios are partly excluded, but reporting is required of the RSP they have selected as a contractor.

Taking into account the number of bins collected per month and the average number of missed collection service requests the RSPs have a collection efficiency of over 99 percent. Although the RSPs maintain a high collection efficiency, LASAN's contract managers also monitor when a customer calls the Customer Center, generation of SR, to when the RSP fulfills the request, closure of SR, to ensure the highest level of customer service. If contractual performance standards are not met LASAN issues the appropriate liquidated damage. LASAN has issued 626 notices of assessment of liquidated damages, totaling over \$3.4 million, excluding LDs for missing disposal reduction targets. Note that of the liquidated damages assessed, the RSPs have appealed 256 of which 95 have been reviewed and responded with appeal determination letters .

LASAN has 36 field investigators to meet with customers, and assist them with any questions or concerns. The recyclA inspection group is also responsible for monitoring RSP compliance in the field. This includes monitoring missed collection recovery, verifying site conditions, and routine inspections. To date the inspection group has conducted over 150,000 inspections.

RSPs outreach and educate their customers through a variety of methods including on-site training, newsletters and tabling events. To date the RSPs have collectively conducted 155,000 onsite waste assessments, sent 1,124,000 newsletters and participated in 4,331 events.

7. Create a consistent clearly defined system, fair and equitable rates and contingency plans to ensure reliable service.

- a. Include only a capped cost of living increase in franchise agreements.
- b. Designate the uniform rate model as the preferred alternative, and allow Sanitation to negotiate the best practical and achievable model.
- c. Include detailed contingency plans in each franchise agreement, and requirements that they be updated annually. Contingency plans shall include, at minimum: i. Backup provisions in franchise agreements for each service zone, and ii. Monetary consequences for a lapse in service in franchise agreements, such as performance bonds and liquidated damages provisions.
- d. Exempt material types from the Exclusive Commercial Franchise System, including: i. Medical waste ii. Hazardous waste iii. Radioactive waste iv. Pharmaceutical waste, and v. Construction and Demolition Debris.

This goal has been met. Rates negotiated with the RSPs were able to be implemented Citywide, so that no area of the City would have different base service rates and rate caps are built into the agreements. The recyclLA contract contains liquidated damage provisions, for many beginning on February 1st, that are triggered by poor customer service, lack of responsiveness to the City contract manager, and many others.

8. Create a system that ensures Long Term Competition.

- a. Require compliance with City's Business Inclusion Program (MBE/WBE/OBE/DVE/EB Subcontracting)
- b. Designate three small Exclusive Franchise Zones geared towards smaller waste haulers
- c. Designate that no more than 49 percent of service may be performed by one company

This goal has been met. recyclLA contracts comply with the City's Business Inclusion Program, three of the recyclLA zones are smaller than the other eight, and no company has more than 49 percent of the City's accounts.

9. Ensure Sufficient Staffing to meet Program Goals.

- a. Continue AB939 fee as currently adopted
- b. Designate a City Franchise fee to achieve the City's fiscal goals

This goal has been met. The Mayor and City Council approved a Staffing Plan for the recyclLA program, and staff have been hired to provide oversight, monitoring, and enforcement of contract terms, provide additional customer service representatives in the LASAN Customer Care Center, inspect and monitor RSP activities at customer sites, and implement the Facility Certification Program inspection plan. A franchise fee was negotiated with each RSP and is due quarterly.

10. Ensure reliable system infrastructure to provide uninterrupted service to Customers.

- a. Provide for infrastructure development sufficient for management of solid waste.

The recyclLA contracts collectively require over \$200 million in infrastructure development, primarily for processing of recyclables and organics for reuse or marketing. To date, the RSPs have invested over \$175 million in new facilities that process MSW, recyclables and organics. In addition, the RSPs have made investments to improve infrastructure for transfer services, clean fueling stations, and new vehicles and equipment.

Knowledge Gained

When developing the program and negotiating the recyclLA contracts, the goals of the program and responsibilities of the RSPs were clearly defined. However, some aspects of the recyclLA

contracts remain concerns of some customers, such as the cost of extra services. In addition, although the City's SB 1383 organic ordinance, approved in December 2023, provided compliance for the City, the recycLA contracts require a customer to opt-in, which is not in compliance with SB 1383.

We have learned that areas of the contract need to be modified. These modifications may be addressed through a contract amendment, a new RFP, or a change in service model such as LASAN service. After 6 years of managing the contracts, undergoing one amendment, and issuing several contract policy clarifications, LASAN is fully equipped to make changes that leave no room for interpretations, comply with state requirements, and provide relief to customers and the City. By taking all that we have learned thus far, LASAN, in coordination with the CAO and CLA, is to recommend changes to the recycLA system, a system LASAN believes is an overall success, that will address any unmet or unexpected issues and enhance successes achieved.

Purpose of Report

LASAN closely monitors each RSP's contract performance to ensure the recycling and organics tenets of the recycLA program are met in order to lead the industry in meeting high standards of environmental sustainability, greenhouse gas drawdown, and regenerative needs for resilience. The recycLA program contemplates a mid-term contract review that allows the City to evaluate each RSP's compliance with the terms of the contract and efforts to help the City achieve its goals. This mid-term evaluation allows the City Council to make informed decisions regarding the next steps for recycLA.

RSP Progress Report

On December 13, 2016 the City council approved the award of seven contracts for The Zero Waste LA Exclusive Franchise System (renamed to recycLA) for Commercial and Multifamily Solid Waste Collection and Handling (CF# 10-1797-S17). City Council authorized the Board of Public Works (BPW) to execute a personal services contract for the City's Exclusive Franchise System for commercial and multifamily solid waste collection and handling with: Arakelian Enterprises, Inc. (dba Athens Services aka Athens); Consolidated Disposal Services, LLC (dba Republic Services or Republic); Universal Waste Systems, Inc. (aka UWS); USA Waste of California, Inc. (dba Waste Management aka WM); CalMet Services, Inc. (aka CalMet); NASA Services, Inc. (aka NASA); Ware Disposal, Inc. (aka Ware). All seven recycLA contracts were executed on January 31, 2017. Multi-family residences with fewer than five dwelling units and single family residences were to continue being serviced by LASAN.

In accordance with Article 14 of the recycLA contracts, the term of the agreements is for ten (10) years with two (2) renewal options at five (5) years each to be exercised at the CITY's sole discretion. The seven recycLA contracts will expire on February 1, 2027, at which time the City may elect to renew any or all of the recycLA contracts for the initial 5-year renewal term. Please note that as of early 2022, CalMet was acquired by Athens and there are currently (6) RSPs, but seven (7) separate contracts remain in effect.

In this report LASAN will highlight the progress made towards reaching the goals established for recycLA program. As well as detailing the knowledge gained through the initial 5 years of the program. Additionally, this report will discuss the progress made by each RSP, that will include examples of RSPs' meeting and exceeding contract performance requirements, along with examples of under performance by the RSPs, as customer maximum rates have been a prominent discussion.

The following provides updates to key areas of the recycLA contracts.

RSP outreach

Outreach to the customers, residents and tenants of the recycLA program is closely tied to RSPs' success in properly separating recyclables and organics into their Blue and Green Bins. The recycLA contracts stipulate notification, education, signage, and other methods of raising

awareness. In addition, RSPs are required to maintain a minimum of two FTE per 1,000 customers dedicated to outreach and education to customers, including performing waste assessments.

The RSPs maintain educational material on their websites and further reinforce their outreach efforts through quarterly newsletters to customers. RSPs also host tables at community events to promote the recycLA program and educate customers. The RSPs have collaborated on other outreach methods such as the development of recycLA University. The recycLA University is a web based training tool that provides essential information on how to sustainably manage resources and divert waste through waste reduction, reuse, and recycling programs. These training videos are tailored to various business sectors such as organics collection as restaurants and tenant education at multifamily properties.

To date the RSPs have collectively conducted 155,000 onsite waste assessments, sent 1,124,000 newsletters and participated in 4,331 events.

Food Rescue and Reuse Program

The recycLA Service Providers (RSPs) are contractually required to develop partnerships with non-profit organizations for food rescue and material reuse. These partnerships require the RSPs to provide financial support to food rescue and material reuse organizations through direct funding and in-kind services. The funding required from the RSPs each year is equal to at least \$1,000 per 100 customer accounts. Every recycLA customer account receives information and guidance on food rescue programs through a variety of different outreach and education avenues including but not limited to recycLA University, waste assessments, welcome packets, and quarterly newsletters.

Specifically, the contract requires the following:

- Utilization and funding of food rescue organizations
- Cooperation with food rescue

Utilization and Funding of Food Rescue Organizations

Since January 2022 the City and the commercial Franchise Haulers have been providing outreach and education regarding AB 1826 and SB 1383 requirements for organics service, including surplus food donation. The commercial franchise haulers have been reinforcing the message through their quarterly newsletters total of their commercial customers. The newsletters are also available on the franchise haulers' and LASAN's websites and social media. The Franchise Haulers Zero Waste Representatives have also been concentrating their onsite recruitment efforts on Tier 1 and Tier 2 generators to ensure they are aware of the legislations' requirements. The legislation, including food rescue requirements, has also been included in the Welcome Packets and outreach materials since the Franchise Haulers began their transition in 2017.

The RSPs have continued to provide financial support, direct cash payments, and in-kind services to their food rescue organizations (FRO) to promote and support surplus edible food for redistribution. Table 1 below shows a breakdown by calendar year of the funding provided and the tonnage of food rescue and material reuse through the community partnerships.

Table 1. Summary of recycLA Food Rescue and Materials Reuse Funding and Tonnage

Calendar Year	Food Rescue Funding	Food Rescue Tonnage	Materials Reuse Funding	Materials Reuse Tonnage
2018	\$693,951	3,267	\$27,782	452
2019	\$534,010	2,664	\$156,857	476
2020	\$468,332	5,090	\$229,352	641
2021	\$452,221	6,298	\$221,409	790
2022	\$683,930	6,352	\$60,600	528

Cooperation with Food Rescue

As of January 31, 2023, 20 non-profit organizations have partnered with the RSPs. These partnerships have continued to build public awareness of recycLA's Food Rescue programs and to create new beneficial "Before the Bin" programs. Some examples from the RSPs over the last several years include:

2018

- Ware sub-contracted with St. Francis Center and Food Forward in 2018 to pick-up surplus edible food from the edible food generators in the Ware's South East Downtown Zone and deliver the food to the underserved in that community. Ware pays both food rescue partners \$0.07 per pound for the food that's diverted from landfill and continues to fund over 50% of their contractual requirement each year.
- Republic partnered with World Harvest to provide in-kind solid waste services for the non-profit organization. Republic also provides a 20 cubic yard roll off for surplus food that is delivered to the LA City Zoo for animals' consumption. Republic continues to fund this partnership.

2019

- In partnership with Athens Services, St. Francis Center, Council District 15 and LASAN's recycLA Program, Los Angeles Harbor College hosted a holiday pop-up food pantry for its students. St. Francis Center brought a box truck loaded with food that was distributed to the students. Athens also awarded a grant to the College to help set up their permanent on-campus pantry.

- Republic was able to purchase a refrigerated box truck for its partner St. Francis Center in order to increase their ability to serve the homeless and underserved in the Downtown community.

2020

- Athens continued their partnership with LA Harbor College and generated 250 produce boxes that were distributed to food insecure students and their families for the Thanksgiving Holiday. The event kept 3,130 tons of edible food from going to landfill. Athens also worked with their partner Hollywood Food Exchange to support the distribution of 2,400 meals from Yamashiro's restaurant in conjunction with an event hosted by Nick Cannon around Christmas time.
- Waste Management partnered with the North Valley Family YMCA and local community organizations to sponsor a food distribution event that provided a complete Thanksgiving dinner basket to nearly 4,000 families in need.
- CalMet partnered with Food Finders to fund their food rescue work since the beginning of the recycLA Food Rescue Program. Food Finders increased the number of pounds it collected and redistributed by 231% in 2020. The numbers went from 50,900 pounds (25.45 tons)/year in 2019 to 168,500 pounds (84.25 tons)/year in 2020. In order to sustain growth for their food rescue program, CalMet's Zero Waste Team continued to identify sources of edible food and connects high volume edible food generators with Food Finders. The Zero Waste Team continues to work with the produce distributors in their East Downtown zone to increase the amount of food being rescued and delivered to the people who need it most while reducing the amount of food waste sent into the waste stream.

2021

- Athens and UWS helped to fund the Hollywood Food Exchange, a new warehouse in Hollywood that includes a large walk-in refrigerator and freezer. The warehouse was built to serve as a food distribution center or hub that provides a concierge service for donors and other food rescue organizations to share food with over 100 non-profit organization recipients around LA County.
- Waste Management partnered with ONEgeneration to sponsor a community event that promoted access to healthy aging education for older adults and their families. The event included a farmer's market, senior symposium, exercise classes, health and wellness speakers, and food distribution to seniors throughout the community. Waste Management also partnered with the LA Police Department (LAPD), Devonshire PALS, and ONEgeneration Senior Center to host an Earth Day event that provided one week's worth of food to over 100 families in need and provided an educational learning opportunity to PALS children ages 7-17 to learn about organics recycling.

2022

- Food Cycle LA, a non-profit food service organization, has partnered with several of the RSPs over the past four years and is grateful to the recycLA Food Rescue Program:

“Over the past 4 years, the funding provided by recycLA has allowed us to grow from a small organization picking up from one grocery store and a few bakeries to one that currently supplies food to almost 200 community based nonprofits feeding people throughout the city. Since 2019 this program has helped us deliver more than 10 million meals to our hungry neighbors, at a cost of less than 9 cents per meal. The support provided by recycLA has empowered us to support more than 300 local businesses to begin donating their excess food and complying with the new California organics waste law SB1383. Thanks to your generous support, we’ve been able to grow our impact consistently with every year, reaching more and more of our neighbors in need.”

- Waste Management’s non-profit partner, ONEgeneration, has a program for homebound seniors. They recently received a voice mail message from one of their participating Seniors. He and his wife received a donation that contained Danish Creamery Butter. His message expressed his excitement to see that item delivered in his bag because he grew up on that brand of butter and hadn’t had it in a very long time. He said that he almost cried when he saw it. It was a huge gift to this man and his message said, “you’ve made an old man relive his childhood, thank you.”

In addition to efforts of the RSPs to promote food rescue, since January 2022 when SB 1383 legislation was released, LASAN began working in partnership with the County of LA to develop outreach and education materials and surveys to be sent to every FRO and FRS in the City. LASAN consolidated a list of over 12,000 possible EFG within the City's boundaries and sent them the outreach materials and surveys. LASAN then began vetting the lists through phone calls and emails to develop the City's Tier I and Tier 2 EFG list.

In October of 2021, LASAN began working to build a list of the business associations that represent the EFG businesses in the City, developed a SB 1383 Food Rescue presentation, and has been reaching out to the associations to offer the presentations at their meetings. Over the past six months, presentations have been conducted at over sixty different business associations meetings, including the CA Grocers Association, the CA Retailers Association, the American Beverage Association, the LA Area Chamber of Commerce, the CA Restaurant Association, and the Hotel Association of Los Angeles. LASAN has also delivered three presentations on SB 1383 to business associations, including: The Food industry Business Roundtable, the Greater Miracle Mile Chamber of Commerce, and the LA Downtown Center Business Improvement District.

LASAN is also a member of the industry specific Food Rescue Task Force convened by the Los Angeles Food Policy Council. The task force is working on cross-sector collaborations regarding food insecurity and supply chain issues that create infrastructure gaps in the food rescue network. By participating in this work, LASAN is able to understand and develop more focused

solutions and funding opportunities that will build the needed capacity to serve more vulnerable communities throughout the City and beyond our borders. The opportunity to collaborate with FROs provides another mechanism to outreach and educate Tier 1 and Tier 2 EFG. The EFG will thus receive SB 1383 information from the Franchise Haulers, the FRO, and LASAN. As LASAN further develops our Food Rescue Programs, the SB 1383 auditing requirements will also be included.

Through the RSPs' partnerships with the food rescue organizations millions of meals have been donated to the City's neediest communities and thousands of tons of food waste have been diverted from landfills.

LASAN will continue to support food rescue efforts through the recycLA partnerships as well as through the creation of additional pilot programs and funding opportunities for food rescue organizations.

RSP Collection Efficiency

Taking into account the number of bins collected per month and the average number of missed collection service requests the RSPs have a collection efficiency of over 99 percent. Although the RSPs maintain a high collection efficiency, LASANs contract managers monitor when a customer calls the Customer Center, generation of SR, to when the RSP fulfills the request, closure of SR, to ensure the highest level of customer service. If contractual performance standards are not met LASAN will pursue enforcement measures against the RSP.

There are some situations where routing changes made by the RSPs do not result in VMT as reported by the RSPs. These include route changes made to better serve customers and/or drivers schedules, for collection efficiencies moving black bin and blue bin collection to the same day, and to lessen workloads on heavier collection days by shifting workload to another day.

Although route changes could be performed without LASAN knowledge, the robust contractual data reporting requirement, allows for recycLA program staff to investigate anomalies discovered as part of data tracking and monitoring. For example, as a part of GIS Supervisor team uploading the RSPs nightly XML upload of customer service information, an anomaly in the collection data was discovered, leading to a Request for Information to Athens in April 2023 for an explanation; this resulted in finding out that Athens performed a route change in March 2023 to their organics route that affected approximately 1,500 customers. While this route change lead to VMT savings, since Athens did provide notification to their customers within the contractual timeframe, LASAN will need to further investigate the reasons for not informing LASAN prior to this route change occurring.

We anticipate more RSP route change notifications as the RSPs ramp up their respective organics subscription roll out initiatives and respond to requests for organics resulting from LASANs SB 1383 compliance notification letters to multifamily and commercial customers.

