

**TRANSMITTAL**

To: **THE COUNCIL**

Date: **DEC 11 2006**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

*Marcus Allen*  
ANTONIO R. VILLARAIGOSA  
Mayor *for*

CITY OF LOS ANGELES  
CALIFORNIA

BOARD OF PUBLIC WORKS  
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ANTONIO R. VILLARAIGOSA  
MAYOR

November 17, 2006

OFFICE OF THE  
BOARD OF PUBLIC WORKS  
200 N. Spring St., Rm. 355, City Hall  
LOS ANGELES, CA 90012

JAMES A. GIBSON  
EXECUTIVE OFFICER

GENERAL INFORMATION  
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#2 SAN/CON AD  
(of 11/13/06)

Mayor Antonio R. Villaraigosa  
Room 303, CH

Attn: June Lagmay

Subject: RENEWAL OPTION #1 TO PERSONAL SERVICES CONTRACT C-102987 WITH  
REHRIG PACIFIC COMPANY FOR AUTOMATED RECYCLING CONTAINERS AND  
ANCILLARY SERVICES

As recommended in the accompanying report of the Directors of the Bureaus of Sanitation and Contract Administration, which this Board has adopted, the Board of Public Works requests approval and authorization to execute renewal option #1 of Contract No. C-102987 with Rehrig Pacific Company to provide automated recycling containers and ancillary services.

**Fiscal Impact:**

In past years, container purchases have been funded by Sanitation Equipment Charge (SEC) revenue bonds. However, \$20,000,000.00 has been appropriated in the Solid Waste Resources Revenue Fund (Schedule 2) to purchase containers in FY 2006-07. Expenditures in future years could be made from either bond issuances or from appropriations; however, a decision to use bond proceeds or appropriations has not been made.

Respectfully yours,

James A. Gibson  
Executive Officer  
Board of Public Works

JAG:cg

ADOPTED BY THE BOARD OF  
PUBLIC WORKS OF THE CITY  
of Los Angeles, California  
AND REFERRED TO THE MAYOR  
NOV 17 2006

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 2  
NOVEMBER 13, 2006

  
Secretary

**\* REVISED REPORT**  
(11/17/06)

CD: ALL

RENEWAL OPTION #1 TO PERSONAL SERVICES CONTRACT C-102987 WITH  
REHRIG PACIFIC COMPANY FOR AUTOMATED RECYCLING CONTAINERS AND  
ANCILLARY SERVICES

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RECOMMENDATIONS

1. Approve the execution of the renewal option #1 of Personal Services Contract C-102987 with Rehrig Pacific Company. The contract term will be from December 1, 2006 and ending November 30, 2011 for the supply of refuse and recycling containers and ancillary services.
2. Approve changes in contract C-102987 on Articles 4, 7, 10, 11, 18, 43 and 48 in the renewal contract between the City and Rehrig Pacific Company.
3. Forward to the Mayor for approval and execution of renewal option #1 of contract (C-102987) for personal services with Rehrig Pacific Company.
4. Return to the Board of Public Works for final execution.

TRANSMITTALS

1. Copy of Joint Board Report No. 1, adopted March 18, 2002 to execute the contract with Rehrig Pacific Company for the supply of automated refuse, recycling and yard trimming containers and provide ancillary services.
2. Report to the Environmental Quality and Waste Management Council Committee dated March 10, 2005.
3. Copy of City's notification letter to Rehrig Pacific Company dated December 6, 2005 signifying intent to renew contract for another five years.
4. Proposed renewal option #1 contract C-102987 for personal services with Rehrig Pacific Company.

DISCUSSION

**Background**

**Automated Container Replacement Program (ACSRP)**

The Automated Container Systematic Replacement Program (ACSRP) was launched on July 15, 2002 to replace containers approaching the end of their ten-year life cycle. The program began at an average rate of 250 homes per day (hpd) and was ramped-up to 500 hpd in July 2003. As of August 30, 2006 the East Valley, North Central and West Valley Collection District rollout were 100% complete and South Los Angeles rollout just started. The following is the citywide rollout schedule:

**Phase I (Replace Black and Green Containers)**

- o East Valley - from July 2002 - March 2004 (**Completed**)
- o North Central - from March 2004 - June 2005 (**Completed**)
- o West Valley - from June 2005 - July 2006 (**Completed**)
- o South Los Angeles - from August 2006 - November 2007 (**On-going**)
- o Harbor - from November 2007 - February 2008
- o Western - from March 2008 - February 2009

**Phase II (Replace Blue Containers)**

- o West Valley - from March 2009 - December 2009
- o North Central - from January 2010 - January 2011
- o East Valley - from February 2011 - August 2011
- o Western - from September 2011 - March 2012
- o Harbor - from April 2012 - May 2012
- o South Los Angeles - from June 2012 - November 2012

As of August 30, 2006, 756,642 units of black and green containers have been distributed to 418,906 residences in East Valley, North Central and West Valley Districts. As of July 2006, the City has received \$250,756.07 in credit from the recycling of old containers. The funds are utilized towards the purchase of new containers from Rehrig.

**Renewal Option #1 Contract (C-102987) Changes**

**Article 4 - Responsibilities of Tasks to be Performed by CONTRACTOR**

The Bureau started collection of the Harbor Department recycling streams in April 2005 using 4 cubic yard bins and 40 cubic yard roll-offs and is in the draft stage of an MOU for the collection of refuse at Harbor and Griffith Observatory. Existing contract language (C-102987) does not allow for the supply of containers other than automated 30, 60 and 90 gallon plastic bins or containerization

Page 3

accessories needed in the collection of solid waste citywide. The Bureau finds it necessary to include other containers (dumpsters, roll-offs, etc.) and containerization accessories (compactors, stickers, etc.) for the collection of solid waste citywide.

**Article 7 - Term of Agreement and Time of Effectiveness**

On May 7, 2002, the Los Angeles City Council approved a contract with Rehrig Pacific Company for a term of five years, with two five-year renewal options for the purchase of automated refuse and recycling containers and related services. The Council directed the Bureau to provide the Council a status report in the third year of the contract, prior to exercising the first five-year renewal option, with an analysis of the contract (Miscikowski/Reyes Verbal Motion - Item No. 30, CF 02-0693).

In compliance with the above Council motion, the Bureau presented the report (Transmittal No. 2) to the Environmental Quality and Waste Management Committee on April 13, 2005, which concluded the following:

- a. Rehrig cart pricing to the City of Los Angeles, overall is the lowest in the market.
- b. Standardization of design with refuse, yard trimming and recycling bins allows the best compatibility possible with the City's existing automated truck collection fleet.
- c. Rehrig has worked closely with the Bureau to reduce ancillary services costs and pass the savings to the City of Los Angeles without adversely affecting the program.
- d. Despite the continued rise in costs (resin, steel, energy) associated with the manufacturing of containers, Rehrig has managed to minimize the average annual price increase to 3% in 2003 and 2004 (whereas the contract allows a maximum 4% annual price increase) despite an average annual resin price increases of more than 10% over the same period.
- e. Rehrig has demonstrated with its newly designed fully automated 90-gallon container mold, its commitment to further enhance container-truck compatibility which would result in significant reduction in damage to containers and ultimately reduce the aggravation to City residents having to call for container repair or replacement.
- f. Rehrig has demonstrated a high degree of reliability in meeting the City's container demand, having successfully delivered in a timely manner the containers needed for both the existing Ad Hoc and Systematic Container Replacement operations.

Per contract (Article 7.3) and under authority from the Board (Transmittal #3), the Bureau in a letter dated December 5, 2005, notified Rehrig Pacific Company in writing of the City's intention to exercise the first five-year renewal option. The Bureau consequently commenced negotiations for the renewal contract thus resulting with the renewal option #1 contract (Transmittal #4) effective 12/1/06 thru 11/30/11.

**Article 10 - Compensation, Invoicing and Payment**

Article 10 of the original contract agreement between the City and Rehrig Pacific Company delineates cost ceilings for ancillary services required in the scope of services of Article 4. The changes contained in this article are necessary to continue with the Bureau's program for the next contract term. Overall, there is an average reduction of 11% in ancillary costs for the next term as reflected in the table below:

**Ancillary Services**

	Costs for CCIS CCIS	Storage/Staging Facility #1		Storage/ Staging Facility 2	Buyback Recycling Plan (Revenue)	Lifter Arm Retrofit Plan	Other Ancillary Services & Equipment	Other Containers	TOTAL
		One-Time	One-Time	Annual	Annual	Annual	One-Time	One-Time	
Original	\$957,840	\$679,990	\$1,904,497	\$200,000	\$0.05	\$600,000	\$200,000	\$0	\$4,542,327
Renewal #1	\$540,000	\$382,000	\$1,954,497	TBN	\$0.05	\$600,000	\$300,000	\$250,000	\$4,026,497
Difference	\$417,840	\$297,990	(\$50,000.00)	NA	\$0.00	\$0.00	(\$100,000.0)	(\$250,000)	\$515,830
% Change	44%	44%	-3%	NA	0%	0%	-50%	NA	11%

TBN = To be negotiated. Bureau reserves the right to activate this facility as needed.

