

0150-12216-0000

**TRANSMITTAL**

TO  
The Council

DATE  
11/21/2022

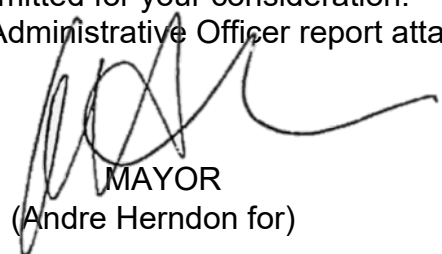
COUNCIL FILE NO.

FROM  
The Mayor

COUNCIL DISTRICT  
All

Proposed Personal Service Agreements with Arakelian Enterprises, Inc. DBA Athens Services, Recology Blossom Valley Organics – South, and Waste Management Recycling and Disposal Services of California, Inc. DBA Waste Management for the Curbside Organics Collection Program

Transmitted for your consideration.  
See the City Administrative Officer report attached.

  
MAYOR  
(Andre Herndon for)

RHL:CEA:10230046

**Report From**  
**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**  
**Analysis of Proposed Contract**  
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 11-18-22	C.D. No. All	CAO File No.: 0150-12216-0000
Contracting Department/Bureau: Public Works: Bureau of Sanitation		Contact: Nancy Lankin (213) 485-2158	
Reference: Transmittal from the Board of Public Works dated October 28, 2022; referred by the Mayor for report			
Purpose of Contract: Receipt, transfer, processing and beneficial reuse of organic waste.			
Type of Contract: (X) New contracts ( ) Amendment, Contract No.		Contract Term Dates: Athens – Five years with two five-year renewal and an option to extend the agreement on a month-to-month basis for six months for a possible term of 15.5 years Recology – Five years with two five-year renewal and an option to extend the agreement on a month-to-month basis for six months for a possible term of 15.5 years. Waste Management – Five years with two five-year renewal and an option to extend the agreement on a month-to-month basis for six months for a possible term of 15.5 years.	
Athens Contract/Amendment Amount: \$687,031,879 (estimated cost for 15-year term) Proposed amount \$687,031,879 + Prior award(s) \$ = Total \$687,031,879			
Recology Contract/Amendment Amount: \$251,793,974 (estimated cost for 15-year term) Proposed amount \$251,793,974 + Prior award(s) \$ = Total \$251,793,974			
Waste Management Contract/Amendment Amount: \$734,995,195 (estimated cost for 15-year term) Proposed amount \$734,995,195 + Prior award(s) \$ = Total \$734,995,195			
Source of funds: Solid Waste Resources Revenue Fund and Integrated Solid Waste Management Fund			
Name and Address of Contractors: Arakelian Enterprises, Inc. dba Athens Services - 14048 Valley Blvd., City of Industry, CA 91746 Recology Blossom Valley Organics – South - 6061 N. Wheeler Ridge Rd, Lamont, CA 93241 Waste Management Recycling and Disposal Services of California, Inc. dba Waste Management - 9081 Tujunga Ave, Sun Valley, CA 91352			
	Yes	No	N/A
1. Council has approved the purpose	X		
2. Appropriated funds are available	X		
3. Charter Section 1022 findings completed	X		
4. Proposals have been requested	X		
5. Risk Management review completed	X		
6. Standard Provisions for City Contracts included	X		
7. Workforce that resides in the City: A 25% R 0% WM 42%			
8. Business Inclusion Program	X		
9. Equal Benefits & First Source Hiring Ordinances	X		
10. Contractor Responsibility Ordinance	X		
11. Disclosure Ordinances	X		
12. Bidder Certification CEC Form 50	X		
13. Prohibited Contributors (Bidders) CEC Form 55	X		
14. California Iran Contracting Act of 2010	X		

**RECOMMENDATION**

That the Council authorize the Board of Public Works or two members of the Board, on behalf of the Bureau of Sanitation, to execute a personal services agreement for Arakelian Enterprises, Inc. DBA Athens Services, Recology Blossom Valley Organics - South, and Waste Management Recycling and Disposal Services of California, Inc. DBA Waste Management for five-year terms with options to extend for two additional five-year terms and options to extend the agreements for six months on a month-to-month basis, subject to the approval of the City Attorney and compliance with the City's contracting requirements.

CEA	Analyst	10230046
City Administrative Officer		

## SUMMARY

The Board of Public Works (Board), on behalf of the Bureau of Sanitation (Bureau), requests approval to execute a personal services agreement with Arakelian Enterprises, Inc. DBA Athens Services (Athens), Recology Blossom Valley Organics – South (Recology), and Waste Management Recycling and Disposal Services of California, Inc. DBA Waste Management (Waste Management), collectively the Contractors, for the Curbside Organics Collection Program. The City collects approximately 1,762 tons per day of green waste and horse manure. Approximately 81 percent of the collected green waste and manure is process by contracted facilities and the remainder is processed by City facilities. In September 2016, Senate Bill 1383 Short Lived Climate Pollutant (SB 1383) was signed into law requiring the reduction of organic waste by 75 percent by 2025. SB 1383 mandates the collection of organic waste, including, but not limited to, green material, food material, food-soiled paper products, wood material, horse manure and bio solids from all generators through the State. The City facilities have limited contracted capacity for processing organic waste, including food waste. The Bureau anticipates the City will need to collect 3,000 tons per day as a result of AB1383. The collection of organics materials is a non-discretionary activity for the Bureau and the execution of these agreements is necessary to meet the City's adopted Zero Waste policy. The Mayor and Council have set goals for the City to achieve 90 percent diversion of material from landfills by 2025, 95 percent by 2035, and 100 percent by 2050. The City is implementing a number of programs to ensure the City is able to reach this goal, including recycling, single-use products phase-out, organics diversion and composting. The Bureau launched food waste collection programs, including commercial and residential food waste prevention, and a food waste collection pilot.