Table 2 depicts RSPs' reported routing changes made as of May 2023, and the week(s) the route change occurred. Note that RSPs often make smaller route changes for efficiencies not noted in the table below, that does not require LASAN notification.

Table 2 - Route Changes and VMT's

RSP	Effective Week of Route Change	Zone	Bin Color	# of Affected Customers	VMT Saving (miles)	NOTES
WM	10/19/2020	SEV	Black	182	0	No VMT Savings. Per the RSP, VMT did not apply in this situation as it was made to either better serve customers and/or driver schedules, to move black and blue bin collection to the same day, and/or to adjust heavy collection workload days among other days of collection.
		SEV	Blue	155		
WM	11/6/2020	WV	Blue	74	0	No VMT Savings. Per the RSP, VMT did not apply in this situation as it was made to either better serve customers and/or driver schedules, to move black and blue bin collection to the same day, and/or to adjust heavy collection workload days among other days of collection.
		WV	Black	640		
WM	8/23/2021	WV	Black	313	0	No VMT Savings. Per the RSP, VMT did not apply in this situation as it was made to better serve customers and/or driver schedules.
WM	11/8/2021	WV	Black	150	0	No VMT Savings. Per the RSP, VMT did not apply in this situation as it was made to better serve customers and/or driver schedules.
WM	4/12/2021	WV	Green	75	0	No VMT Savings. Per the RSP, VMT did not apply in this situation as it was made to better serve customers and/or driver schedules.
Athens EDT	12/19/2022	EDT	Green	121	159	VMT Savings reported by RSP.
Athens	3/20/2023	WLA	Green	1505	200	VMT Savings reported by RSP.
Athens	3/27/2023	NC	Blue	1910	410	VMT Savings reported by RSP.
		WLA	Blue	2213	590	
Republic	4/10/2023	NEV	Black	587	107	VMT Savings reported by RSP.
		NEV	Blue	20		
TOTAL				7,945	1,466	

Procurement of Clean Fuel Trucks

Section 3.19 of the recycLA service contracts describes the requirements for clean fuel vehicles. Primary to the requirements of recycLA is the use of late model clean fuel vehicles for collection activities. To meet this requirement, the RSPs placed procured 100 percent compliant collection vehicles, and several also have installed fueling facilities at their service yard locations. The current numbers of vehicles are shown in Table 3.

Table 3. - Vehicle Procurement

RSP	Collection Vehicles (CNG)		Scout/Specialized Trucks		Total
	In Operation	Reserve	In Operation	Reserve	
Athens	173	16	55	3	247
Republic	115	11	5	1	132
WM	114	13	Not Reported	Not Reported	127
UWS	39	2	10	0	51
NASA	29	3	4	2	38
Ware	13	3	1	0	17
Calmet	8	4	1	0	13
GRAND TOTAL	543		82		625

Note that all of NASA scout vehicles have also been converted to CNG.

The recycLA service contracts include many requirements for data integration and operational tracking to assist LASAN in oversight of customer service. All RSP collection vehicles are equipped with on-board technology (software and hardware) capable of monitoring and recording data, including proof of provision of service. The contract requires that this information will be communicated from the truck in real time, and maintained by the RSP. The data must also be accessible to the City. The RSPs have made great strides in implementing these tracking and monitoring systems, which help them and LASAN track customer performance and responsiveness.

RSP Contract Compliance and Enforcement

The enforcement of contract requirements is a high priority of LASAN and an integral part of ensuring the highest level of contract performance by the RSPs. As part of recycLA's comprehensive contract performance enforcement plan, LASAN recycLA contract managers communicate with the RSPs biweekly, respond to escalated recycLA service request complaints, collect, track and analyze contractual reports and submittals from RSPs, and maintain an in house Franchise Information System (FIS) that track customer information and

service level. FIS contains customer service level details, enforcement actions, tonnage data, facility certification data, facility and customers site inspections data. The RSPs update customer information every night, giving LASAN access to most current customer information. Contract performance enforcement allows LASAN to ensure the RSPs maintain a high level of customer service and meet City's zero waste goals and objectives.

Since the recycLA's program implementation, the RSPs have been required to meet performance standards in all categories of the contract, and are subject to applicable liquidated damage (LD) assessments and/or violation notices for contract non-compliance. Although the RSPs maintain a high collection efficiency, LASANs contract managers monitor when a customer calls to the Customer Center, generation of SR, to when the RSP fulfills the request, closure of SR, to ensure the highest level of customer service. The contract managers review trends in service requests as well as monitoring to ensure the RSPs are complying with the performance terms of the contract.

Article 11 of the contract, entitled Performance Standards, states that in order to achieve a high level of customer service, the contractor shall be required to meet certain performance standards grouped into the following seven (7) Performance Standard categories under Table 11-1 entitled Performance Standards and Liquidated Damages: (a) Implementation of Franchise System, (b) Provision of Services to Customers, (c) Contractor Operations, (d) Segregation and Delivery of Collection Materials, (e) Contractor Personnel and Property, (f) Diversion Requirements (Landfill Reduction, Recycling and Organics Programs), and (g) Payment and Reporting Requirements. Each Performance Standard has sub-categories of conditions when Liquidated Damages (LDs) will apply, and includes the associated Administrative Assessment dollar amount. As of May 2023, LASAN has issued 626 Liquidated Damages letters to the RSPs totaling approximately \$3.4M in assessments, excluding LDs assessed for not achieved disposal reduction targets. Of the LDs assessed RSPs have paid approximately \$2.2M. There is an appeal process for LDs and of the 626 LD letters issued, 256 appeals have been submitted of which 95 have been reviewed and responded with appeal determination letters. Upon appeal, LDs may be reduced for a number of reasons. Most commonly the RSP is able to provide additional documentation that demonstrates that contract compliance was achieved. For example, an RSP may claim that a missed collection was recovered in time and that either a clerical or technical issue caused the SR to be closed later than the actual recovery, and provide a date and time stamped picture of the collection. In this instance LASAN would approve the appeal, and subtract the corresponding LD amount from the assessment. LD appeal approvals in combination with a backlog of LD reviews, and along with RSPs whose LDs were not due yet, accounts for the majority of difference between "Amount of LD's Assessed" and the "Total LD's Paid", shown in Table 4.

Table 4 - Liquidated Damage Assessments

RSP Name	Number of LD Letters Issued	Amount of LD Assessment	Total LDs Paid	Number of Appeals Received	Number of Appeal Determinations
Athens	70	\$62,600	\$37,100	24	1
Athens (EDT)*	10	\$3,600	\$2,100	1	1
CalMet (EDT)** (Prior to Athens' Acquisition)	5	\$500	\$100	4	4
NASA	13	\$2,700	\$2,700	0	0
Republic	164	\$2,014,100	\$1,573,600	30	25
UWS	154	\$376,400	\$190,400	14	14
Ware	21	\$10,700	\$3,475	11	11
WM	189	\$961,400	\$416,100	172	39
Total All RSPs	626	\$3,432,000	\$2,225,575	256	95

*Since Athens acquired Calmet in April 2022, this is Athens' data post acquisition.

**Since Athens acquired Calmet in April 2022, this is CalMet's data prior to acquisition.

For those contract performance deficiencies that do not lead to a Liquidated Damage, there are other enforcement measures taken to see contract performance compliance from the RSPs such as issuing Requests for Information (RFI), Notices to Comply (NTC), and Notices of Violation (NOV).

To determine contract compliance and/or verify a non-compliant occurrence, LASAN utilizes various RSP data reports (RSPs are contractually bound to submit various types of operational data). The primary source of data to determine compliance is from MyLA311 in the form of Service Request Tickets. The existing curbside collection MyLA311 Service Request Ticket system was updated to include recycLA customers; update allows recycLA customers to contact LASAN's 24/7 Customer Care Center to report recycLA service related problems ranging from billing complaints to operational complaints. The table below depicts the number of RFIs, NTCs and NOV's sent to the RSPs to date (data as of May 2023):

Table 5 - Compliance Notifications

RSP	Request for Information (RFI)	Notice to Comply (NTC)	Notice of Violations (NOV)	TOTAL
Athens	2,609	23	2	2,634
Athens-EDT (formerly Calmet)*	248	16	1	265
NASA	248	9	2	259
Republic	1,249	41	17	1,307
UWS	1,358	21	4	1,383
Ware	349	25	0	374
WM	1,269	27	15	1,311
Total All RSPs	7,330	162	41	7,533

*Stats are from inception of the recycLA program to May 2023; since Athen's acquired Calmet in April 2022, this includes data related to CalMet prior to acquisition.

Landfill Reduction

LASAN has requirements in the RSP contracts to encourage maximum Blue Bin recycling, implement robust Green Bin organics programs for yard trimmings, food scraps, and manure, and meet an ambitious goal of over 90% waste diversion from landfill by 2025. RSPs are required to divert over 65% of all materials they collect, which equates to over 1 million tons of waste per year. LASAN can enforce this aggressive landfill reduction requirement. Failure to meet these requirements are subject to liquidated damages.

Each RSP has specific contractual "Target Disposal Reduction" requirements to be achieved annually and by 2025. These disposal targets are recycLA zone specific. Target disposal reductions reflect RSPs success in diverting commingled recycling, food waste, yard waste and organics.

The Target Disposal Reduction for each recycLA zone are detailed in Appendix A of the recycLA contracts, and include tables that detail individual diversion elements anticipated to reach those goals. The target disposal reduction target tables contained in Appendix A of the recycLA contracts were adjusted to reflect actual waste and recycling collection. This adjustment established a new "baseline". In the recycLA contract amendment the baseline period was moved from calendar year 2018 to 2019. Tables 6a-6k below show the Target Disposal Reduction requirements, adjusted for the 2019 baseline, for each collection zone.

Table 6a – Contract Diversion Goals by recycLA Zone (WLA) - Athens

Diversion Summary: WLA - West LA	Adjusted Baseline						
	2019	2020	2021	2022 LD Assessment	2023	2024 LD Assessment	2025
Est Disposal Without Diversion Programs*	232,649	234,419	236,189	237,959	239,729	241,499	243,269
Target Disposal Reduction (Year 2025)**							
Target Disposal (tons)	179,106	168,892	153,705	154,673	118,989	108,674	84,556
Target Diversion (tons)	53,543	65,527	82,483	83,286	120,740	132,824	158,713
Commingled Recycling Diversion (tons)	38,549	48,187	50,764	51,258	74,309	81,747	97,680
Food Waste (tons)	5,857	7,791	19,271	19,458	28,209	31,032	37,080
Yard Waste (tons)	3,575	3,933	4,327	4,369	6,333	6,967	8,325
Other Diversion (tons)	5,562	5,617	8,122	8,201	11,889	13,079	15,628

Table 6b - Contract Diversion Goals by recycLA Zone (NC) - Athens

Diversion Summary: NC - North Central LA	Adjusted Baseline						
	2019	2020	2021	2022 LD Assessment	2023	2024 LD Assessment	2025
Est Disposal Without Diversion Programs*	247,111	248,990	250,870	252,750	254,630	256,510	258,390
Target Disposal Reduction (Year 2025)**							
Target Disposal (tons)	190,115	184,561	164,139	164,287	129,316	115,429	89,812
Target Diversion (tons)	56,996	64,428	86,730	88,462	125,313	141,080	168,578
Commingled Recycling Diversion (tons)	40,825	45,396	49,936	50,934	72,151	81,229	97,061
Food Waste (tons)	6,184	8,533	24,063	24,544	34,768	39,142	46,771
Yard Waste (tons)	3,905	4,296	4,725	4,820	6,828	7,687	9,185
Other Diversion (tons)	6,082	6,203	8,006	8,166	11,567	13,022	15,561

Table 6c - Contract Diversion Goals by recycLA Zone (HB) - Athens

Diversion Summary: HB - HARBOR	Adjusted Baseline						
	2019	2020	2021	2022 LD Assessment	2023	2024 LD Assessment	2025
Est Disposal Without Diversion Programs*	82,597	83,225	83,854	84,482	85,110	85,739	86,367
Target Disposal Reduction (Year 2025)**							
Target Disposal (tons)	68,112	64,316	59,016	59,556	47,239	38,583	30,021
Target Diversion (tons)	14,485	18,909	24,839	24,926	37,871	47,157	56,347
Commingled Recycling Diversion (tons)	10,401	13,584	16,687	16,745	25,442	31,680	37,854

Food Waste (tons)	1,647	2,141	3,074	3,085	4,687	5,836	6,974
Yard Waste (tons)	790	988	1,235	1,239	1,883	2,345	2,802
Other Diversion (tons)	1,647	2,196	3,843	3,856	5,859	7,295	8,717

Table 6d - Contract Diversion Goals by recycLA Zone (EDT) - Athens

Diversion Summary: EDT - East Downtown	Adjusted Baseline						
	2019	2020	2021	2022 LD Assessment	2023	2024 LD Assessment	2025
Est. Disposal Without Diversion Programs*	35,191	35,458	35,726	35,994	36,262	36,529	36,797
Target Disposal Reduction (Year 2025)**							
Target Disposal (tons)	20,935	18,328	15,906	23,396	13,653	16,438	12,753
Target Diversion (tons)	14,256	17,130	19,820	12,598	22,608	20,091	24,044
Commingled Recycling Diversion (tons)	6,133	6,597	7,352	4,673	8,385	7,452	8,918
Food Waste (tons)	2,369	2,966	3,201	2,035	3,651	3,245	3,883
Yard Waste (tons)	203	227	253	161	288	256	306
Other Diversion (tons)	5,551	7,340	9,015	5,730	10,283	9,139	10,937

Table 6e - Contract Diversion Goals by recycLA Zone (DT) - NASA

Diversion Summary: DT - Downtown	Adjusted Baseline						
	2019	2020	2021	2022 LD Assessment	2023	2024 LD Assessment	2025
Est Disposal Without Diversion Programs*	126,323	127,284	128,245	129,206	130,167	131,128	132,089
Target Disposal Reduction (Year 2025)**							
Target Disposal (tons)	58,530	55,983	53,169	83,984	48,240	59,008	43,226
Target Diversion (tons)	67,793	71,301	75,076	45,222	81,927	72,121	88,864
Commingled Recycling Diversion (tons)	36,634	39,458	42,321	25,492	46,182	40,654	50,093
Food Waste (tons)	12,632	15,274	17,954	10,815	19,593	17,247	21,251
Yard Waste (tons)	2,969	3,437	3,911	2,356	4,268	3,757	4,630
Other Diversion (tons)	15,559	13,132	10,890	6,560	11,884	10,461	12,890

Table 6f - Contract Diversion Goals by recyclA Zone (NEV) - Republic

Diversion Summary: NEV - Northeast Valley	Adjusted Baseline						
	2019	2020	2021	2022 LD Assessment	2023	2024 LD Assessment	2025
Est. Disposal Without Diversion Programs*	225,859	227,576	229,295	231,013	232,731	234,450	236,168
Target Disposal Reduction (Year 2025)**							
Target Disposal (tons)	152,698	141,056	126,782	150,159	101,869	105,503	80,741
Target Diversion (tons)	73,160	86,520	102,513	80,855	130,862	128,948	155,427
Commingled Recycling Diversion (tons)	31,882	35,425	38,953	30,723	49,725	48,997	59,059
Food Waste (tons)	17,632	23,112	31,245	24,644	39,885	39,302	47,372
Yard Waste (tons)	16,834	18,902	20,965	16,535	26,762	26,371	31,786
Other Diversion (tons)	6,810	9,081	11,351	8,953	14,490	14,278	17,209

Table 6g - Contract Diversion Goals by recyclA Zone (SLA) - Republic

Diversion Summary: SLA - South LA	Adjusted Baseline						
	2019	2020	2021	2022 LD Assessment	2023	2024 LD Assessment	2025
Est. Disposal Without Diversion Programs*	180,304	181,675	183,048	184,419	185,790	187,163	188,534
Target Disposal Reduction (Year 2025)**							
Target Disposal (tons)	121,900	112,606	101,211	119,872	81,322	84,223	64,456
Target Diversion (tons)	58,404	69,069	81,837	64,547	104,468	102,939	124,078
Commingled Recycling Diversion (tons)	25,452	28,280	31,096	24,526	39,695	39,115	47,147
Food Waste (tons)	8,730	11,721	16,830	13,274	21,484	21,170	25,517
Yard Waste (tons)	5,346	6,730	8,113	6,399	10,357	10,205	12,301
Other Diversion (tons)	18,876	22,339	25,797	20,347	32,931	32,449	39,113

Table 6h - Contract Diversion Goals by recyclA Zone (NE) - UWS

Diversion Summary: NE - Northeast LA	Adjusted Baseline						
	2019	2020	2021	2022 LD Assessment	2023	2024 LD Assessment	2025
Est Disposal Without Diversion Programs*	153,572	154,741	155,909	157,077	158,246	159,414	160,582
Target Disposal Reduction (Year 2025)**							
Target Disposal (tons)	85,007	75,628	71,523	102,100	63,423	71,736	55,100
Target Diversion (tons)	68,565	79,113	84,386	54,977	94,823	87,678	105,482

Commingled Recycling Diversion (tons)	50,518	58,292	62,177	40,508	69,867	64,602	77,721
Food Waste (tons)	16,225	18,720	19,968	13,009	22,438	20,747	24,960
Yard Waste (tons)	1,822	2,101	2,241	1,460	2,518	2,329	2,802
Other Diversion (tons)	-	-	-	-	-	-	-