**Article 11 - Container General Requirements**

The Bureau in partnership with the Standards Division of the General Services Department worked on producing the Blue Book of Standard Specifications for Collection Containers. This contains specifications for the acceptance and testing of automated Solid Resources containers for the City.

**Article 18 - Cash Reserve for Warranty Claims**

The City's Risk Manager recommends increasing the cash reserve from \$600,000.00 to \$1,000,000.00 in light of the increasing number of containers deployed citywide. Since the start of the contract, the City has deployed over 700,000 containers citywide.

**Article 43 - Discount Terms**

Rehrig Pacific Company has agreed to offer a 2% discount for early payment for the goods and services to be provided herein which meet the discount terms.

**Article 48 - Price Adjustment**

Article 48 of the contract agreement between the City and Rehrig allows for an annual price adjustment not to exceed  $\pm 4\%$ . Citing the unprecedented increase in resin prices, Rehrig Pacific Company and BOS have agreed to an annual contract price adjustment based on annual average consumer price index (CPI-U) but not to exceed 6% effective at the beginning of the first contract renewal option #1 (Transmittal #3) under Section 48.1. To address unpredictable market changes in the future, Rehrig Pacific Company is requesting the addition of language to deal with such scenario. The BOS and Rehrig agreed on language in Sections 48.2 and 48.3 to address unpredictable changes in the market, which affects the current contract prices for containers and ancillary services, over and above what is covered in Section 48.1. The BOS will review the justifications and determine the applicable price adjustment, if any. The Director of the Bureau of Sanitation will be the final authority on any price adjustment due to unpredictable market change covered under Section's 48.2 and 48.3.

**Term of Contract Renewal**

The Bureau recommends that the Board approve the above changes to the original contract C-102987. The renewal contract will be effective December 1, 2006 through November 30, 2011.

**Total Authorized Expenditure Increase for FY 07-11**

The container replacement rollout and the Ad Hoc container maintenance operations are projected to replace an average of 378,000 containers annually for the next five years. The Bureau is requesting to increase the authorized expenditure amount to cover the full term of the renewal contract option #1 (from December 1, 2006 through November 30, 2011) to \$200,411,114 (which includes costs for containers + ancillary services + contingency).

**Table 4 - ANNUAL AUTHORIZED EXPENDITURES**  
**Container Replacement Program (Rollout + Ad Hoc)**

Year	Contract Year	Total & Projected Container Annual Demand (Units)	Total Annual Contract Ceiling
1	12/1/01 - 11/30/02	300,000	\$12,000,000
2	12/1/02 - 11/30/03	406,000	\$18,116,021
3	12/1/03 - 11/30/04	372,825	\$18,116,021
4	12/1/04 - 11/30/05	378,000	\$19,400,000
5	12/1/05 - 11/30/06	378,000	\$19,520,843
6	12/1/06 - 11/30/07	378,000	\$20,496,885
7	12/1/07 - 11/30/08	378,000	\$21,521,729
8	12/1/08 - 11/30/09	378,000	\$22,597,816
9	12/1/09 - 11/30/10	378,000	\$23,727,707
10	12/1/10 - 11/30/11	378,000	\$24,914,092
<b>Total</b>	<b>12/1/01 - 11/30/11</b>	<b>3,724,825 *</b>	<b>\$200,411,114 *</b>

Based on the above table, the total authorized expenditure amount over ten years shall be increased from the original amount of \$87,152,885 to \$200,411,114.\* The factors contributing to the increase include price adjustments due to the annual average CPI-U increase for containers and ancillary services. If in any year, actual expenditures are less than the authorized amount, then the difference will be carried over to the following year.

**MBE/WBE/OBE Subcontractor Outreach Program**

The City had established an MBE/WBE/OBE Subcontractor Outreach Program for this contract with anticipated MBE/WBE participation levels of 7 percent and 1 percent, respectively. This contract was approved on May 18, 2002 (Transmittal No. 1) with pledged participation of 7.0 percent MBE, 0.86 percent WBE and 17.69 percent OBE with the assurance that in succeeding years, every effort would be made to improve these percentages.

However, the Bureau is aware of the limited subcontracting opportunities in the manufacturing of the container. The container is made up of the body, lid, pins, wheel, and axle. The body, lid, and pins are manufactured by Rehrig. The wheel is supplied by the OBE subcontractor, Polyflex, and the axle supplied by the MBE



BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO.2  
 NOVEMBER 13, 2006

Page 7

subcontractor, West Coast Metal Finishing. Additional subcontracting opportunities have been created in the areas of security, maintenance, forklift rental, trucking, supplies, and janitorial services. Although only 8.7% of the production of the actual container can be subcontracted, these additional subcontracting opportunities have allowed a total of \$1,837,945 in subcontracting expense which represents 16.30% of the total expenditures.

In Amendment No. 1, Rehrig pledged 7.33 percent MBE, 2.36 percent WBE and 11.02 percent OBE. In Amendment No. 2, Rehrig pledged 6.85 percent MBE, 2.39 percent WBE, and 8.31 percent OBE. For Amendment No.3, Rehrig pledged 6.45 percent MBE, 2.43 percent WBE, and 9.05 percent OBE. In Amendment No. 4, Rehrig pledged 5.90 percent MBE, 2.26 percent WBE, and 8.65 percent OBE. As of July 2006, Rehrig achieved 5.85 percent MBE, 2.35 percent WBE, and 8.54 percent OBE.

With this renewal option #1 Rehrig's pledged participation will be 5.41 percent MBE, 2.13 percent WBE, and 8.19 percent OBE.

Gender/Ethnicity Codes:

AA = African American                      HA = Hispanic American  
 APA = Asian Pacific American            SAA = Subcontinent Asian American  
 NA = Native American                    C = Caucasian  
 M = Male                                      F = Female

MBE/WBE/OBE Participation Levels Achieved in Year-Five  
 up to July 30, 2006 and Totals Paid/Achieved

Listed Subcontractors	Gender Ethnicity	MBE/ WBE/ OBE	Pledged Amend No. 4	Paid Partial Year 5 (12/01/05- 7/30/06)	Achieved Year 5	Total Paid Yrs 1-5 partial (12/01/01- 7/30/06)	Total Achieved Yrs 1-5
Alameda Produce Market	M/HA	MBE	0.56%	\$0.00	0.00%	\$436,800.00	0.63%
Crime Impact Security	M/AA	MBE	1.06%	\$93,000.00	0.82%	\$743,563.00	1.07%
Metro Building Maintenance	M/APA	MBE	0.25%	\$20,800.00	0.18%	\$143,000.00	0.21%
Micro Trends International, Inc.	M/HA	MBE	0.31%	\$845.24	0.01%	\$184,717.40	0.27%
South Coast Metal Finishing dba West Coast Metal Finishing	M/HA	MBE	3.04%	\$379,219.40	3.36%	\$2,135,047.33	3.08%
Wycliff Trucking	M/HA	MBE	0.60%	\$0.00	0.00%	\$359,915.22	0.52%
Ramon Villegas Trucking *	M/HA	MBE	0.10%	\$37,457.87	0.33%	\$50,440.06	0.07%
Phoenix Engineering	F/HA	WBE	2.26%	\$240,000.00	2.13%	\$1,626,400.00	2.35%
Johnson Lift/Hyster		OBE	0.17%	\$17,768.00	0.16%	\$122,155.00	0.18%

BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO.2  
 NOVEMBER 13, 2006

Page 8

Mission Uniforms	OBE	0.02%	\$0.00	0.00%	\$8,757.00	0.01%
Polyflex Wheels	OBE	8.24%	\$1,011,401.16	8.97%	\$5,630,252.64	8.13%
Arturo Rodriguez	OBE	0.16%	\$37,454.26	0.33%	\$103,603.47	0.15%
Ramon Villegas Trucking*	OBE	0.05%	\$0.00	0.00%	\$53,159.51	0.08%
<b>Total MBE Participation</b>		<b>5.90%</b>	<b>\$531,322.51</b>	<b>4.71%</b>	<b>\$4,053,483.73</b>	<b>5.85%</b>
<b>Total WBE Participation</b>		<b>2.26%</b>	<b>\$240,000.00</b>	<b>2.13%</b>	<b>\$1,626,400.00</b>	<b>2.35%</b>
<b>Total OBE Participation</b>		<b>8.65%</b>	<b>\$1,066,623.42</b>	<b>9.46%</b>	<b>\$5,917,927.62</b>	<b>8.54%</b>
<b>Total Invoiced Year 5: 12/1/05 to 7/30/06</b>			<b>\$11,277,207.62</b>			
<b>Total Invoiced Years 1-5: 12/1/01 to 7/30/06</b>					<b>\$69,263,908.02</b>	

\*This company became a certified MBE as of September 4, 2005. MBE credit is given for amounts invoiced after the certification date.