The Contractors were selected as a result of a Request for Proposals (RFP) in 2021 to expand the curbside collection program. The Bureau received eight proposals for the receipt, transport, processing and beneficial reuse of organic waste from the City of Los Angeles as indicated in the RFP. An evaluation panel of five Solid Resources staff evaluated the eight proposals based on the criteria established in the RFP. Three companies, Enviro-Pac, Storm Fisher and True North proposed technologies that would convert the residual municipal solid waste to energy and other by-products that could be beneficial if markets were available. These technologies could help the City to reach 95 percent diversion from landfills by 2035, however, the proposers do not have existing facilities that could receive and process the material by the start of the citywide implementation of the curbside organics collection program. The Bureau requested authority from the Board to utilize consultant assistance in evaluating Enviro-Pac's proposed technologies and site. The Board authorized the Bureau to utilize consultant support to negotiate with Enviro-Pac for the development of new Anaerobic Digestion facilities to process organic waste to energy and other beneficial byproducts. Anaergia Services, LLC (Anaergia) proposed the development of an organics processing facility at the City of Los Angeles Recycling and Transfer Station (CLARTS) to pre-process organic waste for subsequent transfer and processing at the Anaergia's Rialto Bioenergy Facility or alternatively, at the City's Hyperion Water Reclamation Plant and Terminal Island. The Board has authorized the Bureau to continue discussions with Anaergia for an organics processing facility at CLARTS.

Waste Management ranked first in the RFP process. Waste Management identified the Bradley East Transfer Station/Sun Valley Recycling Park and Waste Transfer Recycling transfer station for the pre-processing, transload and/or transfer of organic waste and the composting of materials at up to six facilities. The Bureau will deliver a minimum of 300 tons per day of material through Waste Management

facilities. The proposal from Waste Management was found to satisfy the needs of the City and the committee recommends awarding a contract to Waste Management.

Recology ranked second in the RFP process. Recology has identified the Blossom Valley Organics – South (RBVOS) facility to compost organic waste delivered to the facility. The Bureau will deliver materials via CLARTS as well and transload and transfer options provided by Athens. The Bureau will deliver up to 1,500 tons per day of material to Recology. The proposal from Recology was found to satisfy the needs of the City and the committee recommends awarding a contract to Recology.

Athens ranked third in the RFP process. Athens has identified the Crown Recycling Services Material Facility, as well as three transfer stations, for pre-processing, transload and transfer of organic waste and the composting material at RBVOS and American Organics. The Bureau will deliver up to 1,500 tons per day of material to Athens. The proposal from Athens was found to satisfy the needs of the City and the committee recommends awarding a contract to Athens.

The Contractors will be paid a monthly service fee which is calculated by multiplying the tonnage delivered to the Contractor's disposal or transfer facilities according to the tip fee schedule in Section 11.2 of the respective agreements. For Waste Management and Recology, the tip fees will increase according to the Consumer Price Index for Water Sewer (CPI-WST) inflation factor. The CPI-WST will be capped at six percent in any year that the CPI-WST inflation factor exceeds six percent. For Athens, the tip fees will increase based on a weighted price index using the Employment Cost Index for Total Compensation by Occupational group and Industry for Private Industry Worker, Service Producing Industries, Trade, Transportation and Utilities, the Producer Price Index for Solid Waste Collection and the Producer Price Index for Transportation Industries. The weighted cost index inflation factor will be capped at six percent in any year the weighted cost index inflation factor exceeds six percent. In addition, a transportation fuel charge will be added to the tip fee schedules to account for fluctuations in the diesel fuel price and will be calculated against a baseline fuel price of \$4.00 per gallon.

The Bureau estimates the cost for the first five year contracts for Athens is \$147,414,572 and \$687,031,879 over the potential 15 year term. The cost for the first five year contracts for Recology is \$54,026,752 and \$251,793,974 over the potential 15 year term. The cost for the first five year contracts for Waste Management is \$157,705,931 and \$734,995,195 over the potential 15 year term. The total potential cost for the services proposed to be contracted is \$1,673,821,048. Funding is provided by the Solid Waste Resources Revenue Fund and the Integrated Solid Waste Management Fund.

In accordance with Charter Section 1022, the Personnel Department determined there are City classifications that can perform the work being proposed for contracting. This Office determined that it is more feasible to contract for these services. In accordance with the Los Angeles Administrative Code Section 10.5(a), the proposed agreement requires Council approval as the term of the agreement will exceed three years.

## **FISCAL IMPACT STATEMENT**

There is no direct General Fund impact for these agreements. Funding is provided by the Solid Waste Resources Revenue Fund and the Integrated Solid Waste Management Fund. The Solid Waste Resources Revenue Fund is not considered a full cost recovery fund as the services provided by this

fund are subsidized by the General Fund. Funding beyond the current year will be appropriated through the City's budget process. The agreements contain a Financial Liability Cause which limits the City's annual financial obligation to the amount approved in the corresponding year's budget.

## **FINANCIAL POLICIES STATEMENT**

The recommendation in this report complies with the City's Financial Policies in that expenditures of special funds are limited to the mandates of the funding sources.

*MWS:CEA:10230046*

Attachments