Table 6i - Contract Diversion Goals by recyclA Zone (SE) - Ware

Diversion Summary: SE - Southeast LA	Adjusted Baseline						
	2019	2020	2021	2022 LD Assessment	2023	2024 LD Assessment	2025
Est. Disposal Without Diversion Programs*	48,920	49,292	49,664	50,036	50,409	50,781	51,153
Target Disposal Reduction (Year 2025)**							
Target Disposal (tons)	24,387	21,895	20,158	32,524	19,058	22,851	17,779
Target Diversion (tons)	24,533	27,397	29,506	17,513	31,350	27,929	33,374
Commingled Recycling Diversion (tons)	12,278	14,911	17,333	10,288	18,417	16,407	19,605
Food Waste (tons)	1,199	1,709	2,111	1,253	2,243	1,998	2,387
Yard Waste (tons)	1,492	1,713	1,838	1,091	1,952	1,739	2,079
Other Diversion (tons)	9,564	9,096	8,225	4,882	8,739	7,785	9,303

Table 6j - Contract Diversion Goals by recyclA Zone (WV) - WM

Diversion Summary: WV - West Valley	Adjusted Baseline						
	2019	2020	2021	2022 LD Assessment	2023	2024 LD Assessment	2025
Est. Disposal Without Diversion Programs*	244,768	246,631	248,493	250,354	252,217	254,079	255,941
Target Disposal Reduction (Year 2025)**							
Target Disposal (tons)	189,426	172,841	156,255	162,730	123,084	114,335	89,913
Target Diversion (tons)	55,343	73,790	92,238	87,624	129,132	139,743	166,028
Commingled Recycling Diversion (tons)	38,712	51,616	64,520	61,293	90,328	97,750	116,136
Food Waste (tons)	16,631	22,174	27,718	26,331	38,805	41,993	49,892
Yard Waste (tons)	-	-	-	-	-	-	-
Other Diversion (tons)	-	-	-	-	-	-	-

Table 6k - Contract Diversion Goals by recyclA Zone (SEV) - WM

Diversion Summary: SEV - Southeast Valley	Adjusted Baseline						
	2019	2020	2021	2022 LD Assessment	2023	2024 LD Assessment	2025

Est. Disposal Without Diversion Programs*	128,935	129,916	130,897	131,878	132,859	133,840	134,821
Target Disposal Reduction (Year 2025)**							
Target Disposal (tons)	99,796	91,071	82,465	85,721	64,968	60,228	46,823
Target Diversion (tons)	29,139	38,845	48,432	46,157	67,891	73,612	87,998
Commingled Recycling Diversion (tons)	20,371	27,153	34,034	32,435	47,708	51,728	61,837
Food Waste (tons)	8,768	11,692	14,399	13,722	20,184	21,884	26,161
Yard Waste (tons)	-	-	-	-	-	-	-
Other Diversion (tons)	-	-	-	-	-	-	-

Disposal Target Measurements

As detailed above, the recyclA contract requires each RSP to reduce the tonnage of solid waste disposal in accordance with the Disposal Targets listed in Appendix A of the recyclA contracts. Further, Section 5.10.4 of the amended recyclA contracts, entitled Contractor Responsible for Disposal, states: *the CONTRACTOR shall track all materials that are collected, processed, and disposed throughout the term of the AGREEMENT including but not limited to enable measurement of diversion performance. The CONTRACTOR shall be responsible for monitoring the success of their Diversion Programs and the reduction of disposal tonnage throughout the term of the AGREEMENT.* Table 5.1 of the amended recyclA contract defines the timeline necessary to determine the success of each RSP’s Diversion Plan and progress toward each RSP’s Diversion Targets, including the measurement periods wherein Liquidated Damages are assessable.

To meet the City Zero Waste Goals the recyclA contracts have a combined requirement to reduce landfill disposal by over 1 million tons annually by the end of 2025. Each recyclA contract has separate landfill reduction requirements per recyclA zone. In accordance with the Council’s goals, the recyclA contracts contain landfill disposal reduction targets with accountability for performance, including through liquidated damages. There are measurement periods leading up to ultimate the 2025 contract requirement for disposal reduction. Failure to meet the contractual landfill reduction targets during these measurement periods result in the assessment of liquidated damages. Under the first recyclA contract amendment, the first measurement period was pushed back one year for a new first measurement period of February 1, 2022 to January 31, 2023. The second measurement period is from February 1, 2024 to January 31, 2025.

The postponement of the measurement period was the result of the first amendment’s establishment of the Blue Bin Optimization Period; under the Blue Bin Optimization Period, the RSPs focused on working with customers to increase the usage of the blue bin and decrease blue bin contamination. As a result of these efforts the RSPs focused rollout of green bin service was delayed, resulting in an agreed postponement of the measurement periods and an

increase in the landfill reduction requirements during the first measurement period. The postponement of the measurement years and increase in landfill reduction requirements allowed for the RSPs to successfully meet their targets.

LASAN calculated the disposal and diversion (disposal reduction) tonnages for each of the recycLA zones; this calculation is based on each RSPs monthly tonnage reports for the months of February 1, 2022 through January 31, 2023, 2022 Season One and Season Two Waste Characterizations, and the 2022 Season One and Season Two Certified Facilities Recovery Rates. Figure 1a - 1k below show actual disposal tonnage compared to disposal target by zone, and the associated Liquidated Damages.