Pledged participation including Renewal Option No. 1

Listed Subcontractors	Gender/ Ethnic	MBE/ WBE/ OBE	% of Contract	Contract Amount
Alameda Produce Market	M/HA	MBE	0.44%	\$436,800.00
Crime Impact Security	M/AA	MBE	0.97%	\$957,563.00
Metro Building Maintenance	M/APA	MBE	0.23%	\$223,510.00
Micro Trends International, Inc	M/HA	MBE	0.30%	\$298,341.74
South Coast Metal Finishing dba West Coast Metal Finishing	M/HA	MBE	2.89%	\$2,856,709.00
Wycliff Trucking	M/HA	MBE	0.47%	\$463,610.00
Ramon Villegas Trucking *	M/HA	MBE	0.12%	\$117,040.49
Phoenix Engineering	F/HA	WBE	2.13%	\$2,106,410.00
Johnson Lift/Hyster		OBE	0.16%	\$157,691.00
Missions Uniforms		OBE	0.01%	\$11,677.00
PolyFlex Wheels		OBE	7.79%	\$7,713,716.00
Arturo Rodriguez		OBE	0.17%	\$170,200.00
Ramon Villegas Trucking*		OBE	0.05%	\$53,159.51
<b>Total MBE Participation</b>			<b>5.41%</b>	<b>\$5,353,574.23</b>
<b>Total WBE Participation</b>			<b>2.13%</b>	<b>\$2,106,410.00</b>
<b>Total OBE Participation</b>			<b>8.19%</b>	<b>\$8,106,443.51</b>
<b>Total Contract</b>				<b>\$98,980,470.40</b>

\*This firm became a certified MBE as of September 2005; therefore, any invoiced or proposed amount after that date will be given MBE credit.

The Office of Contract Compliance has verified the subcontractors' certification status.

**Other City Requirements**

Rehrig complied (on-file) with the following documents:

1. Nondiscrimination/Equal Employment and Affirmative Action
2. Child Support Obligation Ordinance
3. Living Wage Ordinance and Equal Benefit Ordinance
4. Slavery Disclosure Ordinance
5. Business Tax Registration Certificate (BTRC)
6. Notification of Intent to Contract/Charter Section 126  
- submitted 9/21/00

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO.2  
NOVEMBER 13, 2006

Page 9

7. Charter Section 1022 - determination was approved on Mar 8, 2004
8. Insurance
9. Americans with Disabilities Act

**Early Payment Discount Per Council File No. 99-1128**

Rehrig agrees to offer the City any discount terms that are offered to its best customers for the goods and services to be provided herein, and apply such discount to payments made under this agreement, which meet the discount terms.

**Contractor Performance Evaluation**

In accordance with Article 13, Chapter 1, Division 10 of the City of Los Angeles Administrative Code, the appropriate City personnel responsible for the quality control of this personal services contract shall submit Contractor Performance Evaluation Reports to the Bureau of Contract Administration (Department of Public Works) upon completion of this contract.

**Contractor Responsibility Ordinance**

All contractors participating in this project are subject to compliance with the requirements specified in the City of Los Angeles' Contractor Responsibility Ordinance #173677, [Article 14, Chapter 1, Division 10, L.A.A.C.]. Failure to comply with all requirements specified in the Ordinance will render the bidder's contract subject to termination pursuant to the conditions expressed therein.

**STATEMENT AS TO FINANCING**


In past years, container purchases have been funded by Sanitation Equipment Charge (SEC) revenue bonds. However, \$20,000,000.00 has been appropriated in the Solid Waste Resources Revenue Fund (Schedule 2) to purchase containers in FY 2006-07. Expenditures in future years could be made from either bond issuances or from appropriations; however, a decision to use bond proceeds or appropriations has not been made.

( JZ AH RPT EZ WFB )

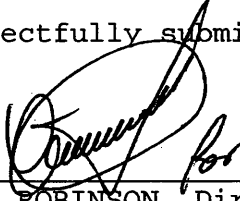
BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO.2  
NOVEMBER 13, 2006

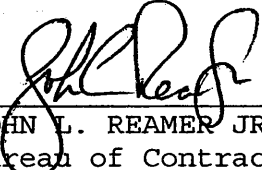
Page 10

COMPLIANCE REVIEW PERFORMED  
AND APPROVED BY:


  
\_\_\_\_\_  
HANNAH CHOI, Program Manager  
Office of Contract Compliance  
Bureau of Contract Administration

Respectfully submitted,

  
\_\_\_\_\_  
RITA ROBINSON, Director  
Bureau of Sanitation

  
\_\_\_\_\_  
JOHN L. REAMER JR., Director  
Bureau of Contract Administration

APPROVED AS TO STATEMENT OF FUNDS:

  
for \_\_\_\_\_  
CRAIG N. BLOOMQUIST, Director  
Office of Accounting

Date 11/6/06

Prepared by:  
Jonathan Zari, SRSSD  
(213) 485-3572

DEPARTMENT OF PUBLIC WORKS

ADOPTED BY THE BOARD OF  
PUBLIC WORKS OF THE CITY  
of Los Angeles, California

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
MARCH 11, 2002

AND REFERRED TO THE MAYOR  
MAR 18 2002

  
Secretary

CD: ALL

AUTHORITY TO EXECUTE CONTRACT WITH REHRIG PACIFIC COMPANY TO  
PROVIDE AUTOMATED CONTAINERS

RECOMMENDATIONS

1. Approve and forward this report with transmittals to the Mayor and City Council requesting approval of the contract with Rehrig Pacific Company to provide automated containers for both the City's service requests and the Automated Container Systematic Replacement Program (ACSRP) for a 5-year term with the provision to extend for an additional two (2) five year terms, for a potential total contract term of 15 years.
2. Upon Mayor and Council approval the President or two members of the Board of Public Works will execute this contract.
3. Return the executed contract to the Bureau of Sanitation for further processing (contact Board Report Section at 473-8038).
4. Direct the Bureau of Sanitation to report to the Board on the MBE/WBE/OBE participation levels achieved at the end of the first year of the contract and the new pledged MBE/WBE/OBE participation levels resulting from the negotiations as discussed in this report.

FISCAL IMPACT STATEMENT

Funding totaling \$12.0 million is available for this contract as approved in the FY 2001-2002 budget from Sanitation Equipment Charge (SEC) Revenue Bonds. The annual contract cost is estimated at \$12.0 million. Continued funding has been requested for the 2002-2003 budget. Funding for subsequent years will be provided through the City's annual budgetary process. There is no impact to the General Fund as a result of this contract.

Funds in the amount of \$12.0 million are available in Fund 45G, SEC RB2001A Acquisition Fund, Dept.50, Account S301.

TRANSMITTALS

1. Copy of Joint Board Report No. 1, dated November 7, 2001 award of contract to Rehrig Pacific Company the lowest responsive

TRANSMITTAL NO. 1

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
MARCH 11, 2002

Page 2

bidder for the RFB of Automated Container Systematic Replacement Program.

2. Copy of the proposed contract agreement between Rehrig Pacific Company and the City of Los Angeles.

## DISCUSSION

### **BACKGROUND**

Conversion from manual collected containers to automated collected refuse (black) and yard trimmings (green) containers started in 1991 and was completed in 1995. The distribution of the automated recycling (blue) container began in 1995 and was completed in 1998. Automated containers have a 10-year service life, which means that 300,000 of the approximately 2.1 million containers in the field reached the end of their service life in 2001. The aging process has manifested itself in the form of an escalating failure rate of these older containers. The Bureau plans to implement a systematic annual automated container replacement program starting April 2002 at a rate of approximately 210,000 containers per year encompassing BLACK and GREEN containers in the first phase of distribution and BLUE containers in a second phase beginning in 2007. The Bureau anticipates service requests for another 90,000 containers per year from the customer-request-based container services, for a total of 300,000 containers replaced annually. For the remainder of 2001-2002, we project to distribute less than 100,000 containers since we anticipate starting the ACSRP in April 2002. The proposed full Replacement Rollout will require approximately one thousand (1,000) new containers per day, which is the equivalent of 500 homes per day. One thousand new containers' being delivered, correspondingly means 1,000 old containers being retrieved from the homes.

In effect, the Replacement Program will become a permanent operation with a repeating 10-year cycle, coincident with the 10-year service life of the plastic automated containers. By actively and systematically replacing aged, or soon-to-be-broken containers, the Bureau anticipates significantly reducing service request calls and increasing the level of customer service.

### **PROCUREMENT PROCESS**

The Bureau of Sanitation embarked on a two-phase process to procure the best container manufacturer to supply replacement containers for our aging inventory of black, green and blue residential containers.

Aside from supplying the containers, the Bureau requirements included ancillary services such as Staging/Storage facilities, Computerized Container Identification System, Buyback/Recycling Plan, and Lifter Arm Retrofit Plan. Phase-One was the Request for Qualification (RFQ) process where interested contractors submitted proposals to demonstrate their qualifications. The intent of the RFQ was to establish a short list of pre-qualified contractors who would then be eligible to participate in Phase-Two. Phase-Two used the Request for Bid (RFB) process where only the pre-qualified contractors, as determined in Phase-One, were eligible to bid.

**Phase-One: Request for Qualifications (RFQ)**

Three contractors were pre-qualified to participate in the Request for Bid (RFB) Phase, namely; Rehrig Pacific Company, Schaefer Systems International, Inc. and Toter Inc. and underwent a rigorous evaluation process.

**Phase-Two: Request for Bid (RFB)**

Bids from Rehrig Pacific Company and Schaeffer Systems were received by the Board of Public Works on October 19, 2001. Toter Inc. did not submit a bid. Upon evaluation of the bids, Rehrig Pacific Company was determined the most responsive bidder and was recommended for contract award.

**Award of Contract to Rehrig Pacific Company**

The Board of Public Works at its meeting of November 14, 2001 approved the award of contract to Rehrig Pacific Company and authorized the Bureau of Sanitation to begin contract negotiations and report back to the Board for final execution (Transmittal No.1). The Board also approved an Early Notice to Proceed Rehrig Pacific Company to begin mobilization for the first staging/storage facility and begin supplying containers from this contract to take advantage of the significant price discount.

**RESULTS OF CONTRACT NEGOTIATIONS - Contract Amount**

The Bureau of Sanitation, and Rehrig Pacific Company, completed contract negotiations as summarized in Table 1 below:

BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO. 1  
 MARCH 11, 2002

Page 4

TABLE 1

Section A - containers

Size	Annual Quantity	Weight Ratio	Unit Price (\$/cart)	Unit Price Credit Based on % PCR	Early Payment Discount (\$)/Unit @ 4%/30 days	Final Adjusted Unit Price
90-gallon	148500	0.495	\$37.50	\$0.50	\$1.50	\$17.57
60-gallon	148500	0.495	\$30.50	\$0.50	\$1.22	\$14.25
30-gallon	3000	0.01	\$20.00	\$0.50	\$0.80	\$ 0.19
Total	300000	1				\$32.01

Total Section A:\$9.6 million/year

Section B - Ancillary Services

	Costs for CCIS		Storage/Staging Facility #1		Storage/Staging Facility #2		Buyback Recycling Plan (Revenue)	Lifter Arm Retrofit Plan
	One-Time	Annual	One-Time	Annual	One-Time	Annual	Annual	One-Time
Proposed	\$1,969,295	\$101,200	\$855,240	\$2,063,077	\$528,358	\$1,701,077	\$0.01	600,000
Negotiated	\$957,840	\$0.00	\$679,990	\$1,904,497	TBN	*\$161,280	\$0.05	\$0.00
Difference	\$1,011,455	\$101,200	\$175,250	\$158,580	\$528,358	\$1,539,797	\$(0.04)	\$600,000
% reduction	51%	100%	20%	8%	100%	*91%	-400%	100%

TBN = To be negotiated \*Partial services only have been negotiated.

Total Section B:\$2.0 million/year

Based on the above we have effectively negotiated a significantly lower cost for the Section B Ancillary Services as compared to the five-year term costs initially proposed. This results in a cost reduction of 33.8%.

Storage/Staging Facility #2 (Section B) will not be needed until April 2003 or one year after the rollout begins. The Bureau will begin negotiations for the storage/staging facility #2 effectively six months prior to expected use or approximately six months after the start of the rollout.

A smaller interim property has been secured at this time to be used to store the overflow of reconditioned containers at a cost of \$13,440.00 per month.

**Total Contract Amounts and Contract Ceiling**

The total contract amount over five years based on Sections A and B combined at 300,000 containers per year amounts to approximately \$58,106,715.00, or \$11,621,343.00 annually. The Annual Contract Ceiling is \$12,000,000.00 annually.



BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
MARCH 11, 2002

Page 5

**Time Term of Recommended Contract**

Contract is for an initial five-year (5) term, with two (2) additional five-year (5) extensions, for a total potential term of 15 years and as such requires City Council approval.

**MBE/WBE/OBE Subcontractor Outreach Program**

The City established an MBE/WBE/OBE Subcontractor Outreach Program for this project with anticipated MBE/WBE participation levels of 10 percent and 5 percent, respectively. Rehrig Pacific Company has complied with the Good Faith Effort documentation requirements on this contract and has pledged participation levels of 9.65 percent MBE, 1.78 percent WBE, and 13.71 percent OBE in their original proposal. As a result of the Bureau's contract negotiations with Rehrig Pacific Company (Table 1) as authorized by the Board of Public Works (Transmittal No. 1) these pledged participation levels have changed to 7.00 percent MBE, 0.86 percent WBE, and 17.69 percent OBE.

The decrease in the MBE and WBE participation levels is a result of contract negotiations which reduced the scope of work for three subconsultants. The pledged subcontract amount for Alameda Produce originally included the storage space, buildings, and maintenance and inventory services for Staging/Storage Facility #2. However, the negotiations to date have been only for the storage space and the rest will be further negotiated six (6) months into the contract. Additionally, the Bureau of Sanitation has decided to perform some of the building maintenance responsibilities and to provide the washing operations which resulted in the decrease in subconsultant participation by Metro Building Maintenance and Phoenix Engineering.

**Gender/Ethnicity Codes:**

AA = African American

HA = Hispanic American

SAA = Subcontinent

APA = Asian Pacific American

Asian American

C = Caucasian

NA = Native American

M = Male

F = Female

The subcontractor information for Rehrig Pacific Company, LLC is as follows:

(The figures enclosed in brackets were originally submitted by Rehrig during the bid process prior to contract negotiations.)

BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO. 1  
 MARCH 11, 2002

Page 6

Subconsultants	Gender/ Ethnicity	MBE/ WBE/ OBE	% of Contract	Annual Value
Wycliff Trucking	M/HA	MBE	0.99% (0.80%)	\$114,510.00 (114,510.00)
Alameda Produce Mkt	M/HA	MBE	1.39% (4.8%)	\$156,000.00 (\$684,000.00)
Microtrends*		OBE	0.19% (0.0%)	\$100,000.00 (\$0.00)
Metro Building Maintenance	M/APA	MBE	0.26% (0.45%)	\$30,000.00 (\$64,698.00)
West Coast Metal Finishing	M/HA	MBE	3.40% (2.77%)	\$395,155.50 (\$395,155.50)
Crime Impact Security	M/AA	MBE	1.02% (0.83%)	\$118,137.00 (\$118,137.00)
Phoenix Engineering	F/HA	WBE	0.86% (1.78%)	\$100,000.00 (\$253,344.00)
Johnson Lift/Hyster		OBE	0.17% (0.14%)	\$20,136.00 (\$20,136.00)
Mission Uniforms		OBE	0.02% (0.02%)	\$2,717.00 (\$2,717.00)
PolyFlex		OBE	16.63% (13.55%)	\$1,932,575.70 (\$1,932,575.70)
<b>Total MBE Participation</b>			<b>7.00%</b> (9.65%)	<b>\$813,802.50</b> (\$1,376,500.00)
<b>Total WBE Participation</b>			<b>0.86%</b> (1.78%)	<b>\$100,000.00</b> (\$253,344.00)
<b>Total OBE Participation</b>			<b>17.69%</b> (13.71%)	<b>\$2,055,428.70</b> (\$1,955,428.70)
<b>Total Contract Amount</b>				<b>\$11,621,343.00</b> (\$14,258,932.00)

\*This is a one time purchase expense incurred during the first year of the contract.

The OCC has verified the listed subconsultants' certifications as identified in the above table.

The Bureau will review with the contractor at the contract's one-year anniversary the MBE/WBE/OBE subconsultant participation levels achieved. At this time the Bureau will also report to the Board on the Prime's new pledged participation levels resulting from the contract negotiations commencing six months into the contract.

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
MARCH 11, 2002

Page 7

**Bid Bond**

The bid bond submitted by Rehrig Pacific Company is in effect until execution of the contract.

**Other City Requirements**

Rehrig Pacific Company has met all City requirements for the following:

1. Intent to Contract
2. Charter 1022
3. BTRC
4. MBE/WBE
5. Affirmative Action
6. Insurance
7. Child Care
8. Living Wage Ordinance
9. Child Support Obligation
10. Equal Benefits Ordinance
11. Contractor Responsibility Ordinance

In accordance with Article 13, Chapter 1, Division 10 of the City of Los Angeles Administrative Code, the appropriate City personnel responsible for the quality control of this procurement contract shall submit Contractor Performance Evaluation Reports to the Department of General Services upon this completion.

All contractors participating in this program are subject to compliance with the requirements specified in the City of Los Angeles' Contractor Responsibility Ordinance #173677, [Article 14, Chapter 1, Division 10, L.A.A.C.]. Failure to comply with all requirements specified in the Ordinance will render the bidder's contract subject to termination pursuant to the conditions expressed therein.