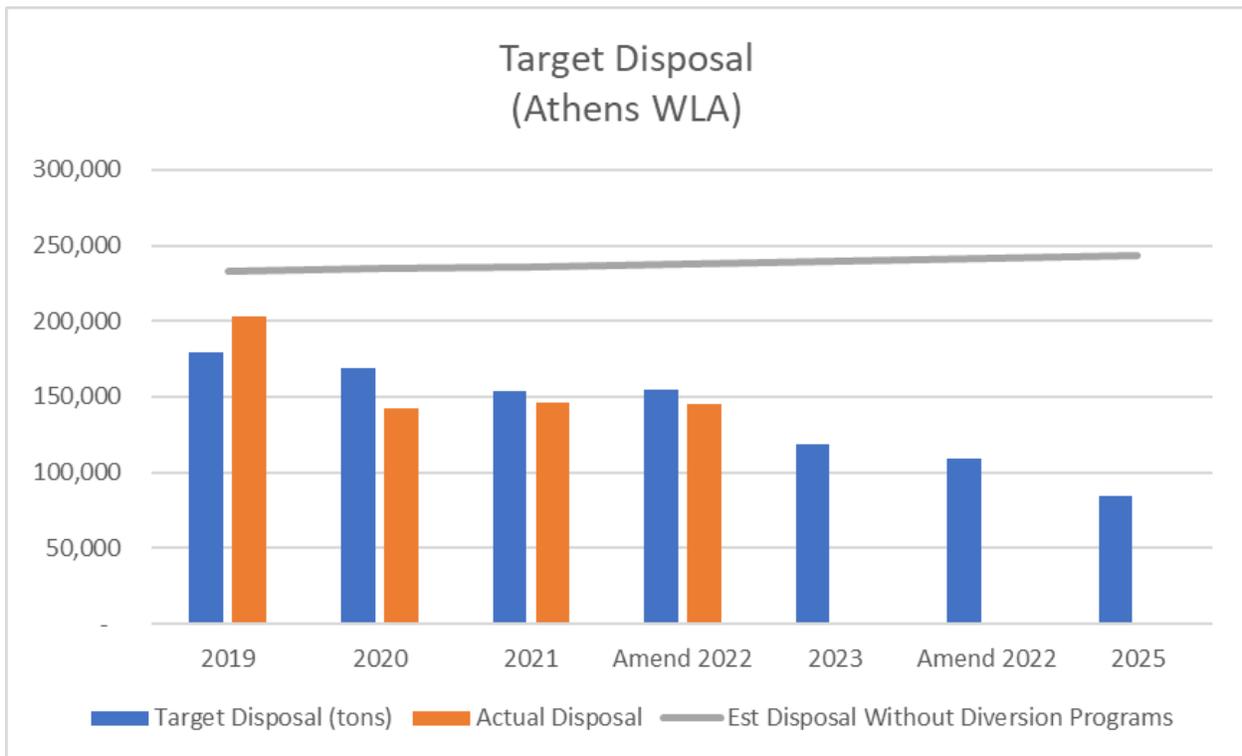


Figure 1a – Actual Landfill Disposal by recycLA Zone (WLA) - Athens

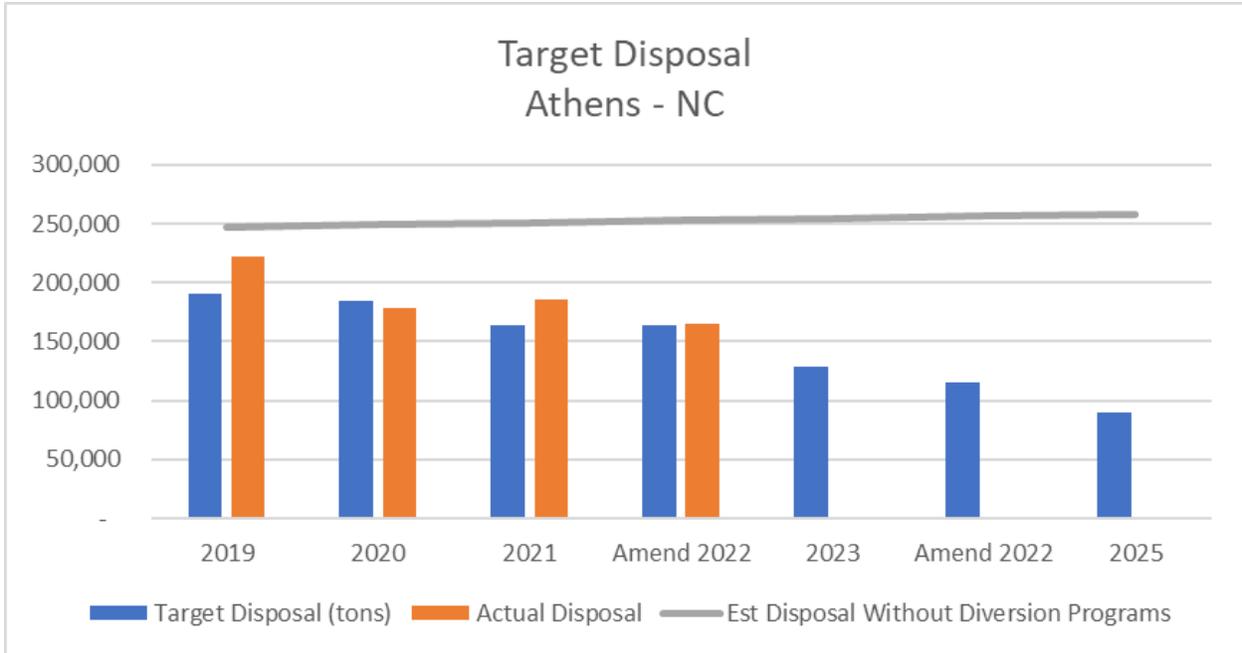


Figure 1b - Contract Diversion Goals by recyclA Zone (NC) - Athens

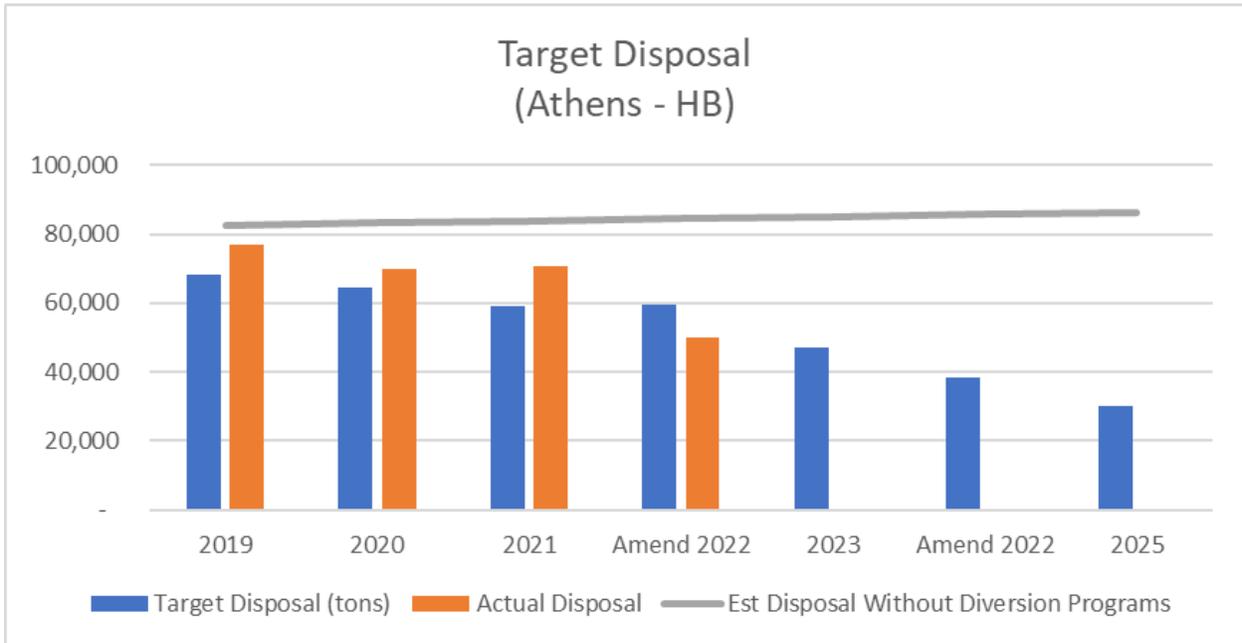


Figure 1c - Actual Landfill Disposal by recyclA Zone (HB) - Athens

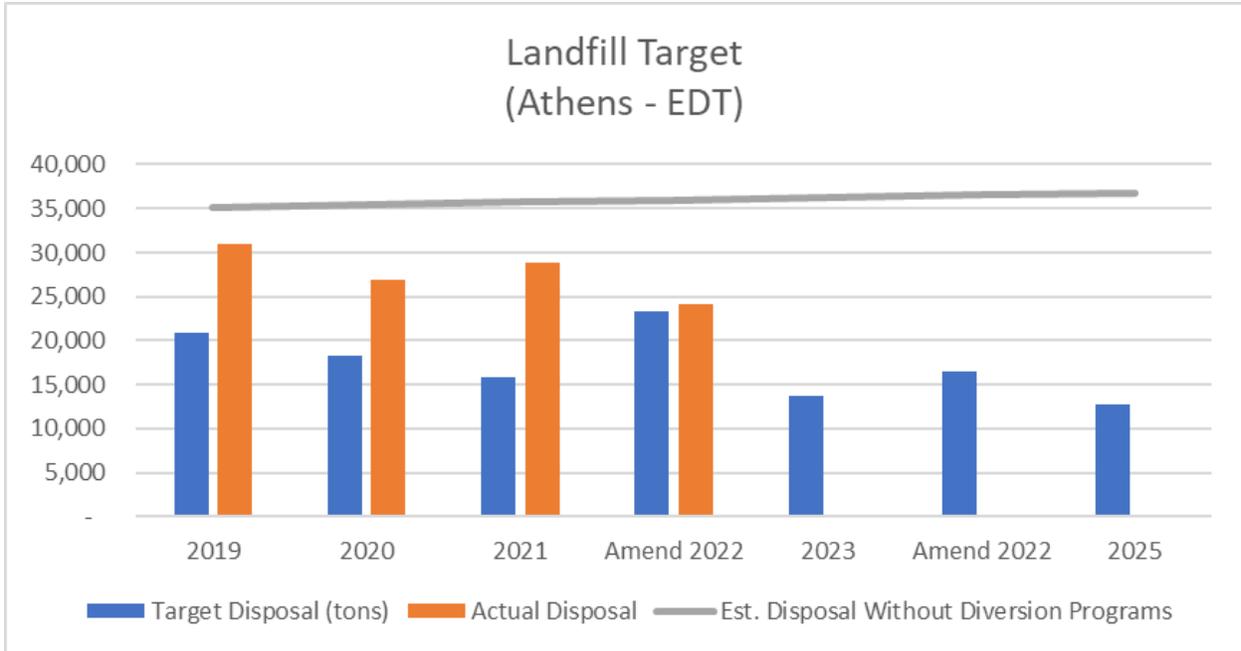


Figure 1d - Actual Landfill Disposal by recyclA Zone (EDT) - Athens

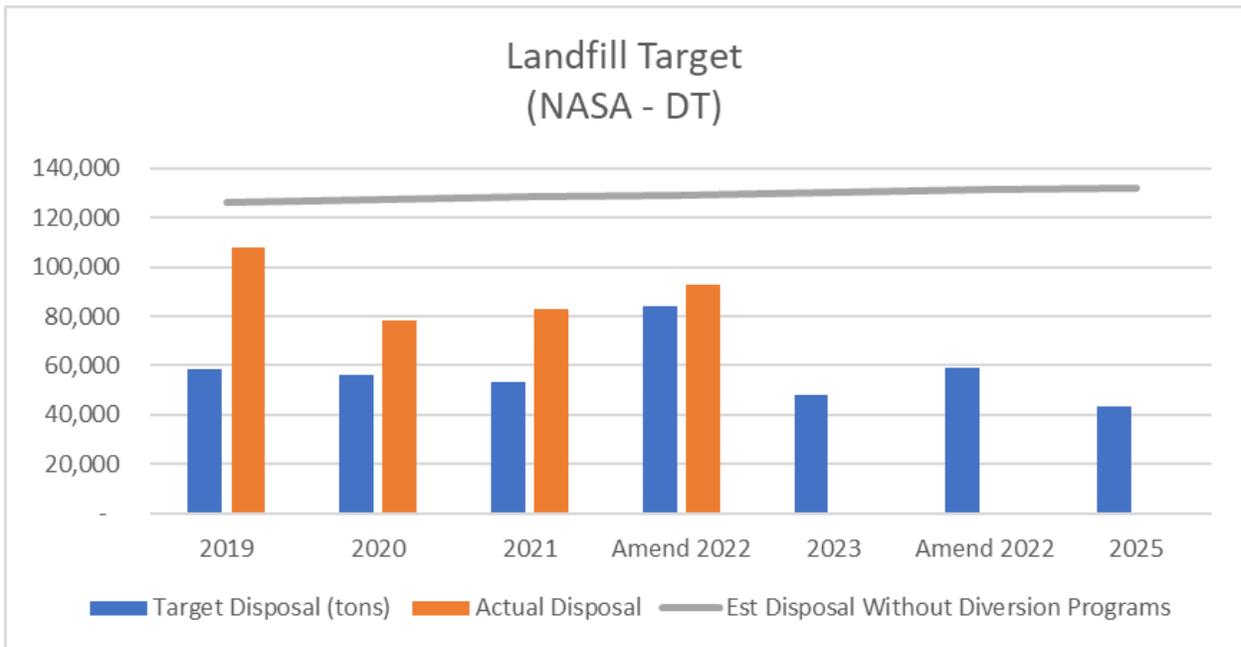


Figure 1e - Contract Diversion Goals by recyclA Zone (DT) - NASA

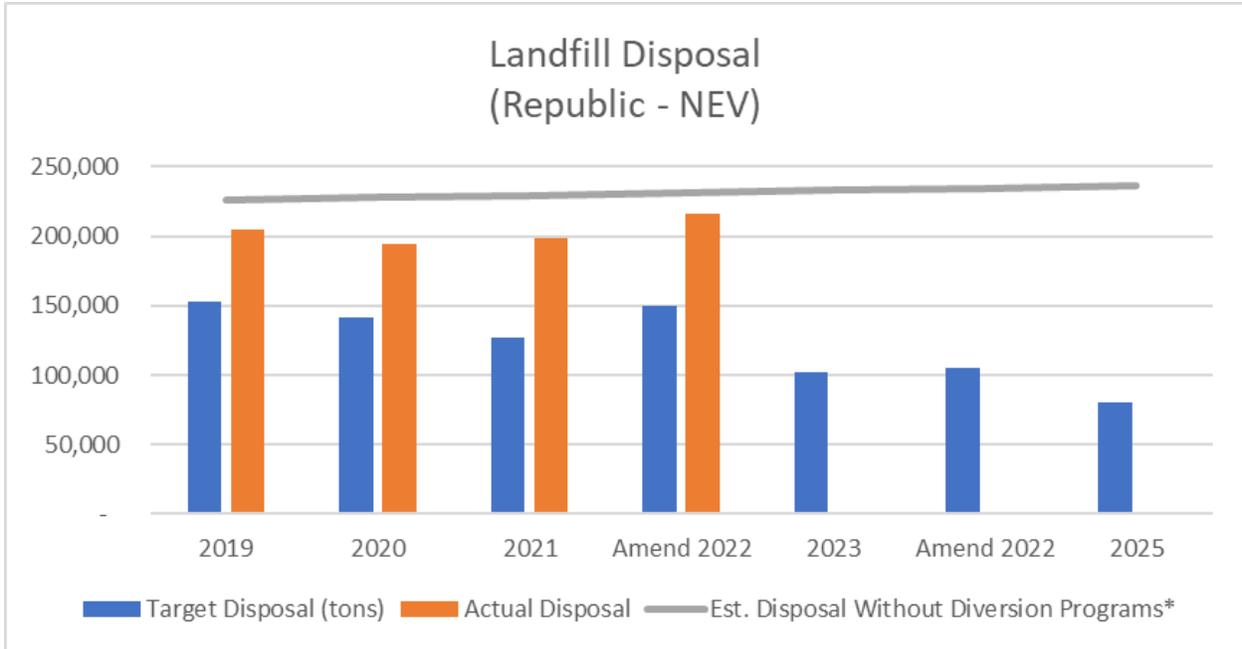


Figure 1f - Actual Landfill Disposal by recycLA Zone (NEV) - Republic

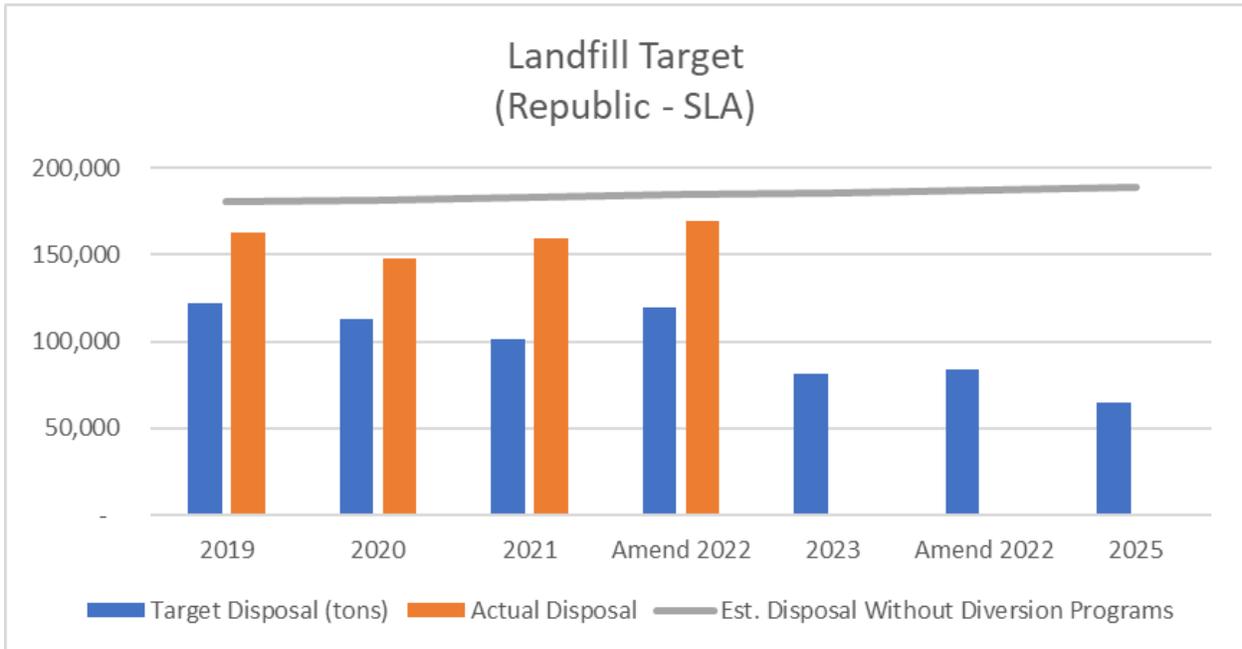


Figure 1g - Actual Landfill Disposal by recycLA Zone (SLA) - Republic

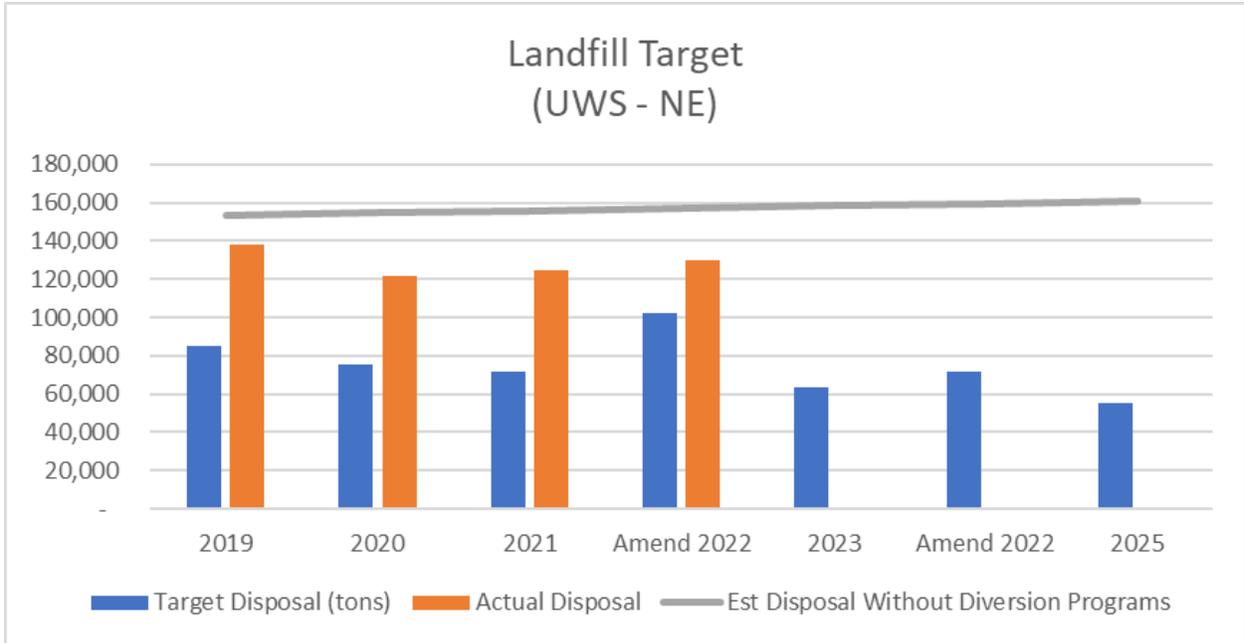


Figure 1h - Actual Landfill Disposal by recycLA Zone (NE) - UWS

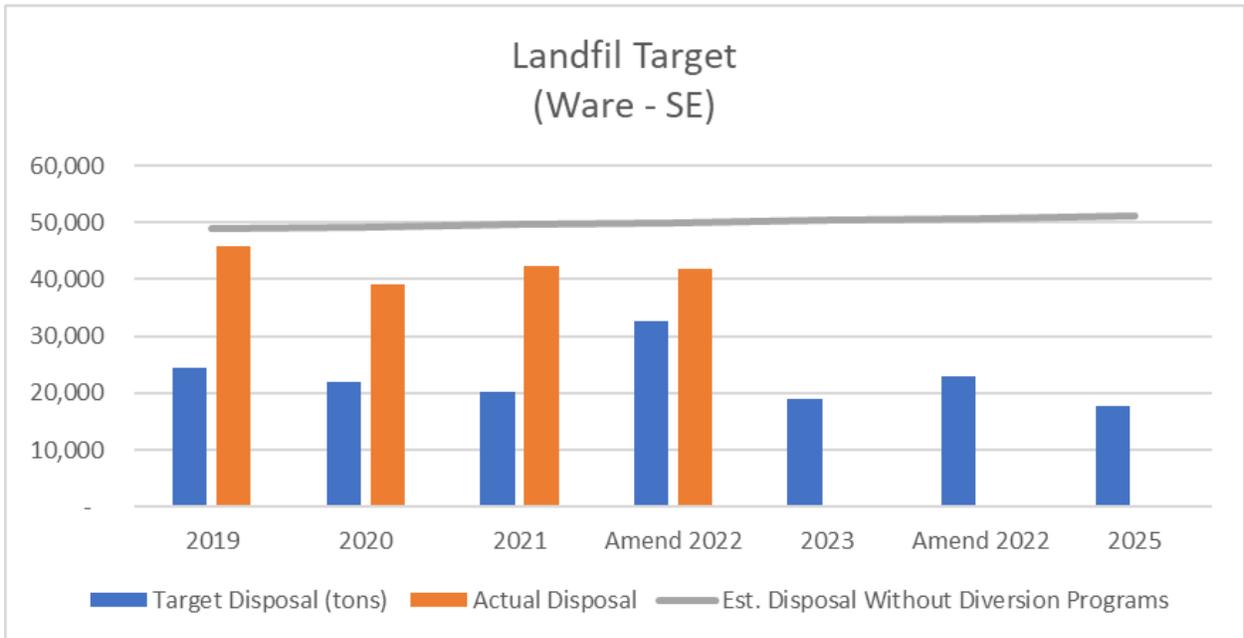


Figure 1i - Actual Landfill Disposal by recycLA Zone (SE) - Ware

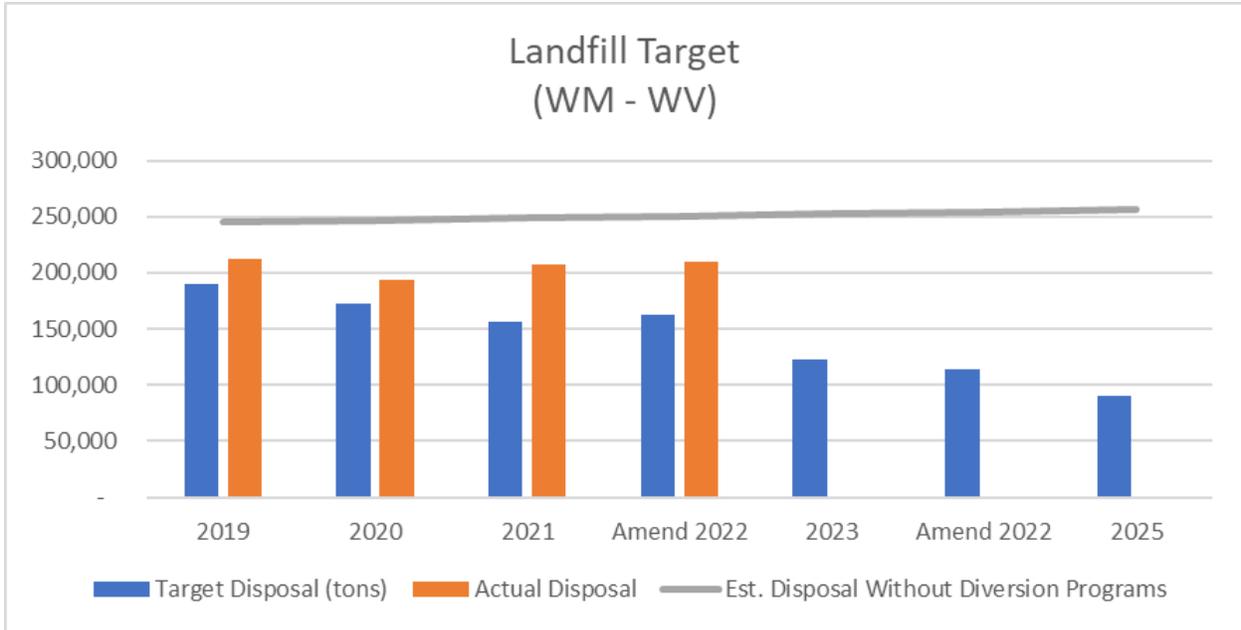


Figure 1j - Actual Landfill Disposal by recycLA Zone (WV) - WM

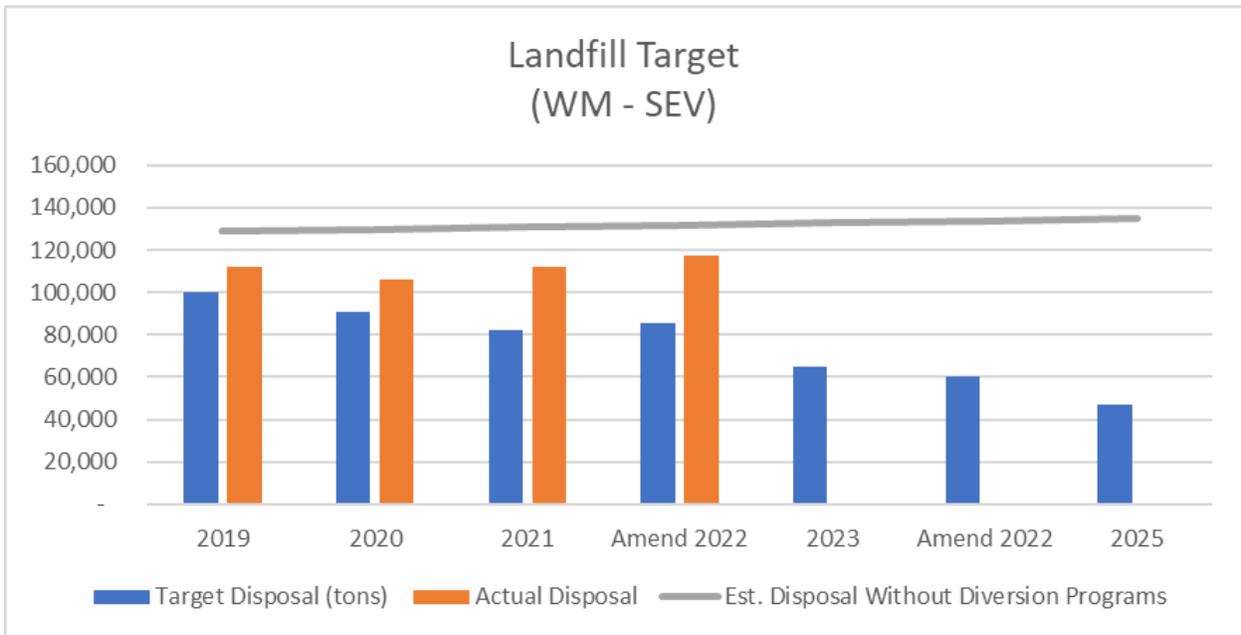


Figure 1k - Actual Landfill Disposal by recycLA Zone (SEV) - WM

Landfill Reduction Liquidated Damages

Based on calculated actual disposal tonnage, if an RSP exceeds its adjusted disposal target, per zone, they are subject to Liquidated Damages in accordance with Section 5.10.5 of the amended recycLA contracts, entitled Disposal Target Liquidated Damages, which states:

LIQUIDATED DAMAGES associated with actual disposal tonnage exceeding the adjusted Disposal Targets shall be assessed in 100 ton increments, beginning at 1,000 tons disposed above the disposal targets. For the first disposal reduction assessment period ending at 60 months following the START OF SERVICE only (January 31, 2023), the DISPOSAL TARGET percentage (as a percentage of annual disposal compared to adjusted baseline tonnage) for 2022 (as set forth in APPENDIX A) increased by ten percentage points or 65 percent, whichever is greater, shall be used to determine whether LIQUIDATED DAMAGES shall be assessed. Failure to meet the aforementioned Disposal Targets shall result in LIQUIDATED DAMAGES of \$50,000 for the first 1,000 tons, and \$5,000 for every 100 tons thereafter.