**Early Payment Discount Per Council File No. 99-1128**

Rehrig Pacific Company agrees to offer the City any discount terms that are offered to its best customers for the goods and services to be provided herein, and apply such discount to payments made under this agreement which meet the discount terms.

**STATUS OF FINANCING**

Funds in the amount of \$12.0 million are available in Fund 45G, SEC RB2001A Acquisition Fund, Dept. 50 Account S301 for the contract and

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 1  
MARCH 11, 2002

Page 8

AFE. Approximately \$9.75 million remain available in the fund balance. The Bureau anticipates an annual allocation of \$12 million in the ensuing years.

( JZ EZ JDR DBS RPT RJB )

Respectfully submitted,

COMPLIANCE REVIEW PERFORMED  
AND APPROVED BY:

*Hannah Choi*

HANNAH CHOI, Program Manager  
Office of Contract Compliance  
Bureau of Contract Administration

*Judith A. Wilson*  
JUDITH A. WILSON, Director  
Bureau of Sanitation

*Stanley J. Sysak*  
STANLEY J. SYSAK, P.E. Director  
Bureau of Contract  
Administration

APPROVED AS TO FUNDS:

*for* *Craig V. Bloomquist*  
CRAIG V. BLOOMQUIST, Director  
Office of Accounting

Date March 6, 2002

Prepared by:  
Jonathan Zari, SRC  
(213)-473-7937

031102JTC-1

## CITY OF LOS ANGELES

## INTER-DEPARTMENTAL CORRESPONDENCE

Date: March 10, 2005

To: CM Jan Perry, Chairperson  
 CM Alex Padilla, Member  
 CM Eric Garcetti, Member  
 Environmental Quality and Waste Management Committee

From: Rita L. Robinson, Director  
 Bureau of Sanitation

BY \_\_\_\_\_ DEPUTY

CITY CLERK

2005 MAR 18 AM 10:11

RECEIVED  
CITY CLERK'S OFFICE

**Report to Council on Status of Contract C-102987 with Rehrig Pacific Company in Response to the Verbal Motion Adopting the Approval of the Contract for the Supply of Trash, Yard Trimming, Recycling Containers and Ancillary Services**

**Background**

At the meeting of the Council of the City of Los Angeles held May 7, 2002, the City Council asked the Bureau of Sanitation (Miscikowski/Reyes Verbal Motion - Item No. 30, CF 02-0693) to provide a status report through its appropriate policy committee in year three of the contract, prior to exercising an option for the first five year extension, with an analysis of the contract.

**Status Report of Contract C-102987 (a five year contract from December 1, 2001 to November 30, 2006)**

**Term of Contract:** The contract has a term of five-years beginning December 1, 2001 and expiring on November 30, 2006 with two options to renew at the end of each five-year term. The potential total length of the contract is 15 years.

**Container Replacement Program Update:** The Automated Container Systematic Replacement Program (ACSRP) was launched on July 15, 2002 to replace containers at the end of their ten-year life cycle. The program began at an average distribution rate of 250 homes per day (hpd) and ramped-up to 500 hpd starting July 2003. As of February 11, 2005, 2,072 units of 30-gallon, 264,927 units of 60-gallon and 164,263 units of 90-gallon new black and green containers have been distributed to 240,193 residences in East Valley and North Central Collection Districts. The East Valley Collection District distribution has been completed and two-thirds of the North Central District has been completed. The complete citywide replacement schedule for both Phase I and Phase II is reflected below:

**Phase I (Replace Black and Green Containers)**

- East Valley - from July 2002 - March 2004 (Complete)
- North Central - from March 2004 - May 2005 (On-going)
- West Valley - from May 2005 - March 2006
- South Central - from April 2006 - March 2007
- Harbor - from April 2007 - July 2007
- Western - from August 2007 - June 2008

TRANSMITTAL NO. 2

**Phase II (Replace Blue Containers)**

- West Valley – from July 2008 – February 2009
- North Central – from March 2009 – September 2009
- East Valley – from September 2009 – March 2010
- Western – from April 2010 – October 2010
- Harbor – from November 2010 – December 2010
- South Central – from December 2010 – May 2011

**Call-in Request Program Update:** The Bureau also operates a call-in request program or a customer-request-based container services that takes resident request for container repair or replacement by calling the Hotline (1-800-773-CITY). This operation replaces an annual average of 1,768 units of 30-gallon, 105,946 units of 60-gallon and 83,820 units of 90-gallon containers (black, green, blue and brown) citywide.

**Total Containers Purchased/Cost:** From the beginning of the contract on December 1, 2001 until November 30, 2004, the City has purchased a total of 29,817 units of 30-gal, 586,820 units of 60-gallon and 415,513 units of 90-gallon containers (black, green, blue and brown) for a grand total of 1,032,150 units at a total cost of approximately \$38.5 million.

**Total Ancillary Services Cost:** Ancillary services are for additional equipment and other services as needed in the implementation of the Program, such as a distribution and storage facility needed for the container replacement program, and provided by Rehrig Pacific Company.. From December 1, 2001 through November 30, 2004, the total cost of ancillary services amounted to approximately \$7.5 million.

**Total Contract Cost to Date:** The total contract expenditure through November 30, 2004 has been approximately \$46 million.

**Total Container Purchase Discount:** From the beginning of the contract on December 1, 2001 through November 30, 2004 the City has saved approximately \$1.5 million in early payment discounts for container purchases.

**New Container Recycled Plastic Content (Post Consumer Re grind):** In support of the City's landfill diversion goals, the Bureau required that new containers have a maximum PCR content of 30% by weight. Damaged containers replaced from the systematic replacement operations are ground and used (as PCR) to make new containers. Rehrig Pacific Company in return for the ground plastic material issues a credit to the City in the amount of \$0.05 cents per pound of ground plastic, which can be used for the purchase of new containers.

**Total Savings from Recycling of Plastics:** From the beginning of the contract on December 1, 2001 through November 30, 2004 the recycling of old containers has generated \$516,463.72 in credit towards the purchase of new containers.

**Compatibility of Containers with Collection Equipment:** Rehrig Pacific Company has developed a new 90-gallon container design specific to the City of Los Angeles, to improve compatibility with the collection equipment. The new design caused the grab area of the 90-gallon container to come

close to that of the 60-gallon. A byproduct of the new design resulted with the 90-gallon container using the same size wheel as the 60-gallon (10 inch versus 12 inch), which helps in inventory control and cost savings to the City on wheels costs.

### Market Analysis

Table 1 summarizes the market analysis, and contains a matrix of cart prices and other information from the neighboring municipalities using automated containers.

**Table 1. Cost Assessment from various Municipalities using automated containers**

City	Cart Mfr	Cart Size (gal)	Cart Prices	Warranty	Manufacturing Process	Material Spec
City of LA	Rehrig Pacific	30	\$27.00	10-year non-prorated warranty with service charges of \$15 for repair or \$20 for cart replacement.	Injection molded	HDPE <sup>2</sup>
		60	\$34.00			
		90	\$38.50			
Long Beach	Rehrig Pacific	60	Same as Los Angeles Contract	Same as LA contract.	Injection molded	HDPE
		90				
San Francisco	Toter	30	Confidential (Norcal Waste)	Confidential.	Rotational molded	LLDPE <sup>3</sup>
		60				
		90				
Pasadena	Toter	30	\$35.50	10-year non-prorated warranty with no service charge.	Rotational molded	LLDPE
		60	\$37.50			
		100	\$37.50			
Glendale	Toter	60	\$35.54	10-year non-prorated warranty with no service charge.	Rotational molded	LLDPE
		100	\$42.34			
Burbank	Toter	60	\$45.00	10-year non-prorated warranty with no service charge.	Rotational molded	LLDPE
		100	\$50.00			
Culver City	Rehrig Pacific	60	Same as Los Angeles Contract	10-year non-prorated warranty with service charges of \$15 for repair or \$20 for cart replacement.	Injection molded	HDPE
		90				
Sierra Madre	Toter	60	Prices Vary \$30 - \$40	10-year non-prorated warranty with no service charge.	Rotational molded	LLDPE
		90	Prices Vary \$30 - \$40			
Ontario	Toter	100	\$42.00	10-year non-prorated.	Rotational molded	LLDPE
San Bernardino	Toter	90	\$47.00	10-year non-prorated.	Rotational molded	LLDPE
Pomona	Rehrig Pacific	30	Same as Los Angeles Contract	10-year non-prorated warranty with service charges of \$15 for repair or \$20 for cart replacement.	Injection molded	HDPE
		60				
		90				
San Diego	Rehrig Pacific	30	Same as Los Angeles Contract	10-year non-prorated warranty with service charges of \$15 for repair or \$20 for cart replacement.	Injection molded	HDPE
		60				
		90				
Sacramento	Toter	30	\$30.45	10-year non-prorated warranty with no service charge.	Rotational molded	LLDPE
		60	\$35.98			
		90	\$37.00			

Note:

<sup>1</sup>All the municipalities using Rehrig carts choose to utilize the provision of the City of LA contract that allows them to take advantage of our discount pricing.