Collectively the RSPs were required to reduce landfill disposal by 606,000 tons during the first measurement period ending January 2023, and through the recycLA program, a significant landfill disposal reduction of 403,000 has been achieved. However, in terms of contract performance, the RSPs collectively missed the contractual disposal target for the first measurement period by 203,000 tons. As a result, LASAN issued liquidated damage assessments to NASA, Republic, UWS, Ware and WM totaling \$12.2 million for not meeting their disposal targets for the first measurement period of February 1, 2022 to January 31, 2023. Athens was able to meet their disposal target requirement in three of their four collection zones (WLA, NC and HB). The EDT Zone (formerly assigned to CalMet via contract, but acquired by Athen's in early 2022), failed to meet its disposal target, but by less than 1,000 tons (actual disposal was 694 more than their disposal target), and did not meet the liquidated damage assessment threshold beginning at 1,000 tons above the disposal target. The sixth RSP, Athens, met the diversion requirements in two of the four zones they operate in. Note that the mass balance and diversion data from Athens East Downtown and North Central zones are being re-examined based on recently obtained information from the Crown Recycling organic processing facility. LDs will be assessed if the zones fail to achieve their diversion targets

LASAN notes two key areas contributing to the RSP not achieving their disposal target, blue bin recycling collection and organic service subscription and collections. Although the RSP's have provided blue bin service to over 97% of their customers, blue bin tonnage collected remains below targets. Increased efforts are required to work with customers to maximize the use of blue bins. In addition, RSP's must engage customers to identify service arrangements to add organic service, while also increasing blue bin collection and decreasing black bin service.

Table 7 below provides a summary of each RSPs actual disposal tonnage compared to their disposal reduction target by zone, and the associated Liquidated Damages. LASAN issued liquidated damages assessment notices on June 2, 2023. In accordance with the terms of the contract RSPs have the right to appeal all liquidated damage assessments, within 30 days of liquidated damage assessment notice. Note that Republic, NASA, UWS, Ware, and WM submitted letters claiming Force Majeure related to the Covid-19 Pandemic, seeking relief from LDs associated with not meeting their landfill reduction targets.

Table 7 - Landfill Reduction Liquidated Damages

RSP	Zone	Target Disposal	Target Diversion (Disposal Reduction)	Actual Disposal (Black + (Blue + Green Residuals)) ¹	Actual Disposal Tons Over Target	Liquidated Damages ²
Athens	F-EDT	23,396	12,598	24,091	695	\$ -
Athens	F-HB	62,590	21,892	49,930	-	\$ -
Athens	F-NC	169,010	83,739	165,278	-	\$ -
Athens	F-WLA	162,402	75,557	144,725	-	\$ -
NASA	F-DT	83,984	45,222	92,924	8,940	\$445,000
Republic	F-NEV	150,159	80,855	215,963	65,805	\$3,290,000
Republic	F-SLA	119,872	64,547	169,756	49,884	\$2,490,000
UWS	F-NE	102,100	54,977	129,489	27,389	\$1,365,000
Ware	F-SE	32,524	17,513	41,863	9,339	\$465,000
WM	F-SEV	85,721	46,157	117,636	31,915	\$1,895,000
WM	F-WV	164,704	85,650	209,827	45,123	\$2,255,000
		1,156,462	588,707	1,361,482	239,090	\$12,205,000

1. Disposal includes residuals disposed from the blue bin and green bin processing.
2. Liquidated damages are assessed beginning with the first 1,000 tons over the disposal target.

While some progress has been achieved in diverting material from the landfills it's highly unlikely at the current diversion trajectory that the RSPs will be able to divert one million tons of material per year from landfills by 2025 and thereby the City will miss its 2025 zero waste goal.

Blue bin Recycling

There are over 65,000 recycLA customers. The recycLA contracts include blue bin recycling as part of the base level of service for all customers. The RSPs have attempted to provide blue bins to all recycLA customers. However, some customers have refused blue bin service citing a number of reasons including: self hauling, recycling is provided by a third party, bin sharing, no recycling produced, space issue, or refusal with no reason provided. LASAN staff reviewed documentation provided by the RSPs and determined that 95% of customers are compliant with the requirement for recycling and an additional 2% of customers would qualify for a waiver under AB 341 and less than 3 percent (1,818) of customers are non-compliant with state and City requirements, see Table 8. LASAN, in coordination with the RSP, is working to bring all customers compliant with the requirement for recycling services.

Table 8 - Blue Bin Service Analysis

BDRU Categories	Athens	Athens (EDT)	NASA	Republic	UWS	WARE	WM	Totals	Notes
Customers Without Blue Bin Service	1,483	127	481	852	177	15	1,087	4,222	
Back-hauls	0	0	0	7	0	0	59	66	Compliant - Blue Bin Not Required
Third party	0	8	0	63	10	1	1	83	Compliant - Blue Bin Not Required
Self-hauls	25	4	170	3	14	0	23	239	Compliant - Blue Bin Not Required
Recently enrolled - TBV	107	8	0	191	4	0	36	346	Compliant - Blue Bin Provided
Recycling Active (V)					3			3	Compliant - Blue Bin Provided
Recycling Active (TBV)					5			5	Compliant - Blue Bin Provided
Shared recycling service	292	16	58	113	53	0	217	749	Compliant - Blue Bin Provided
No recycling material produced	4	7	42	8	0	0	66	127	Compliant - Potential Waiver
No Recycling Material - TBV					22			22	Compliant - Potential Waiver
Space not available	130	15	129	117	27	2	344	764	Compliant - Potential Waiver
Community concerns	36	22	0	9	17	12	0	96	Blue Bins Needed
To be verified	889	47	82	341	22	0	341	1,722	Blue Bins Needed

LASAN, in collaboration with the RSPs, negotiated the Removing Barriers to Recycling (RBR) to provide incentives to customers to increase recycling through blue bin subscriptions, by eliminating access and distance fees on blue bins. The resulting contract amendment was approved by City Council in March 2019 (Council File 19-0170). The approved contract amendment provides customers relief on extra service charges associated with blue bins. This program is considered temporary in nature as it provides the City the flexibility to cease the program due to financial constraints. Through the RBR Program, recycLA customers have not had to pay extra service charges (for access or distance) associated with blue bin collection since February 2018. To date, customers have saved over \$144 million in avoided access and distance fees on blue bins. However, this comes at a significant financial cost with the City bearing 50% of the costs of the removal of barriers to recycling.

The contract amendments require the City to evaluate the available future funding and provide notice to the RSPs on the City's decision to continue or to discontinue the program. If the City Council, in its sole discretion, concludes the City cannot continue funding the RBR Program, then it will provide a minimum of one calendar year's written notice to the RSPs of the discontinuance of this program. Continuance of this program will have an impact on the General Fund.

On March 23, 2023 LASAN submitted a report to the City Council (Council File 19-0170) with the following recommendations: 1. Considering the benefits of the RBR Program and the potential cost impacts to recycLA customers if the program were discontinued, LASAN recommends to continue the RBR Program as a General Fund obligation for one year through March 31, 2024; 2. Instruct LASAN to provide an update to City Council no later than January 31, 2024 with updated program cost projection; at which time, City Council will reconsider the continuation of the RBR Program; 3. Authorize LASAN to work with the RSPs and identify solutions to maintain the RBR program in place. This report is still under consideration

Organic Recycling

To achieve target disposal reductions RSPs must rollout a successful organics recycling. It is estimated that over 365,000 tons annually of organic waste will need to be diverted in 2025, in order to achieve the one million ton reduction from landfill.

California Senate Bill 1383 (SB 1383) set methane emissions reduction targets for California in a statewide effort to reduce emissions of short-lived climate pollutants (SLCP). The targets must reduce organic waste disposal 75% by 2025, and rescue for people to eat at least 20% of currently disposed surplus food by 2025. Landfills are the Third Largest Source of Methane in California and emit 20% of the state's methane, a climate super pollutant 84 times more potent than carbon dioxide. Organics like food scraps, yard trimmings, paper, and cardboard make up half of what Californians dump in landfills. Reducing Short-Lived Climate Super Pollutants like organic waste will have the fastest impact on the climate crisis.

SB 1383 requires all residential and commercial customers to subscribe and participate in organics recycling. In addition, the City Council adopted a new ordinance in December 2022, in compliance with the requirements of SB 1383, requiring all residential and commercial customers to subscribe and participate in organic recycling. RSPs are required to offer and provide source-separated organic services to all customers upon their acceptance. Customers are informed of the requirements under AB 1826, expanded to include SB 1383. Customers elect to subscribe to organics service; the rate of organic services is equivalent to trash rates.

Since January 2022 the City and the RSPs have been providing outreach and education to recycLA customers regarding AB 1826 and SB 1383 requirements for organics service, including surplus food donation. The RSPs have been reinforcing the message through their quarterly newsletters to all of their commercial customers. The newsletters are also available on the RSPs' websites and via social media.

The RSPs are under performing in working with customers to encourage green bin collection. Although, overall the RSPs are behind in meeting their organics goals, there have been significant improvements. Since January 2022, the number of customers with green bin service has nearly tripled; in January 2022 there were 2,764 customers with green bins, and as of May 2023 there were 9,247 (14.5% of customers). Currently, there is over 6,000 tons of organic material being collected per month. In March 2023 LASAN provided the RSPs with a notice, to be provided to customers as necessary, detailing the requirements for organics collection under

Senate Bill 1383 (SB 1383) that LASAN hopes will help RSPs in keeping the momentum of increasing organics subscriptions. It is important to note that the base goal of Council to offer green waste collection to all recycLA customers, has been achieved through the recycLA program, albeit there is an underwhelming customer subscription response. As shown in Table 9 the RSPs have had varied success rates in recruiting customers and establishing organic service.

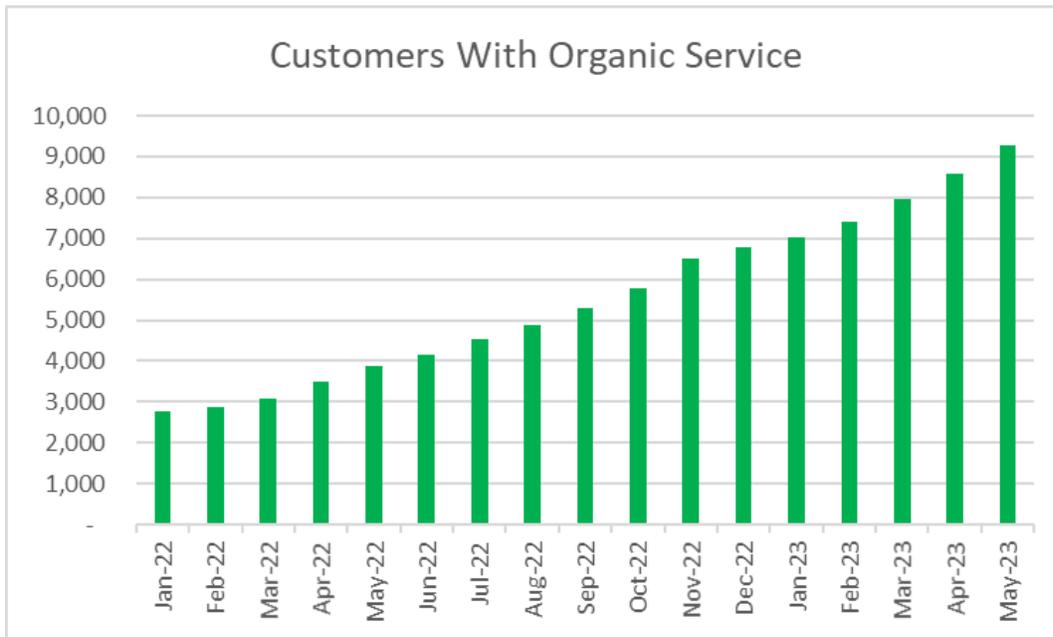


Figure 2. - Customers with Organic Service

Table 9 - Customers with Organic Services by RSP

RSP	Customers With Organics	Customers Without Organics	Percent of Customers with Organic Service
Athens	5,638	16,217	25.8%
Athens (EDT)	390	962	28.8%
NASA	279	2,183	11.3%
Republic	1,121	16,710	6.3%
UWS	355	5,793	5.8%
Ware	33	1,941	1.7%
WM	1,441	13,568	9.6%

The RSP are responsible for working with their customers to establish organic service necessary to meet their landfill reduction targets. The City could evaluate incentive options such as bundling the base and organic rate, short term financial incentive, or a RBR style programs, to further increase organic subscriptions. Some options may require contract amendments.

Billing and Extra Service Charges

The recycLA contracts have uniform maximum rates for all services provided under the recycLA contract. Regardless of what collection zone a customer is in, the maximum rates are the same for any given level of service. Customers are charged a base rate that is inclusive of both back bin and blue bin service. The base rate is determined based on the customer's level of service of their black bin. Unlimited number of blue bins are provided, at the same collection frequency of the black bin, at no additional cost. However, extra service may be assessed on blue, which are currently covered under the Removing Barriers to Recycling program. Green bin collection is not part of the based rate and provided at additional maximum rates.

Per the recycLA contracts all rates considered maximum rates, and the service provides have the ability to charge less than or not at for services provided. As it relates to maximum rates it appears that RSPs predominantly charge maximum rates, based on a review of disputed bills. However, LASAN has noted a number of instances where customers are not charged for all extra services.

Extra service charges are applicable to only certain site conditions. These site conditions do not occur at every business. Table 10, shows the percent of customers assessed extra service charges related to access and distance on the black, blue and green bins. In accordance with the recycLA contract amendment a RSP can charge a customer, as appropriate, access and distance fee associated with the collection of black bins and green bins, however under the RBR program they cannot charge these fees for collection associated with blue bins. Under the

RBR program the costs associated with blue bin access and distance fees are shared by the City and the RSPs.

Table 10. - Percent of Customers with Extra Service Charges

	Fees Charged to Customers								RBR - Not Charged to Customers			
	% of Cust Black Bin Access	Black Bin Access % of Bill	% of Cust. Black Bin Dist	Black Bin Dist % of Bill	% of Cust Green Bin Access	Green Bin Access % of Bill	% of Cust. Green Bin Dist	Green Bin Dist % of Bill	% of Cust Blue Bin Access	Blue Bin Access % of Bill	% of Cust. Blue Bin Dist	Blue Bin Dist % of Bill
Athens	34%	4%	14%	7%	18%	0.10%	4.40%	0.10%	21%	2%	9%	4%
CalMet	12%	2%	3%	2%	12%	0.30%	1.20%	0.10%	12%	2%	3%	1%
NASA	25%	3%	6%	6%	24%	0.20%	9.60%	0.40%	17%	2%	5%	5%
Republic	26%	4%	9%	5%	13%	0.10%	4.40%	0.10%	23%	3%	8%	3%
UWS	30%	4%	15%	6%	26%	0.10%	5.00%	0.10%	25%	3%	11%	6%
WARE	9%	2%	2%	4%	3%	0.00%	3.40%	0.00%	6%	1%	1%	2%
WM	16%	2%	10%	5%	0%	0.00%	0.10%	0.00%	23%	3%	14%	7%

LASAN Customer Care Center

The City is designated as the first point of contact for customers, both to simplify the service request system, and to allow monitoring of RSP performance for missed collections and other issues. Customers in the commercial and industrial areas of the City can be serviced at any hour of the night, and private haulers frequently begin routes at 3:00 a.m. To accommodate the recycLA customers, the Customer Care Center added 15 operators to its 24 hours a day, 7 day a week operation in July 2017.

Modifications were made to the MyLA system to allow customer service staff to capture service requests and inquiries. LASAN worked with the RSPs to interface the City's MYLA311 Customer Relationship Management (CRM) system with each of the RSPs' unique call center CRM systems, allowing LASAN to report recycLA program related service requests, issues and complaints that the LASAN CCC agents turn into MyLA311 Service Request tickets that are directly sent to RSPs for handling. Sixteen full time contract staff were added to the LASAN Customer Care Center in order to address expected higher call volumes.

LASAN Customer Care Center

- Integrated connection with Service Providers call center
- Handles all customer inquiries and complaints (April 2017)
- Open 24/7

- Average wait time under 2 minutes
- LASAN monitors all service requests

Customers Service Metrics

LASAN tracks and monitors all customer service complaints through monitoring of service requests from the Customer Care Center and through field investigations. The recycLA contracts have very strict performance standards for RSPs response for customer complaints and requests. For example, in accordance with section 3.7 MISSED COLLECTIONS, of the recycLA contracts all missed collection requests that are the fault of the RSP and transmitted before 2:00 PM shall be collected by 6:00 PM on the same day. All missed collection requests made after 2:00 PM shall be collected by 10:00 AM on the next day. Failure to meet these standards will result in the assessment of liquidated damages.

Customers often have multiple bins collected multiple days per week. In total the RSPs collect over 1.4 million bins per month (black, blue and green bins). As shown in Figures 3a and 3b below there are on average 1,100 missed collection service requests per month. Taking into account the number of bins collected per month and the average number of missed collection service requests the RSPs have a collection efficiency of over 99 percent.