<sup>2</sup>High Density Polyethylene

<sup>3</sup>Low Density Polyethylene

Rehrig Pacific Company containers are generally cheaper compared with what the market has available. Comparing with some municipalities as shown in Table 1, Rehrig carts are priced lower for 30/60-gallon sizes compared to Toter (Pasadena and Sacramento) and at least \$1.00 more for the 90-gallon cart. Table 2 below shows a cost comparison between Rehrig (Los Angeles) and Toter (Sacramento). Overall the City's current pricing with Rehrig is lower by \$216,302.73 compared to Toter. Also, Rehrig prices include other features such as quiet wheel, stickers and service charges for warranty whereas these features are absent from Toter's pricing.

**Table 2. Cost Assessment between Rehrig Pacific Company and Toter**

Cart Size	2003 Carts Issued <sup>1</sup>		TOTAL Units	Rehrig (Los Angeles)		Toter (Sacramento)	
	Rollout <sup>2</sup>	Ad Hoc <sup>3</sup>		Unit Cost <sup>4</sup>	TOTAL COST	Unit Cost <sup>5</sup>	TOTAL COST
30	854	2009	2863	\$ 27.00	\$ 77,301.00	\$ 30.45	\$ 87,178.35
60	113442	105914	219356	\$ 34.00	\$ 7,458,104.00	\$ 35.98	\$ 7,892,428.88
90	71753	80180	151933	\$ 38.50	\$ 5,849,420.50	\$ 37.00	\$ 5,621,521.00
<b>TOTAL</b>	<b>186049</b>	<b>188103</b>	<b>374152</b>	<b>TOTAL</b>	<b>\$13,384,825.50</b>	<b>TOTAL</b>	<b>\$ 13,601,128.23</b>

Note:

<sup>1</sup>This makes reference to calendar year 2003.

<sup>2</sup>The Automated Container Systematic Replacement Program is also known as the "Rollout".

<sup>3</sup>"Ad Hoc" is in reference to the ongoing parallel program that replaces damaged containers as a result of residential phone calls to the BOS Call Center.

<sup>4</sup>Price includes other features such as quiet wheel, stickers, and service charge for warranty.

<sup>5</sup>Price does not include other features as quiet wheel, stickers, and service charge for warranty.

### Container Performance Analysis

Rehrig Pacific Company carts have been in use citywide since 1997 with the start of the Blue Bin recycling program. Based on our container warranty tracking efforts since the introduction of Rehrig containers citywide, records show a damage rate of 0.79%. The overall damage rate including other containers (i.e. Roto, Toter, Otto, Plastopan, Schaeffer, Zarn and Rehrig combined) is 5.09%. Since the start of the ACSRP in 2002, the City has issued approximately 900,000 new Rehrig containers with a damage rate of 0.18%. We can deduce from the above figures that Rehrig containers are performing well.

The Bureau of Sanitation in conjunction with the Department of General Services, Materials Testing Laboratory are conducting in-depth testing analysis of the containers with the aim of studying and defining the effect of age and accelerated weathering on specific mechanical properties of the plastic such as tensile strength and elongation as indicators of container durability.

### Material Analysis

There are numerous varieties of plastic resins available for use in the manufacturing of automated containers. Each type of resin contributes a unique set of physical characteristics to the final product such as flexibility, rigidity, impact strength, sheen, mold ability, etc. Automated



containers will require different resins depending on the process used to make them, the physical characteristics desired, the manner in which they are used, and the geographic location they are used in. For the majority of container uses, taking these different factors into consideration reduces the variety of available resins for container production down to two main resin types: High Density Polyethylene (HDPE) and Low Density Polyethylene (LDPE). Both of these resin classes meet the performance standards required for the City of Los Angeles automated containers. Toter (rotational molder) and Zarn (blow molder) corporations make automated containers from LDPE whereas Rehrig, Otto, Schaeffer, and Plastopan (injection molders) manufacture automated containers from HDPE.

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**Conclusion:** The Bureau intends to request that the contract renewal option be exercised with Rehrig Pacific Company for the supply of automated containers and ancillary services for the following reasons:

- a. Rehrig Pacific Company cart pricing overall is the lowest in the market.
- b. Standardization of design with refuse, yard trimming and recycling bins allows the best compatibility possible with our existing automated truck collection fleet.
- c. Rehrig Pacific Company has worked closely with the Bureau of Sanitation to reduce ancillary services costs and pass the savings to the City of Los Angeles without adversely affecting the program.
- d. Despite the continued rise in costs (resin, steel, energy) associated with the manufacturing of containers, Rehrig Pacific Company has managed to minimize the average annual price increase to 3% from 2003 and 2004 (whereas the contract allows a maximum 4% annual price increase) despite an average annual resin price increases of more than 10% over the same period.
- e. Rehrig Pacific Company has demonstrated with its newly designed fully automated 90-gallon container mold, its commitment to further enhance container-truck compatibility which would result in significant reduction in damage to containers and ultimately reduce the aggravation to city residents having to call for container repair or replacement.
- f. Rehrig Pacific Company has demonstrated a high degree of reliability in meeting the City's supply demand, having successfully delivered in a timely manner the containers needed for both the existing Ad Hoc and Systematic Container Replacement operations.

Prepared by:  
Jonathan Zari, SRSSD  
(213) 473-7923  
Revised: March 10, 2005

CITY OF LOS ANGELES  
CALIFORNIA



ANTONIO R. VILLARAIGOSA  
MAYOR

BOARD OF  
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S.R. SUPPORT SERVICES DIVISION

ALEXANDER E. HELOU  
DIVISION MANAGER

419 SOUTH SPRING STREET, SUITE 900  
LOS ANGELES, CA 90013  
TEL: (213) 473-7930  
FAX: (213) 473-7945

December 6, 2005

Mike Schwalbach, National Environmental Manager  
Rehrig Pacific Company  
4010 East 26<sup>th</sup> Street  
Los Angeles, CA 90023

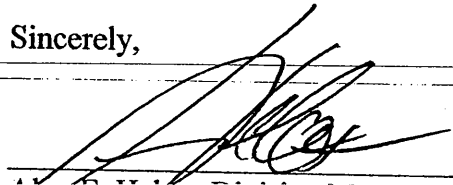
**Subject: Notice of Intent to Exercise Option to Renew Contract 102987 for the Supply of Refuse, Yard Trimming and Recycling Containers and Ancillary Services**

Dear Mike:

The Bureau of Sanitation, Solid Resources Support Services Division, hereby notifies Rehrig Pacific Company of our intent to exercise the first of two options to renew the contract (C-102987) for another five-year term starting December 1, 2006 and expiring November 30, 2011 for the supply of refuse, yard trimming and recycling containers and ancillary services.

Please direct further questions in this matter to Jonathan Zari of my staff at (213) 473-7923.

Sincerely,

  
Alex E. Helou, Division Manager  
Solid Resources Support Services Division  
Bureau of Sanitation

**TRANSMITTAL NO. 3**

CC: Rita Robinson, Enrique Zaldivar, Carl Haase, Jonathan Zari, File

## MONTHLY FINANCIAL ANALYSIS

Reporting Month: October 2006

Department: Board of Public Works

Completed by: Teri Schmidt

Source of Funds: General Fund Accounts

### Instructions:

1. Identify the projected year-end surplus or deficit for all salary, expense, equipment and special accounts as indicated on the Monthly Financial Summary. Use additional pages if necessary.
2. For each account, explain all assumptions in determining the projected surplus or deficit.
3. Identify a plan/solution to eliminate any projected deficit by year-end and any impact on services.
4. Identify and explain any appropriation or transfer requests.
5. Provide estimated year-end revenue for the General Fund and any special funds, including all assumptions. Any deviation from the Adopted Budget should be explained.
6. Identify any issues of concern that might impact the department's budget or services, if applicable.

### Detailed explanation of expenditures in narrative form:

**Appropriation Account:**  
1010, Salaries General

**Projected Surplus/(Deficit) at Year-End:**  
-\$352,582

**Assumptions:** At this time, a projected deficit of \$352,582 is anticipated based on the Salaries Projection Workbook. Included in the projected deficit are \$180,293 in retroactive salary payments, \$59,757 for two retirement payouts, an estimated \$50,648 for January's sick time pay-out, and \$52,902 for the temporary Systems Analyst II position for Ken Scott, all of which are unfunded. The Board does not anticipate year-end salary and expense account savings that will offset the projected deficit.