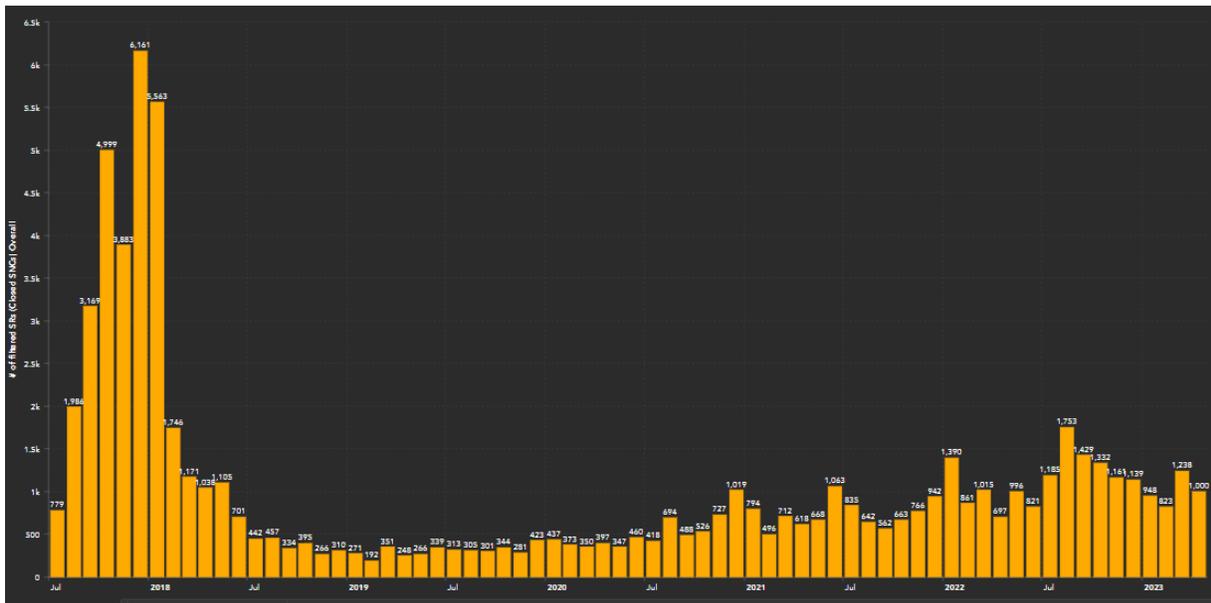


Figure 3a. - Missed Collection Calls Received Monthly (Filtered)

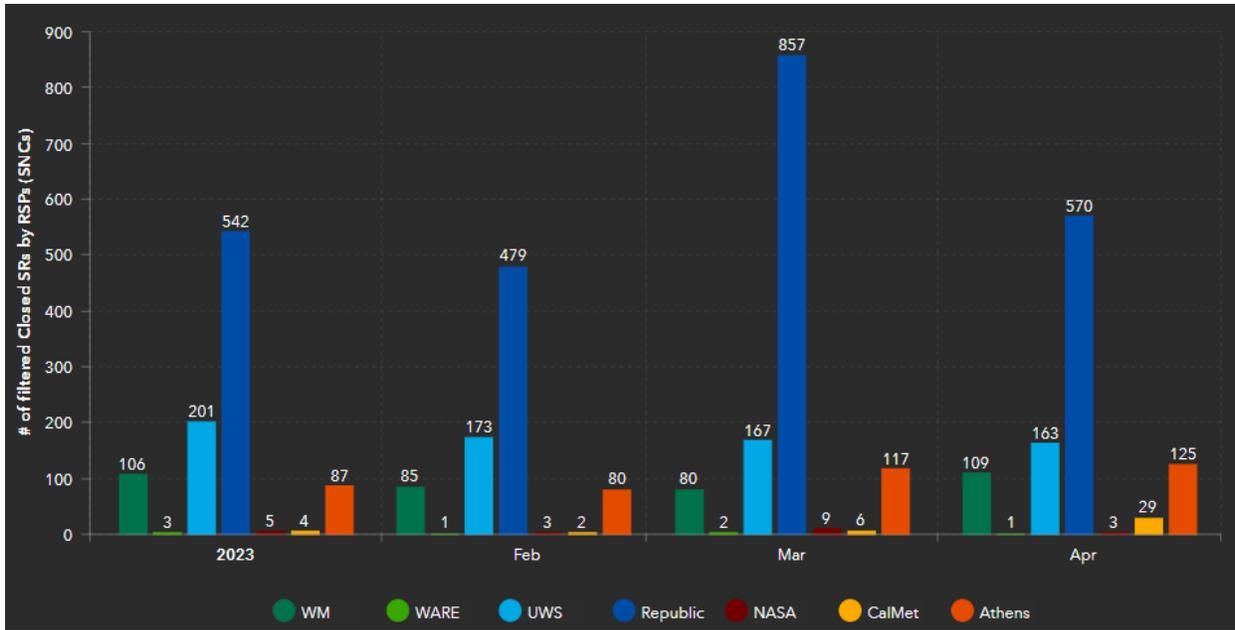


Figure 3b. - Missed Collection Calls Received Monthly by RSP (Filtered)

LASAN has 36 field investigators to meet with customers, and assist them with any questions or concerns. The recycLA inspection group is also responsible for monitoring RSP compliance in the field. This includes monitoring missed collection recovery, verifying site conditions, and routine inspections.

To date the inspection group has conducted over 150,000 inspections. Table 11 shows the number of inspections conducted per fiscal year since inception of the recycLA program, (July 2017 - March 2023). These include various inspection types, including but not limited to missed collection, routine, container, canvassing/enforcement, billing, and special projects.

Table 11: Number of Inspection Types Completed by Fiscal Year

Fiscal Year	17-18	18-19	19-20	20-21	21-22	22-23	Grand Total
Total # of Routine Inspections			1	880	11,238	9,260	21,379
Total # of Special Inspections*	6,903	31	10,217	3,932	2,319	3,428	26,830
Total # of SR Related Inspections	29,262	21,461	14,245	15,597	13,567	7,787	101,919
Grand Total	36,165	21,492	24,463	20,409	27,124	20,475	150,128

* Special Inspections include special projects such as the Flower District Outreach and Enforcement project

The recycLA inspection section provides field oversight of the recycLA contracts to ensure the RSPs are fulfilling their contractual obligations with regards to customer service and responsiveness to various service requests (SRs) and other related field verifications.

Table 12. - Failed Inspections

<i>Inspection Status</i>	<i>RSP</i>	17-18	18-19	19-20	20-21	21-22	22-23
Pass	Athens	2,261	3,904	1,609	1,522	2,154	579
	Calmet/Athens(EDT)	65	186	310	185	280	255
	NASA	19	28	1	0		
	Republic	1,881	3,760	1,908	3,951	3,394	3,403
	UWS	1,247	1,981	3,503	4,126	3,327	1,545
	Ware	35	422	485	125	98	74
	WM	494	2,201	1,691	2,684	2,486	1,218
Total		6,002	12,482	9,507	12,593	11,739	7,074
Fail	Athens	586	641	157	129	67	11
	Calmet/Athens - EDT	10	24	6	1	4	3
	NASA	1	0	0	0		
	Republic	524	824	346	549	193	69
	UWS	289	439	220	158	154	54
	Ware	6	43	35	1	1	0
	WM	443	1,194	524	562	545	201
Fail Total		1,859	3,165	1,288	1,400	964	338
Grand Total		7,861	15,647	10,795	13,993	12,703	7,412
Percent Failed		24%	20%	12%	10%	8%	5%

LASAN recycLA Billing Unit

LASAN created a Billing Dispute Resolution Unit (BDRU), available to work with customers and RSPs on billing disputes that are elevated for City review after agreement cannot be made between the parties. All billing disputes and inquiries received by LASAN are forwarded directly to the appropriate RSP for resolution. However, per the recycLA contracts, LASAN is able to make determinations on appropriate charges when a bill is in dispute. The BDRU provides oversight of all Billing Dispute Service Requests that come into the Customer Care Center, to ensure all such SRs are resolved appropriately by the RSPs.

LASAN received a high level of billing disputes/inquiries in early 2018. Many of these disputes were related to disputes/inquiries related to access and distance charges and missed collections. The number of billing disputes received monthly has decreased significantly. Below

is a summary of the number of billing disputes and general billing inquiries that came into the Customer Care Center, and the number of cases that have been resolved by BDRU to date. It should be noted that general billing inquiries are not reviewed by this unit. A breakdown of types of disputes are also provided. If credits are determined, the unit works with the respective RSP to ensure the customer is provided the appropriate credit for the issue being disputed.

Table 13 - BDRU Summary, SR Sub-Categories 07/1/17 to 03/31/23

SR Sub Category	No. of SR per Sub Category	Percentage	No. of SR Closed	No. of Cases	Cases Closed / Resolved	Cases in Progress
ACCESS	2103	6.05%	2094	1591	1585	6
DISTANCE	1397	4.02%	1378	970	962	8
BASE RATE	1704	4.90%	1701	1446	1443	3
SERVICE LEVELS	3094	8.90%	3070	2421	2411	10
MISSED COLLECTIONS	4351	12.52%	4343	3226	3225	1
ADDITIONAL BILLING	3659	10.53%	3645	2897	2887	10
OTHER	19	0.05%	19	18	18	0
Grand Total	16327	46.97%	16250			

SR Sub Category	No. of SR per Sub Category	Percentage	No. of SR Closed	No. of Cases	Cases Closed / Resolved	Cases in Progress
GENERAL	18430	53.03%	18407	13957	13947	10
Grand Total	18430	53.03%	18407			

Notes:

- The number of cases is based on the associated SR Sub Category
- An SR may be included in more than one (1) category
- Both Black and Blue designation is assumed if the container type is not specified in the SR notes
- Count provided based on initial/preliminary categorization effort
- * The disputed distance is assumed to be less than 100 feet unless specified by the customer or until field checked by a City inspector

Facility Certification

The Facility Certification Program within recycLA is a voluntary program for facility operators to be certified and abide by a set of requirements and guidelines that must be met by all solid resource facilities that process and handle any materials in the recycLA Program. These requirements were specifically established to protect the environment, to protect public health, to help ensure worker's safety, to improve the aesthetics of the communities surrounding these facilities and to safely and properly handle all solid waste materials collected and processed in the program. Facility Certification is an important step toward ensuring all recycLA processing

facilities enhance worker safety and are operated in a manner that protects public health and the environment.

Program requirements include but not limited to:

- Record auditing and detailed facility inspections.
- A CalRecycle State Solid Waste Facility Permit and compliance with other state and local agencies.
- Safety and training programs for employees.
- Environmental controls such as dust, odor, litter, and noise control measures.
- Full enclosure for all recycLA Certified Facilities used for Municipal Solid Waste transfer and processing (MRFs), (excluding composting facilities, landfills, and recycling centers)
- Sampling and waste characterization requirements to support City Zero Waste goals.

The facility certification program has certified over forty (40) solid resources facilities that are used for the transferring, processing, and/or disposal of solid resources in the recycLA program. These facilities include transfer stations, material recovery facilities (MRFs), composting facilities, Waste-To-Energy facilities, landfills, green waste, food waste and mixed organics pre-processing and processing facilities.

Solid Waste Facility Permit and Regulatory Compliance

Solid waste handling, processing and disposal facilities must operate under a CalRecycle tiered permit system, where permits range from a simple Enforcement Agency (EA) notification to the full Solid Waste Facility Permit (SWFP). These facilities include municipal solid waste (MSW) transfer facilities, blue bin material recovery facilities, organic pre-processing facilities, Waste-to-Energy facilities, composting facilities, and landfill operations facilities. These facilities must operate under a CalRecycle tiered permit system, as previously specified.

Facilities participating in the recycLA Certification Program are required to obtain and maintain a permit from CalRecycle to ensure that the facilities meet the State's most stringent standards for Solid Resource handling and disposal. Facilities operating under a Tiered permit allows the State's Local Enforcement Agencies (LEA) to perform monthly inspections for compliance with the States regulations and standards for Solid Resource facilities. These standards include: adequate facility design, allowed hours of operation, facility limits on capacities and traffic volume, required personnel health and safety programs, storm water drainage control, dust control programs, litter control programs, noise control programs and nuisance control programs. CalRecycle Tiered permit requires facilities to establish and maintain a public hotline for complaints and recordkeeping logs of the complaints filed in.

In addition to a CalRecycle Tiered permit , facilities must observe and comply with all applicable federal, state, and local laws, permit conditions, and other regulatory requirements. Facilities

are required to maintain compliance logs and records from other regulatory and permitting agencies and make these records available to the Facilities Certification staff. These regulatory agencies include: LEA, Air Quality Management District (AQMD), Regional Water Quality Control Board (RWQCB), LASAN, and local planning departments.

Failure to meet the State Minimum Standards may lead to a Notice of Comply, Notice of Suspension or Notice of Revocation.

Employee Health and Safety Requirements

Certified facilities are required to maintain an Injury and Illness Prevention Program (IIPP), and maintain safety and training programs.

Facility operators are required to provide a safe workplace to protect workers from injuries and accidents. A safety program such as IIPP under the Federal Occupational Safety and Health Administration (OSHA) must be established at each Certified Facility. The IIPP will help employers to identify and fix workplace hazards before employees are hurt, resulting in fewer injuries and fatalities and improving facility regulatory compliance.

In addition, facilities participating in the Facilities Certification Program are required to submit annual health and safety audit reports from a reputable safety audit firm. The report includes conditions that present safety and health hazards for workers. The report also includes how safety and health hazards have been addressed and corrected if problems are identified.

Certified Facilities must provide their employees adequate safety training and appropriate Personal Protection Equipment (PPE). In addition, facility operators must provide their employees ongoing safety training in safety subjects pertinent to site operations. Training logs and records must be maintained and made available for review by Facilities Certification staff. Worker training and PPE may include:

- Illness and Injury Prevention Program (IIPP)
- Personal Protection Equipment (PPE)
- Alcohol and Drug Free Workplace
- Confined Space Program
- Emergency Action
- Fall Protection
- Fire Safety and Prevention
- Hazard Communication
- Hazardous Energy Control (Lock Out Tag Out)
- Hazardous Material Handling
- Heat Illness and Prevention
- Protection from Blood-borne Pathogens
- Eye and Face Protection
- Footwear Protection
- Head Protection
- Hearing Conservation

- Respiratory Protection
- Driver Safety, Vehicle Operations, and Accident Prevention
- Forklift Operation
- Reporting and Recordkeeping Policy
- Unsafe Condition Reporting
- Workplace Violence and Sexual Harassment

Failure to provide Facilities Certification staff access to this information may lead to a Notice of Comply, Notice of Suspension or Notice of Revocation.

Facility Enclosure

Facilities participating under the Facility Certification (excluding composting facilities, landfills, source separated facilities, and recycling centers) must be enclosed.

The operation of facilities used for solid waste transfer and processing creates environmental and nuisance burdens to the surrounding communities. To minimize these burdens, the facilities that transfer or process solid waste must meet applicable AQMD enclosure and operational standards for new and modified facilities, regardless of whether it is an existing facility.

All Solid Resources loads delivered from collection vehicles must be handled and processed only in the enclosed facility. Roll-up doors must be closed all the time when not being used in accordance with applicable AQMD enclosure requirements.

Meeting the requirement for enclosure will require significant improvements and new construction. At LASAN's discretion, it may certify a facility to allow time to comply with the facility enclosure requirements. However, the facility is required to provide sufficient evidence, towards compliance (i.e., building permits, regulatory permits, and construction plans) and must provide detailed schedules and progress for facility construction and operation dates. If a facility fails to meet the approved schedule and progress, the Facility Certification Program may revoke the certification.

Enclosure Timeline Requirements

	2019	2020	2021	2022	2023	2024	2025	2026
Black Bin[*] Transfer/Processing				Financing, Design and Permitting Documents	Construction			
Green Bin^{**} Preprocessing				Financing, Design and Permitting	Construction			
Blue Bin Processing & All Facilities within 500 feet of a school, park or residence^{***}			Pre-planning, Secure Financing	Design and Permitting			Construction	

****Facilities must be fully enclosed by December 31, 2023***

*****Facilities must be fully enclosed by December 31, 2023***

******Facilities must be fully enclosed by December 31, 2026***

Sampling and Waste Characterizations

To meet the City's Zero Waste goals, each Certified Facility is required to perform sampling of material and residue for each waste material bin type processed, at an interval determined by the Franchise Program staff.

LASAN staff verifies the amount of solid waste which is sent to landfills, and the amount which is diverted from landfills (disposal reduction) for each Certified Facility. In order for the Franchise Program to calculate recovery rates and disposal reduction participating facilities are required to:

- Perform waste characterizations of incoming and outgoing solid waste materials;
- Allow Franchise Program staff to oversee and perform onsite waste characterizations;
- Weigh all incoming and outgoing material;
- Track and report incoming solid resources tonnage material by hauler, zone, and bin type from recycLA Service Providers and non-recycLA generated sources;
- Allow Franchise Program staff to perform a detailed audit and inspection of material processing and handling facilities.

LASAN staff will track and calculate disposal and diversion for each Certified Facility by material type and franchise zone, as applicable.

Facility Inspections and Record Audits

All Certified Facilities are required to allow access for LASAN certification staff to view facility logs and records and to inspect facility operations.

RecyclA Facility Certification staff inspect and audit the certified facilities to ensure compliance with the terms and conditions of the Facility Certification Program which include protection of worker safety, public health, and the environment. Frequent facility inspections are conducted, announced or unannounced, on a monthly or as-needed basis to:

- Verify the facility's overall compliance with the terms and conditions of certification
- Verify application facility information
- Verify and observe compliance with all operational permits issued by federal, state, and local agencies
- Review tonnage records, safety and training records
- Inspect processing equipment and procedures to support recyclA solid waste diversion goals
- Record deficiencies and complaints and corrective actions taken to correct deficiencies
- Confirm and verify compliance with safety training programs

Failure to provide Facilities Certification staff access to this information may lead to a Notice of Comply, Notice of Suspension or Notice of Revocation.