### Reimbursements and Savings

- 1) The following positions are estimated to be reimbursed from various funding sources for a total of \$587,300:

Prop F - Animal Services and Fire \$170,000	One Accountant II (sub) Two Senior Accountant II (sub)
Prop Q - 911/P/F \$116,000	One Senior Accountant II (RA)
Seismic Bond - HBRR - Prop G for \$93,000	Two Accountant II (RA) One Senior Accountant II (RA)
Santa Monica Blvd Parkway for \$90,300	One Senior Accountant II (RA) PAO One PRSII to Nov06 (Reg-GF)
Police Headquarters Facilities - MICLA \$65,000	One Senior Accountant II (RA)
Public Works Building - MICLA \$53,000	One Senior Accountant II (RA)

The Seismic Bond estimate reflects a 6 month appropriation expected during the year. Based upon the receipt of past reimbursements, our estimate does not include reimbursements for the remainder of the fiscal year, as it will likely be after the close of the fiscal year.

It is absolutely essential that the above estimated reimbursement of funds be processed in a timely manner and well before year-end as these funds are required in order for the Board Office to meet

its payroll obligations.

Expenses

- 1) MOU salary settlements are estimated at \$180,293, as calculated in the Salaries Projection Workbook.
- 2) Sick Leave pay-outs in January 2007 are estimated at approximately \$50,648.
- 3) Retirement pay-outs to date total \$59,757. No further retirement payouts are anticipated this fiscal year.
- 4) Three unfunded substitute authority positions are currently employed in the Board office and the estimated salary requirement for these three positions is approximately \$228,712. The three substitute positions are as follows: one Senior Management Analyst II serving as the Public Works, Department-wide Neighborhood Councils Liaison, one Management Analyst II in the PAO, and one Systems Analyst II who recently returned to work after an extended workers compensation leave of absence. The CAO is investigating possible options for funding the salary of the Systems Analyst II, including the transfer of funds from the Department's other bureaus.

**Appropriation Account:**  
1090 Overtime Account

**Projected Surplus/(Deficit) at Year-End:**  
\$0

We expect to expend all expense account funds.

**Appropriation Account:**  
Expense Accounts

**Projected Surplus/(Deficit) at Year-End:**  
\$0

We expect to expend all expense account funds.

**Plan/Solution to Eliminate Projected Deficit(s):**

The Board will be monitoring its accounts for potential savings; however, because a substantial amount of the projected deficit is due to non-funding of retroactive salaries, it is unlikely that sufficient savings will be realized to offset this amount. Also, there is a serious need to replace 82 computer workstations and 77 printers in the Board Office at an estimated cost of \$171,000. This aging inventory of computer equipment was purchased in FY 2000 to address concerns regarding Y2K. The CAO had previously informed departments that new computer purchases could be funded by using department savings; therefore, the Board was planning to use any savings realized at fiscal year-end for this purpose. Because funding for the Board's retroactive salary payment (\$183,354) was not provided for in its FY 2006-07 budget, we respectfully request that additional funding be provided to assist with the projected deficit.

**Potential Impact on Services (including assumptions):**

**Explanation of revenue:**

General Fund: Revenue is on schedule.

Special Fund: Revenue is on schedule.

**Issues of Concern:**

**Source of Funds:**

Special Gas Tax Street Improvement Fund: We expect to expend all funds.

Stormwater Pollution and Abatement Fund: We expect to expend all funds.

Community Development Trust Fund: We expect to expend all funds.

Sewer Construction and Maintenance Fund: We expect to expend all funds.

Street Lighting Maintenance Assessment Fund: We expect to expend all funds.

Proposition A Local Transit Fund: We expect to expend all funds.

Multi-Family Citywide Recycling Fund: We expect to expend all funds.

ADOPTED BY THE BOARD OF  
PUBLIC WORKS OF THE CITY  
of Los Angeles, California  
**AND REFERRED TO THE MAYOR**  
SEP 26 2005

*James H. [Signature]*  
Secretary

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 2  
SEPTEMBER 26, 2005

CD: ALL

AMENDMENT NO. 3 TO PERSONAL SERVICES CONTRACT C-102987 WITH  
REHRIG PACIFIC COMPANY FOR AUTOMATED RECYCLING CONTAINERS AND  
ANCILLARY SERVICES

---

RECOMMENDATIONS

1. Approve Amendment No. 3 to Personal Services Contract No. C-102987 with Rehrig Pacific Company (Rehrig) for a four percent (4%) increase in container prices due to increase in the cost of plastic resin.
2. Approve the Bureau of Sanitation's (BOS) annual report on Rehrig's MBE/WBE/OBE participation levels achieved at the end of year-three of the contract.
3. Approve Rehrig's request for subcontractor substitution for freight services.
4. Authorize the Bureau to exercise the first five-year renewal option as contained in the contract and to notify Rehrig of such intent.

TRANSMITTALS

1. Copy of Joint Board Report No. 1, adopted March 18, 2002 to execute the contract with Rehrig Pacific Company for the supply of automated refuse, recycling and yard trimming containers and provide ancillary services.
2. Amendment No. 2 Joint Board Report adopted August 20, 2004.
3. Copy of Rehrig Pacific Company's letter dated November 30, 2004 requesting a price increase for containers.
4. Copy of resin cost tracking chart from Plastics News.
5. Copy of Alameda Produce Market, Inc.'s letter dated October 15, 2004 terminating the lease.
6. Copy of Rehrig Pacific Company's letter dated January 18, 2005 for subcontractor substitution for freight services.

**TRANSMITTAL NO. : 4**

Page 2

7. Copy of Wycliff Trucking's letter dated August 13, 2004 withdrawing as a subcontractor.
8. Report to the Environmental Quality and Waste Management Council Committee dated March 10, 2005.
9. Proposed Amendment No. 3 to C-102987 Rehrig Pacific Company with the City of Los Angeles.

## DISCUSSION

### **Background**

#### ***Automated Container Replacement Program (ACSRP) Update***

The Automated Container Systematic Replacement Program (ACSRP) was launched on July 15, 2002 to replace containers approaching the end of their ten-year life cycle. The program began at an average rate of 250 homes per day (hpd) and was ramped-up to 500 hpd in July 2003. As of June 25, 2005 the East Valley and North Central Collection District rollout were 100% completed with 490,358 units of new black and green containers were distributed to 276,429 residences. As of July 9, 2005, approximately 6% of West Valley rollout has been completed. The following is the citywide rollout schedule:

#### **Phase I (Replace Black and Green Containers)**

- East Valley - from July 2002 - March 2004 (Completed)
- North Central - from March 2004 - June 2005 (Completed)
- West Valley - from June 2005 - December 2006 (On-going)
- South Los Angeles - from December 2006 - November 2007
- Harbor - from November 2007 - February 2008
- Western - from March 2008 - February 2009

#### **Phase II (Replace Blue Containers)**

- West Valley - from March 2009 - December 2009
- North Central - from January 2010 - January 2011
- East Valley - from February 2011 - August 2011
- Western - from September 2011 - March 2012
- Harbor - from April 2012 - May 2012
- South Los Angeles - from June 2012 - November 2012

As of December 2004, recycling of old containers has generated \$533,062.06 in credit, which was used in March 2005 to purchase new containers from Rehrig. Since the beginning of calendar year 2005

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 2  
SEPTEMBER 26, 2005

Page 3

(January to March) the City has accumulated a credit of \$50,442.19 from the recycling of old containers.

**Contract Amendment No. 3 - Article 10 (Container Pricing)**

Article 48 (Price Adjustment) of the contract agreement between the City and Rehrig allows for an annual price adjustment. The price adjustment is based on actual documented changes in resin costs and/or other related costs, not to exceed plus or minus 4%. Rehrig in a letter dated November 30, 2004 requested an increase in container prices due mainly to increase in resin costs. Supporting documents provided by Rehrig and verified by the Bureau, reveal that resin costs increased from \$0.43 per pound in March 2003 to \$0.54 per pound as of October 2004, an increase of 25.7%. Citing the dramatic increase in resin prices, Rehrig is requesting an increase of 4% to the price of containers as allowed in Article 48 of the contract. Rehrig proposed the following price changes to the three sizes of carts, retroactive to December 1, 2004:

**Table 1. Rehrig Cart Price Proposal**

Size	Year 3 Cart Price Effective 12/1/03	Year 4 Proposed Cart Price Effective 12/1/04 (4% Increase)
30 gal	\$27.00	\$28.08
60 gal	\$34.00	\$35.36
90 gal	\$38.50	\$40.04

The Bureau has been monitoring prices for plastic resin (HDPE) and concurs that the resin price has increased by 25.7% from March 2003 thru November 2004. The dramatic price increase is due mainly to high oil and natural gas prices. Recent bids by other municipalities' show that the price of the containers are higher than the prices proposed by Rehrig for year four (4) of the contract. The City has determined that cost of resin has increased from an average of \$0.34 per pound in November 2001 to \$0.65 per pound in November 2004 and as recently as of May 2005 to \$0.64 per pound, an increase of approximately 88.2%. Also, resin comprises about 45% of the total cost of a cart and since resin price increased 25.7% from March 2003 to November 2004, further justifies the 4% increase that Rehrig is requesting.