Operational and Environmental Controls

Drainage, dust, odor, litter, noise, and nuisance issues arising from the operations of Certified Facilities must be controlled to prevent health and safety hazards, environmental degradation, and nuisance to nearby communities. Certified Facilities are required to have control measures in place to minimize the creation or accumulation of these problems. Appropriate control measures may include, but are not limited to, storm water holding tanks and discharge to sanitary system, water misting systems for dust suppression, negative air pressure for odor elimination, timely removal of municipal solid waste, periodic cleaning and sweeping for litter removal, enclosures and walls for noise reduction, and vector and animal control to minimize vector issues.

Certified Facilities must perform the unloading, processing, and loading of processed materials and wastes in a manner to minimize the creation of nuisances. All wastes, sorted and baled commodities, must be stored within designated areas of the Facility and kept in a neat and orderly manner in order to not generate odor problems, harbor vectors, or pose a nuisance.

In addition, facilities must conduct off-site cleaning and sweeping for litter and track-out to minimize nuisance to the surrounding communities.

Failure to provide control measures for drainage, dust, odor, litter, noise, and other operational nuisances may lead to a Notice of Comply, Notice of Suspension or Notice of Revocation.

Field Inspections and On-site Improvements

All Certified Facilities are required to allow access for LASAN certification staff to view facility logs and records and to inspect facility operations. RecycLA Facility Certification staff inspect and audit the certified facilities to ensure compliance with the terms and conditions of the Facility Certification Program which include protection of worker safety, public health, and the environment.

RecycLA facility certification program enables LASAN staff to gain access, announced or unannounced, to conduct detailed facility inspections on a monthly basis. Through frequent on-site observations, LASAN staff has made positive impacts and have contributed to operational and environmental improvements of the facilities participating in the program. Below are some examples of Certification Staff contributing to facility environmental and operational improvements through onsite observations at the facilities:

- During a routine inspection at a certified landfill, LASAN certification staff observed there was a person without a safety vest standing too close to the bulldozer that was compacting material in the active face. The unsafe condition was brought up to the operator's attention and immediate corrective action was taken to prevent injury to the individual standing too close to the heavy equipment. Subsequently the facility took corrective actions to ensure that all persons entering the landfill active face must wear a high visibility safety vest and must stay close to their vehicles in accordance with landfill safety rules.
- On a routine inspection at a certified composting facility, LASAN certification staff observed a compost pile was too high and collapsing, posing a safety hazard for workers on-site. The operator was verbally notified of this unsafe condition and subsequently action was taken to correct the unsafe condition by reforming the compost pile.
- While conducting routine inspections at a transfer station in the rainy season LASAN certification staff observed soil and debris entering into facility storm drains. Unfiltered run off from the facility storm drains and truck cleaning area ran down a ditch and into the nearby Los Angeles River. The facility operator was advised by Certification Staff that run-off from the facility into storm drains and into the LA River was a violation of State Stormwater regulations and a source of pollution to the LA River. Certification staff also reached out and notified the company environmental regional officer that the stormwater deficiencies at the facility were in violation of State Stormwater regulations. Subsequently the facility operator designed and installed a new stormwater capture and filtration system to mitigate storm water deficiencies observed at the facility.
- During an inspection of a facility blue bin material recovery line LASAN certification staff observed smoke in the infeed hopper bin and immediately notified the facility operator about the situation. Facility staff quickly responded and proceeded to put out the fire in the material infeed hopper with fire extinguishers and water hose.
- During routine inspections of a certified transfer station LASAN certification staff observed a large hole in the solid waste operations pushwall. The hole was located behind a hillside and allowed storm water runoff to enter the MSW tipping floor.

Stormwater runoff contaminating with MSW is a violation of the facility's SWFP and Stormwater regulations. The facility operator was advised of the deficiency and subsequently took steps to repair the hole in the wall.

Infrastructure

Infrastructure and facility improvement are vital parts of the recycLA program. From the collection trucks, fueling stations and facilities that process materials are the backbone for the program and required major investment from the recycLA Service Providers. The recycLA contracts include in excess of \$200 million in investment in recycling and materials handling infrastructure, see Table 14. To date, the RSPs have invested over \$175 million in new solid resources infrastructure. To meet the City's facility certification, RSPs must utilize facilities that handle materials efficiently, recycle effectively, and act as good neighbors to surrounding communities. All facilities receiving material from the recycLA program must comply with the recycLA Facility Certification Plan that was approved by the Board of Public Works on October 29, 2018. This Certification Plan ensures that facilities managing the recycLA material handle waste properly, are accounted for, and are a benefit to the communities where they are located.

Table 14. - Planned recycLA Infrastructure Improvements

RSP	Facility Name	Improvement/ Construction to be Completed per Contract	Status
Athens	Athens Industry MRF	Infrastructure upgrade includes additional building for shredders and screening and additional equipment (i.e., shredders, screeners, and conveyors) and installation of organics pre-processing system.	Complete
Athens	Athens Sun Valley MRF and Transfer Station	Facility improvement includes baler and processing line modifications, solar power installation, and additional push wall installation.	Complete
Republic	American Waste Transfer	Facility improvements include enclosing the building to comply with the City's certification requirements. Alteration will not expand capacity or change in use.	Complete
Republic	Agromin Chino	Aerated Static Pile Composting system and additional screens to be installed	Complete - Improvements were completed, however, the facility was moved to a new location in Ontario, CA.

RSP	Facility Name	Improvement/ Construction to be Completed per Contract	Status
WM	Lancaster Landfill and Recycling Center (LARGO)	Construction of anaerobic digestion/compost facility for organics processing on permitted landfill	Not Started - WM states permitting issues as well as partnership with Anergia
WM	Sun Valley Recycling Park	Construction of new, enclosed transfer/processing facility to receive & process Black Bin MSW, receive and transfer Blue Bin Source Separated Recyclables, receive & pre-process Green Bin Organics.	Completed
WM	Mission Road Recycling & Transfer Station	Improvements include expansion of the receiving area and enclosure of organics receiving area if the facility is used permanently.	Not Improved - WM states this facility is not utilized.
WM	Potential Industries	Addition of sorting equipment to existing, operational MRF	
WM	Pico Rivera Material Recovery Facility	Replace and repair damage caused by fire, replace all wear parts on processing equipment, general cleaning	Not Improved - Facility sold.
UWS	UWS Santa Fe Springs MRF	Building A. Remodel existing building to accommodate the new MRF. Building B. Remodel existing building, to store baled recyclable with new enclosed loading dock and restrooms. Building C. New building used for the transfer of municipal solid waste (MSW), green waste, and construction and demolition debris.	Completed
UWS	24TH Street Transfer Station	The new 24th Street Transfer Station will be a one-story metal building for solid waste transfer, including food waste processing equipment. The facility will be permitted for a 1,000 ton per day maximum capacity.	Construction Began - Facility will be fully operational by July/August 2024

The recycLA service providers have collectively invested over \$175 million in capital improvements for facilities. Since the inception of the recycLA Program and the facility certification program we have observed significant new facility construction and progressive upgrades and operational improvement of the facilities participating in the program. With the collaboration of the facility certification staff in LASAN and facility operators there has been

continuous improvement in the protection of public health, the environment, worker safety, as well as improvements in the aesthetics of the areas around the facilities. Overall, there are five brand-new facilities that were constructed and are now operational to accept and process recyclable materials.

New facility constructions include: Waste Management Sun Valley Recycling Park, Athens's Crown Recycling Facility, and UWS Santa Fe Springs and 24th Street Facilities. Athens' Irwindale facility will be completed in a couple years and it is slated to process recyclable materials as well.

Waste Management Sun Valley Recycling Park

Sun Valley Recycling Park (SVRP) is a new large volume transfer station, recyclables processing (MRF), and organics pre-processing facility owned and operated by Waste Management Recycling and Disposal Services of California, Inc. The facility currently has a CalRecycle/LEA full solid waste permit and is permitted to accept up to 5,000 tons per day (TPD) of Non-hazardous Refuse, but no more than 4,000 tons of incoming MSW on any given day. The new facility occupies 28.5 acres of land and is located on Bradley landfill and recycling center, consisting of closed inert landfills. Land use surrounding the facility includes industrial activities such as auto salvage yards, manufacturing and assembly activities, warehouses and distribution facilities, inactive sand and gravel pits, and aggregate processing plants.

This facility is currently operating for MSW transfer, MRF processing lines and organics pre-processing lines. Three operations are housed in a fully-enclosed 104,960-square foot building and is completely enclosed with negative air pressure utilizing bag houses:

Municipal Solid Waste Transfer Station (TS)

The transfer station is permitted for 4,000 tpd of MSW transfer. Public and private waste collection trucks, typically with 40-yard capacity, will drop off MSW. The loads are consolidated and loaded into 22-ton transfer trailer trucks that are transferred to Simi Valley Landfill for disposal.

Recyclables Processing (MRF)

Equipped with conveyors, screens, chutes, magnetic separators and optical sensors, the sorting equipment line is designed to handle 500 tons per day (tpd) of commingled recyclables. The MRF is permitted to accept up to 1,000 tpd that is a combined total of recyclables and organic materials.

Organics Pre-Processing

The Organics Extraction and Recycling System (OREX) can process up to 50 tons per hour. Using high pressure extrusion to press out the liquid from food and other organics, OREX

produces an energy-rich dry feedstock that is sent out for anaerobic digestion, currently to Anaergia's Rialto BioEnergy Facility for renewable energy generation.



Newly constructed Waste Management Sun Valley Recycling Park

Athens's Crown Recycling Facility

Crown Recycling Services LLC (CRS) is located in the San Fernando Valley in the City of Los Angeles. All the surrounding land within a 1,000 feet is zoned as heavy industrial. The facility is located on two separate blocks, one block contains 3 building structures and the other block contains the scale house and parking. The aesthetic of the buildings blends in with neighboring facilities. The landscaping of the facility consists of trees, shrubs, vines and ground cover. The neighboring facilities noted in the area is a closed landfill, being used as an auto dismantling and salvage yard, Bradley Landfill and Vulcan Processing facility. The nearest resident is located approximately 1,800 feet from the facility.

This facility is permitted to handle municipal solid waste (MSW), commingled recyclables, green waste, food waste, mixed organics and construction and demolition materials. The facility permitted maximum capacity is 6,700 tons per day, with limited tonnage material by type as follows: 2,500 tons of MSW, 2,000 tons of Construction & Demolition, 1,500 tons of Green Material, 500 tons of Trim & Cull Material and 200 tons of wood.

The facility operations are handled in two separate buildings known as the front yard and the backyard. The front yard operations, MSW material is transferred or processed in two separate areas. One area is for all trucks to unload for transferring material going directly to landfill. The other area consists only of selected trucks containing high organics in the municipal solid waste to recover dry organics which are sent to landfill as a protective cover. The back yard operations, there is another area for transferring MSW, this area is only used as a back up for transferring MSW outbound.

The green waste tipping area is located in the middle portion of the back yard area along the northeastern side. Incoming green waste material consists of source- separated green waste

loads primarily from landscapers, gardeners, nurseries, and source-separated residential curbside collection. Street sweeping organics are also processed with the green waste. The green waste processing equipment includes a grinder and conveyors. The conveyors transfer material to the grinder for size reduction. The ground material is transferred to the southeastern side of the building to a ground green waste material stockpile. The green waste material is transferred for composting.

The mixed organics (food waste and greenwaste) received in the facility is sent to the foodwaste tipping floor located in the backyard building. A loader transfers material to the hopper, which has material go to the conveyor belt. Workers in the line remove any contaminants, such as plastic, cardboard or any item that could damage equipment from the incoming material. The material goes through a press, which separates dry material from wet material. The dry material becomes the residue and is sent to landfill to be used as a protective cover. The wet material is made into a slurry and goes to a tank. This tank is connected to trucks to transfer material for anaerobic digestion.

UWS Santa Fe Springs and 24th Street Facilities

Universal Resource Recovery Facility (UWS Santa Fe Springs) is a large volume transfer/processing facility owned and operated by Universal Waste Systems, Inc. The facility consists of two fully enclosed operations building structures, parking spaces, enclosed storage area, maintenance area and fueling station, and office building. The site is surrounded by a perimeter wall and fence to provide visual screening. The facility implemented a beautification plan including landscaping which consists of trees, plants, flower bed and grass areas. Universal Resource Recovery is located in the city of Santa Fe Springs near the I-605 and I-5 freeways. The surrounding neighboring facilities are various manufacturing facilities, a railroad, and warehouse/office business complex. The area is designated as Commercial and General Manufacturing. UWS Santa Fe Springs has a Full Solid Waste Facility Permit (SWFP) issued by CalRecycle/LEA.

The facility is currently permitted to accept up to 1,500 tons per day and is currently receiving a total of 1,100 to 1,300 tons per day of solid waste. The recyclable facility (MRF) is currently processing 180 to 200 tons per day of recyclables and can process up to 22 tons per hour. The facility is currently in the process of installing two new automated robots to the processing line to improve the efficiency of the material recovery line. In addition an OREX system for processing organic/food waste on site will be added this year.



Athens’ Irwindale facility

A new Athens state of the art facility is under construction in the city of Irwindale. Construction of the facility is currently in the grading and plumbing stage and it is expected to be completed at the end of 2024. The facility will be all enclosed and will have approximately 250,000 square feet of operations, office, and other solid waste operations space. When completed the new facility will include a new state of the art material recovery facility (MRF), C&D, green waste, organic waste, and MSW transfer facilities. The new facility is designed to have a total of 6,000 tons per day (TPD) operating capacity. Table 15 shows the additional processing capacity from the new facilities.

Table 15 - New Processing Capacity

New Facility (Built after implementation of recycLA)	Total Maximum Capacity (Tons/Day)	Black Bin Municipal Solid Waste (Tons/Day)	Blue Bin Commingled Recyclables (Tons/Day)	Green Bin Green Waste (Tons/Day)	Green Bin Food Waste (Tons/Day)	Green Bin Mixed Organics (Tons/Day)
Sun Valley Recycling Park	7,100	4,000	5,000**	2,100	5,000**	
Crown Recycling Facility	6,700*	2,500	2,500**	1,500**	500	1,500**
UWS Santa Fe Springs	1,500	1,000	500			
Athens’ Irwindale facility	6,000					

*Other capacities are set for other materials outside this table

** Material type capacities are shared and set by ranges. Example: Maximum Capacity is 2,000 for two material types, first material type inbound is 1000 tons, then the shared tonnage left for the second material type is 1000 tons.

Improved Infrastructure

Existing facilities that underwent enclosure upgrade and improvements include: Republic Services’s American Waste Transfer Station and CVT Regional MRF and TS, Central Los Angeles Recycling Center & Transfer Station, Athens’s Victor Valley Regional Composting Facility, Athens Services Valley Materials Recovery Facility, and Potential Industries.

American Waste Transfer Station

Enclosure construction and upgrade at Republic Services’s American Waste Transfer Station included installation of a new roof and lighting system, replacing sides walls, construction of new

push walls, new roll-up doors, installation of a new negative air flow filtration system, and beautification of the front of the building.



American Waste operations building before enclosure



Facility Operations building after enclosure and improvements



Inside facility solid waste operations building before enclosure



Inside facility solid waste operations building after enclosure and improvements

Central Los Angeles Recycling and Transfer Station (CLARTS)

The Enclosure Implementation Plan for CLARTS includes replacing all main building roll-up doors, replacing the roof, installing solar panels and other building repairs and upgrades. The replacement of the roll up doors is completed. Roof replacement, ventilation system and solar panel installation is in the planning process.



Before roll Up door upgrade



Roll Up door upgrade

Victor Valley Regional Composting Facility

Enclosure work at Victor Valley Regional Composting Facility included building a new enclosed building for a green waste sorting line. The enclosed building includes roll-up doors and negative air-flow filtration system.



Victor Valley Regional Composting Facility enclosed building



Facility green waste cleaning line inside enclosed building

Potential Industries

Glass processing equipment installation was completed and started service in March 2022. The equipment processes single stream and residual coming out of the material recovery facility that processes commingled recyclables. The process starts with the removal of contaminants that include any small pieces of metal, plastics, ceramics, etc. Then it separates the stream based on size and then it goes by color. The order depends on the target colors the system is set up to remove. The end product is separated by clear, amber, green and residuals. End product is bought by companies that will reuse material to make new glass containers.



Glass processing end product

Franchise Fees

One Of the benefits of the exclusive franchise agreements is the generation of franchise fees to the City. On average, the City receives 40 million dollars per year from the franchise haulers. On August 11, 2022 the California Supreme Court issued an opinion in the case Zolly v, City of Oakland where the Court ruled that the definition of tax applies to franchise fees received by the City of Oakland and charged to waste haulers. Since the City of LA is currently in litigation on its franchise fee, it's best for the City Attorney to provide Council with an update on this case and its impact on the City.

recycLA Program January 2017 - July 2023 - Knowledge Gained

While the recycLA program has succeeded in addressing several environmental justice concerns, reducing diesel particulate matter emission, and providing protection to solid waste employees, the program most likely will not achieve its goal to divert one million tons of waste material from landfills by 2025 as desired by the City. LASAN has compiled a list of items based on the knowledge gained to date that can be factored into the development of either new contract amendments or a new RFP. The following are some of the major items that impacted the program and steps to address them.

Diversion Goals: The City desired the recycLA program reduce the tonnage going to landfills from the commercial sector by one million ton by 2025. The diversion goals were not met as anticipated. The assessment of Liquidated damages was not a sufficient driver for all of the RSPs to meet their diversion goals. The recycLA contracts made the RSPs solely responsible for achieving diversion, and with this responsibility, the RSPs had authority to establish service levels with each customer with the intention of RSPs increasing blue bin participation and service, and decreasing black bin service, resulting in decreasing customer costs and increasing diversion. However, the recycLA program has not yielded a significant decrease in black bin service as anticipated. In addition to less than expected black bin reduction, the RSPs are also under performing in working with customers to subscribe to green bin collection service. Although there has been improvements over the last. Overall, the RSPs are behind in meeting their contractual organics goals.

Access and Distance Extra Service Fees: Access and Distance fees have had the most substantial impact on customer bills. In many cases these fees exceeded the maximum Base Rate for solid waste and recycling services. In an effort to mitigate cost, some customers resorted to moving bins to areas of their property not intended for waste or recycling bins. The distance fees specifically had a great impact. This fee is chargeable on a per bin, per collection basis. For customers with multiple bins this fee can be substantial. Access and distance fees are applicable on black, blue and green bins providing a disincentive for recycling. For example, if a customer has two black bins, they are charged a single access fee per collection event. If they chose to swap one of their black bins for a green bin, they would add an additional collection event for the green bin doubling the potential access fee.

The Removing Barriers to Recycling (RBR) Program: The RBR is not fiscally sustainable. The RBR Program is projected to cost the City in excess \$23 annually, inclusive of annual payment and future exposure of over-cap payment. As anticipated, the program usage by the customers has grown, and correspondingly City annual costs have grown significantly. Continuation of the RBR program will protect customers from assuming the cost of access and distance fees on blue bins, however, funding will need continued support by the General Fund.

Organics: State regulations now require customers to subscribe to organics service and this change in law needs to be included into the program and its existing practice. Under the existing recycLA agreements, organics service is an additional optional service and cost which is not built into the base rate. With sufficient organic processing capacity available, minimum service level for organics recycling should be included as part of the base rate (required service). Other than the requirement to divert waste from landfills there is no incentive for RSPs to work with customers to right size accounts and truly reduce solid waste service.

Bundling green bin service into the customers maximum base rate (similar to how blue bin service is “bundled” with black bin service) will help to mitigate the financial impact to customers. The recycLA contracts were developed as a three-bin collection system. RSPs are required to *offer* and *provide* upon agreement source-separated organic services to all commercial and multi-family customers. In December 2022 the City approved the SB 1383 mandatory

enforcement ordinance that requires all customers to participate in organics recycling, with enforcement beginning in 2024. However, SB 1383 requires that all customers are provided organic service without the requirement to opt in. Under a revised black, blue and green bin service, LASAN would require this “bundled” service be provided at a maximum rate that is less than simply adding it to the existing current base maximum rate structure. The current recycLA contracts do not allow the RSPs to require organic service by bundling the cost into the base rate. In order to incorporate organic service into the base rate as a required bundled service, the recycLA contracts would need to be amended.

Recycling not Provided (RNP): The cost associated with collecting and processing blue bins were factored into the negotiated maximum rates. The contracts established a 50 percent minimum “low bar” threshold for the ratio of blue bins to black bins, by volume of collection, to ensure sufficient service is provided to meet the diversion goals. The RSP rolled blue bins at a rate just above the minimum 50 percent. Some RSPs have stated they met the goal of 50 percent, when in fact they only just met the minimum threshold.

Overweight Bin Fees: The application of overweight fees in the contract language is optional. The recycLA contracts do not specify a weight per bin that constitutes an overweight bin. Most recycLA vehicles do not have scales on them and the ones that do are not certified by a Weighmaster. As there are not typically scales on collection vehicles, the RSPs use an unofficial determination by the collection staff to determine if a bin is overweight and unsafe to move. Due to lack of parameters in the recycLA contracts the application of overweight fees are not uniform across RSPs.

Overfilled Bin Fees: The application of the extra service fees related to overfilled bins has been a concern of some customers. The contracts specify how high past the top of the bin material can be. However, staff has found that in some cases it may simply be some cardboard boxes that were not broken down, while the majority of the waste is well below the top of the bin.

Bins on Street: The recycLA contract needs to have a standard on how long bins can be left out on the public right of way. The recycLA contracts do not have any limits on how long a bin can be left on the street after they have been scouted. The RSPs often leave a bin on the street for an extended period of time creating dangerous conditions for drivers and pedestrians. This also creates health and safety concerns for customers due to no bins on site and bins being left away from trash chutes. This has been a significant concern for many customers.

Liquidated Damages: The agreed restitution for under-performance of the recycLA contract is Liquidated Damages. Liquidated Damages, in one particular instance, is assessed for failure to achieve diversion rates - per the recycLA contract, such as the goal of removal of one million ton of waste from the landfill stream by 2025. The City issued liquidated damages letters for five of the six recycLA service providers for failing to achieve the 2022 diversion targets as set in the contracts. The total assessment is approximately \$12.5 million to date. Five RSPs have challenged the liquidated damages assessment letters issued.

There are other contract terms that should be updated based on the knowledge gained to date, including, but not limited to, uniformity in proof of provision of service requirements, such as standardizing photo and video proof of IT system failure, or failing to maintain and provide accurate data.

Attachment 2.

Feasibility Of The Bureau of Sanitation Directly Providing Service To One, Multiple, Or All Zones Currently Served By RSPs (CF 19-0170-S1)

Motion: On April 18, 2023 , pursuant to Motion (Krekorian - Yaroslavsky - Blumenfield), the City Council approved the Energy and Environment Committee Report (CF 19-0170-S1) and instructed the Bureau of Sanitation (BOS / LASAN) to report back on the feasibility of LASAN directly providing service to one, multiple, or all zones currently served by recycLA Service Providers (RSPs) in order to ensure that waste diversion, recycling, and organic collection objectives are met. Council instructed that the report should include potential cost, staffing, facility, and equipment estimates.

Summary

The City collects refuse, organic material (yard trimmings and food scraps), and recyclables throughout the City from single-family dwellings and smaller multi-family dwellings (typically from buildings of four or fewer units) where containers are placed at the curb. Commercial businesses and multi-family dwellings (not serviced by the Bureau of Sanitation) are currently provided service through franchise waste haulers. The City Council directed Sanitation to evaluate the feasibility of expanding solid waste service to some or all of the commercial businesses and/or multi-family dwellings in the City, to ensure waste diversion, recycling, and organics collection objectives are met in the City.

In accordance with Council instructions, the Bureau of Sanitation analyzed the recycLA zones and divided our review into two major elements: 1) Whether or not LASAN possesses the technical capability and knowledge to provide services and ensure waste diversion goals are met; and 2) The preliminary estimated costs, and staffing, equipment, and infrastructure requirements.

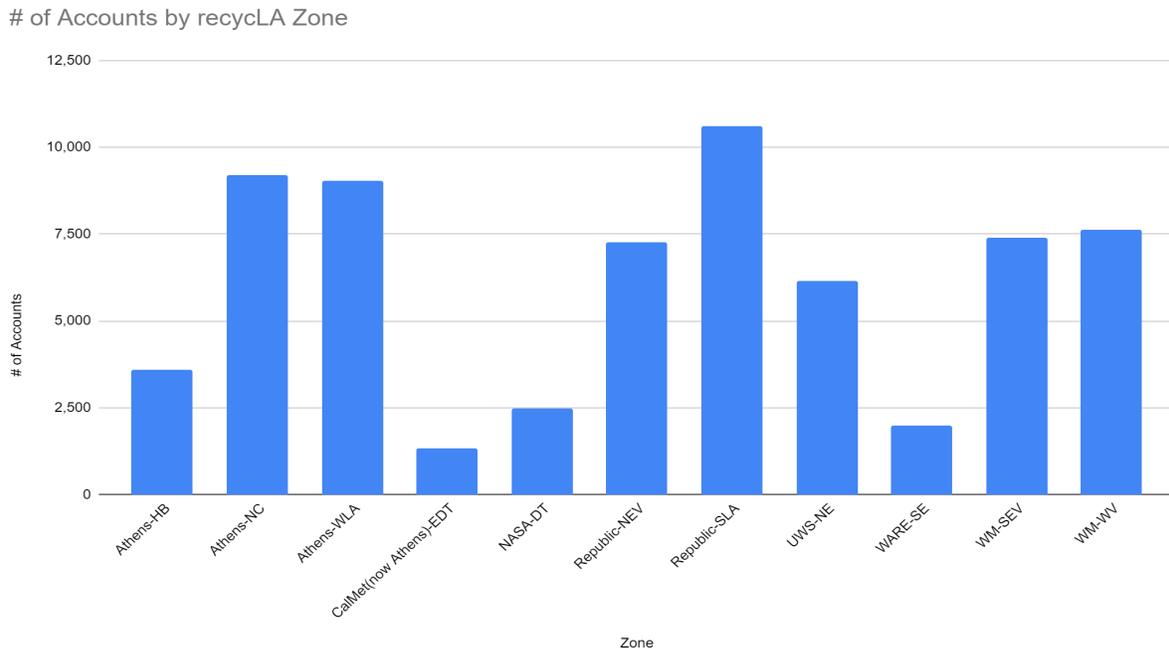
LASAN staff have concluded that they have the technical knowledge and expertise to service one, multiple, or all recycLA zones and achieve higher waste diversion from the zones.

Below is an overview of the analysis conducted by LASAN staff .

Current solid waste services provided by recycLA haulers :

There are currently 11 recycLA zones serviced by six RSPs, totaling approximately 66,657 accounts. The table below summarizes the total number of commercial accounts serviced per zone.

Graph 1: recycLA Zones and No. of Accounts by Zone



LASAN’s Technical Capability and Knowledge To Provide Collection Services

The Bureau of Sanitation provides a plethora of solid waste collection services to all single-family dwellings in the City and those multi-family dwellings that consist of buildings with four or fewer units. The services range from refuse, recycling, and organic composting to unlimited bulky items collection, brush clearance pick-up, and dead animal collection. LASAN hosts a 24/ 7 customer care center that also serves as the City 24/7 non-emergency line during wet weather events. LASAN staff also provide distinctive services to City facilities such as LAFD and LAPD, as well as commercial services to LAX, Griffith Observatory and El Pueblo . In 2007, the City implemented a Multi-Family Bulky Item Collection Program to provide bulky item collection to multi-family dwellings, which do not receive City-provided solid waste collection services.

Sanitation staff already operate multiple configurations of vehicles, ranging from the advanced automated side loaders to front loaders, roll-off trucks, and rear loaders. LASAN’s staff possesses expertise in the collection of dumpsters, compactors, and roll-off bins. As a result, they have the technical knowledge and expertise to provide service to one, multiple, or all zones currently served by RSPs.

Waste diversion, recycling, and organic cost collection

LASAN staff analyzed the recyclA zones for the number of accounts serviced, tonnage collected in black bins, tonnage recycled in blue bins, and tonnage processed and composted in green bins. Furthermore, LASAN staff analyzed the waste composition of material collected by the RSPs, and have calculated the total cost needed to dispose, recycle, and compost the material collected from all eleven recyclA zones. Sanitation staff also calculated the amount of organics that can be diverted from the black bin into the green bin, and computed the tonnage diversion cost into the tip fee budget.

Organics diversion: LASAN staff believe that we can divert an additional 1,100 tons per day of organic material from landfills and into the City's organic composting program. Existing LASAN contracts, along with a potential new contract, will allow LASAN to absorb and process the additional tonnage starting in 2027.

Blue Bin Recycling: While there is an opportunity to increase the diversion of Blue Bin recycling tonnage from the Black bin, LASAN staff has not accounted for that tonnage increase in this preliminary analysis. Increase in Blue Bin diversion will most likely result in increased tip fee costs, as the processing of recyclable materials from multi-family units is often more expensive than sending it to the landfill. While Blue Bin material from some commercial business accounts may generate some revenue, the value is unclear at this time and was not included in this analysis.

Finally, it is important to note that the City has limited recycling infrastructure options and its existing contracts will not accommodate an increase of Blue Bin material without the City acquiring an existing material recovery facility, or constructing a new one.

Infrastructure Requirements - Need For the City To Own a Material Recovery Facility

LASAN is responsible for the collection of over 200,000 tons per year of recyclable material. Traditionally, recyclable material generated \$4-\$6 million of revenue annually and helped the City save landfill space. The Los Angeles recycling markets have relied heavily on Chinese recyclers for over twenty years. This relationship has changed over the last six years with many environmentally-driven policies that the Chinese government has implemented, forcing the closure of several local material recovery facilities (MRF), in turn forcing the City to rely on two MRFs. Today, with China's ban on post-consumer mixed recyclable materials, the cost to the City of recycling is over \$12,000,000 annually, with many hard-to-recycle plastics or contaminated recyclables being landfilled.

LASAN is hereby requesting Council support for LASAN to own and operate a MRF. The City is committed to continuing recycling and to achieving the City’s Zero Waste goals regardless of the fluctuation of the recycling markets. It is, therefore, strongly recommended that LASAN, along with the Board of Public Works Commissioners, the CAO, and the CLA examine the ability of the City to own and operate a MRF to process some or all of the City’s blue-bin materials. This option will provide the City with the control and flexibility needed to maneuver changing and challenging recycling markets.

Table 1 lists the breakdown of tip fees estimate for refuse, recycling, and organics service by zone:

Table 1: recyclA Zones & Estimated Tip Fees	
recyclA Zone	Estimated LASAN Tip Fees cost
Athens-HB	\$4,465,351
Athens-NC	\$19,917,500
Athens-WLA	\$18,732,831
CalMet(now Athens)-EDT	\$2,649,149
NASA-DT	\$8,351,276
Republic-NEV	\$15,070,592
Republic-SLA	\$14,845,075
UWS-NE	\$11,172,681
WARE-SE	\$3,526,263
WM-SEV	\$9,163,817
WM-WV	\$16,539,140
Totals	\$124,433,673

Preliminary Estimates of Potential Costs and Staffing, Facility, and Equipment Requirements.

As Council instructed, LASAN has evaluated the number of trucks currently utilized by the recyclA providers, the cost to purchase electric vehicles in lieu of CNG trucks, the availability of electric vehicles, and the number of collection yards and maintenance facilities needed to service the collection zones and maintain the trucks. Additionally, Sanitation staff took into account the warehouse space needed to store parts for trucks and collection bins, and calculated the number of additional drivers and mechanics needed to service the franchise zones.

Estimated Costs for Electrical Fleet Conversion, Additional Drivers and Additional Maintenance Staff

The RSPs currently report that they deploy 551 Compressed Natural gas vehicles, 74 gas and unleaded vehicles and two flex fuel vehicles, for a total of 627 vehicles. Except for one test vehicle, none of the RSPs’ deployed fleet is electric. Table 2 below lists the vehicles currently deployed by the RSPs and the cost to LASAN of replacing them with electric vehicles. The list includes: front loaders, rear loaders, roll-off trucks, stake bed trucks, bin/dumpster trucks, and pickup trucks. The table includes the projected number of drivers and helpers as well as GSD maintenance staff needed to support, maintain, and repair the vehicles.

recyclA Zone	Total Number of vehicles reported	Electric Vehicles Cost	Drivers, Helpers & Supv needed	Drivers & helpers Cost	Maintenance staff needed	Maintenance Cost
Athens	281	\$193,611,458	324	\$25,911,680	31	\$3,462,812
CalMet (now Athens)-EDT	21	\$14,049,442	16	\$1,248,000	2	\$258,706
NASA-DT	46	\$33,049,695	50	\$3,968,640	5	\$568,660
Republic	152	\$121,584,704	181	\$14,456,000	17	\$1,872,539
UWS-NE	72	\$46,144,891	79	\$6,335,680	8	\$888,072
WARE-SE	24	\$16,632,852	21	\$1,718,080	3	\$289,751
WM	191	\$129,865,475	220	\$17,638,400	21	\$2,351,963
Total vehicle & cost*	787	\$554,938,518				
Total Operations and Maintenance Staff and Costs			891	\$87,780,000	87	\$9,692,503

Preliminary Collection Yards Analysis and Site Needs

To provide Council flexibility with selections and options, LASAN staff have estimated the facilities cost per zone. The estimated total cost includes land acquisition and the hard and soft/consultant costs associated with the construction of office/lunch/hygiene buildings, fleet maintenance buildings, container warehouses, electric vehicle (EV) charging stations, sitework, grading and drainage, low impact development (LID) requirements, ground parking/hardscaping, parking striping and signage, concrete wheel stops, electrical/mechanical upgrades, light poles, solar power/equipment, security shacks, and generators. The table below summarizes the collection yard cost and required land area per zone.

Table 3: Estimated Land Space Requirements and Estimated Acquisition & Development Costs per Existing recycLA Zone		
recycLA Zone	Estimated Land Area Needed (Acres)	Estimated Collection Yard- Exact Cost (TBD with GSD & BOE)
Athens-HB	3.0	\$78,969,555
Athens-NC	8.5	\$205,187,507
Athens-WLA	8.5	\$205,187,507
CalMet(now Athens)-EDT & Ware SE	4.7	\$122,836,031
NASA-DT	3.0	\$78,969,555
Republic-NEV	8.5	\$270,859,296
Republic-SLA	8.5	\$270,859,296
UWS-NE	8.5	\$205,187,507
WM-SEV	8.5	\$205,187,507
WM-WV	8.5	\$205,187,507
Estimated Totals	70.2	\$1,848,431,268

While the total cost to acquire the land and construct facilities to operate all recycLA zones is estimated at \$1,848,431,268, the cost can be reduced by combining zones, leasing properties, or utilizing facilities through public-private partnerships. Additional analysis can be conducted upon further guidance from Council.

FISCAL IMPACT STATEMENT

LASAN will conduct a detailed fiscal analysis, provide projected revenue, costs, and potential economic impacts, depending on the options selected by the City Council.

CONCLUSION

LASAN has the expertise and the knowledge to directly provide service to one, multiple, or all zones currently served by RSPs. LASAN staff stands ready to implement whichever option(s) the Council chooses.