The Bureau prepared Table 2 below using projected annual demands for 30, 60 and 90-gal containers based on container demand from December 2004 to November 2005. The resulting total annual contract increase as a result of the requested 4% price increase would be \$540,344.54



BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO. 2  
 SEPTEMBER 26, 2005

Page 4

(\$2,126.52 for 30, \$308,793.44 for 60-gal, \$229,424.58 for 90-gal). The Bureau finds the request by Rehrig for price increase justifiable and in accordance to Article 48, and recommends Board approval for the price increase as presented in Table 2 effective December 1, 2004.

**Table 2 - Container Price Increase Analysis**

Size	Projected Demand YR 4 (Units)	Current Price	Old Total Annual Cost	New Price Effective 12/1/04	New Total Annual Cost
30 gal	1,969	\$27.00	\$53,163.00	\$28.08	\$ 55,289.52
60 gal	227,054	\$34.00	\$7,719,836.00	\$35.36	\$8,028,629.44
90 gal	148,977	\$38.50	\$5,735,614.50	\$40.04	\$5,965,039.08
<b>Total</b>	<b>378,000</b>	<b>Total</b>	<b>\$13,508,613.50</b>	<b>Total</b>	<b>\$14,048,958.04</b>

Total Old Annual Cost Based on Current Price = \$13,508,613.50

Total New Annual Cost Increase Based on

Proposed Price Increase = \$14,048,958.04

Difference = \$ 540,344.54

% Price Increase = 4.00%

**Retroactive Payment**

Per contract, Rehrig is allowed to request an adjustment to the container price once a year. Rehrig's letter dated November 30, 2004 asked that the price increase become effective retroactive to the start of the fourth year of the contract (December 1, 2004) in-line with previous price adjustments (Amendment No. 1 and 2). The retroactive price increase from December 1, 2004 thru June 30, 2005 is approximately \$275,631 which will be covered by the early payment discount of 4% for container purchases, equivalent to an annual average of \$550,000 so no additional funding is needed.

Table 3 shows the breakdown of price adjustments from December 1, 2004 to June 30, 2005.

**TABLE 3 - REHRIG PACIFIC CO.**

**SUMMARY OF RETROACTIVE CART PRICE INCREASE**

**FOR THE PERIOD DECEMBER 1, 2004 TO JUNE 30, 2005 - YR 4**

	OLD PRICES:	NEW PRICES:	DIFFERENCE:
30 GAL	\$27.00	\$28.08	\$1.08
60 GAL	\$34.00	\$35.36	\$1.36
90 GAL	\$38.50	\$40.04	\$1.54

BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO. 2  
 SEPTEMBER 26, 2005

Page 5

YR-MONTH	CART	QUANTITY	TOTAL COST	TOTAL COST	PRICE
	SIZE		OLD PRICE	NEW PRICE	DIFFERENCE
			(plus 8.25% Tax)	(plus 8.25% Tax)	TO BE PAID
2004-Dec	30	98	\$2,864.30	\$2,978.87	
	60	18,447	\$678,941.84	\$706,099.51	
	90	4,487	\$187,001.33	\$194,481.39	
		<b>23,032</b>	<b>\$868,807.46</b>	<b>\$903,559.76</b>	<b>\$34,752.30</b>
2005-Jan	30	49	\$1,432.15	\$1,489.43	
	60	21,255	\$782,290.28	\$813,581.89	
	90	7,047	\$293,692.53	\$305,440.24	
		<b>28,351</b>	<b>\$1,077,414.96</b>	<b>\$1,120,511.55</b>	<b>\$43,096.60</b>
2005-Feb	30	144	\$4,208.76	\$4,377.11	
	60	14,251	\$524,508.06	\$545,488.38	
	90	5,496	\$229,052.67	\$238,214.78	
		<b>19,891</b>	<b>\$757,769.49</b>	<b>\$788,080.26</b>	<b>\$30,310.78</b>
2005-Mar	30	91	\$2,659.70	\$2,766.09	
	60	31,078	\$1,143,825.79	\$1,189,578.82	
	90	17,603	\$733,627.03	\$762,972.11	
		<b>48,772</b>	<b>\$1,880,112.52</b>	<b>\$1,955,317.02</b>	<b>\$75,204.50</b>
2005-Apr	30	0	\$0.00	\$0.00	
	60	2,368	\$80,512.00	\$83,732.48	
	90	4,952	\$190,652.00	\$198,278.08	
		<b>7,320</b>	<b>\$271,164.00</b>	<b>\$282,010.56</b>	<b>\$10,846.56</b>
2005-May	30	18	\$486.00	\$505.44	
	60	17,343	\$589,662.00	\$613,248.48	
	90	13,268	\$510,818.00	\$531,250.72	
		<b>30,629</b>	<b>\$1,100,966.00</b>	<b>\$1,145,004.64</b>	<b>\$44,038.64</b>
2005-Jun	30	854	\$23,058.00	\$23,980.32	
	60	15,871	\$539,614.00	\$561,198.56	
	90	9,659	\$371,871.50	\$386,746.36	
		<b>26,384</b>	<b>\$934,543.50</b>	<b>\$971,925.24</b>	<b>\$37,381.74</b>
<b>T O T A L S</b>		<b>184,379</b>	<b>\$6,890,777.93</b>	<b>\$7,166,409.03</b>	<b>\$275,631.12</b>

**Total Authorized Expenditure Increase**

\$19.4 million have been approved in the SEC Revenue Bond Annual Issue for year 2004 and 2005. Currently, the container replacement rollout and the Ad Hoc container maintenance operations are projected to replace an average of 378,000 containers this fiscal year, the same

BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO. 2  
 SEPTEMBER 26, 2005

Page 6

as what was projected for the previous year. The Bureau will not be requesting an increase in the authorized expenditure amount for fiscal year 2005-2006 at this time, and therefore projected to remain at \$19.4 million (which includes costs for containers + ancillary services + 5% contingency).

**Table 4 - ANNUAL AUTHORIZED EXPENDITURES**  
**Container Replacement Program (Rollout + Ad Hoc)**

Year	Contract Year	Total Container Annual Demand (Units)	Total Annual Contract Ceiling
1	12/1/01 - 11/30/02	300,000	\$12,000,000
2	12/1/02 - 11/30/03	406,000	\$18,116,021
3	12/1/03 - 11/30/04	372,825	\$18,116,021
4	12/1/04 - 11/30/05	378,000	\$19,400,000
5	12/1/05 - 11/30/06	378,000	\$19,400,000
<b>Total</b>	<b>12/1/01 - 11/30/06</b>	<b>1,834,825</b>	<b>\$87,032,042</b>

Based on the above table, the total authorized expenditure amount over five years shall be increased from the original amount of \$58,106,715 (Transmittal 1) to \$87,032,042. The factors contributing to the increase includes the increase in demand for containers and price adjustments due to plastic resin price increase. If in any year, actual expenditures are less than the authorized amount, then the difference will be carried over to the following year.

**MBE/WBE/OBE Subcontractor Outreach Program**

The City had established an MBE/WBE/OBE Subcontractor Outreach Program for this contract with anticipated MBE/WBE participation levels of 7 percent and 1 percent, respectively. This contract was approved with pledged participation of 7.0 percent MBE, 0.86 percent WBE and 17.69 percent OBE with the assurance that in succeeding years, every effort would be made to improve these percentages.

In Amendment No. 2 Rehrig Pacific Company pledged 6.85% MBE, 2.39% WBE and 8.31% OBE. As of November 30, 2004, Rehrig achieved 6.42% MBE, 2.36% WBE and 7.48% OBE. The MBE, WBE and OBE levels were not met due to the purchase of less than the estimated number of containers, the termination of the lease of the Alameda Produce Market, and the reduction in ancillary services as they are provided as needed.

BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO. 2  
 SEPTEMBER 26, 2005

Page 7

Alameda Produce Market, Inc. in a letter dated October 15, 2004 (Transmittal No. 5) notified Rehrig of the termination of the lease by November 15, 2004. Rehrig upon consultation with the Bureau agreed to comply with the termination of the lease. The Bureau reserves the right to seek a substitute facility as needed.

With Amendment No. 3, the Contractor's pledged participation will be 6.45% MBE, 2.43% WBE, and 9.05% OBE.

Gender/Ethnicity Codes:

AA = African American  
 APA = Asian Pacific American  
 NA = Native American  
 M = Male

HA = Hispanic American  
 SAA = Subcontinent Asian American  
 C = Caucasian  
 F = Female

Listed Subcontractors	Gendr Ethni	MBE/WBE/OBE	Pledged Amend No. 3	Paid Year 3	Achieved Year 3	Total Paid Yrs 1,2,& 3	Total Achieved Yrs 1,2, & 3
Alameda Produce Market	M/HA	MBE	1.05%	\$154,560.00	0.88%	\$436,800.00	1.01%
Crime Impact Security	M/AA	MBE	1.25%	\$159,500.00	0.91%	\$511,063.00	1.18%
Metro Building Maintenance	M/APA	MBE	0.29%	\$31,200.00	0.18%	\$91,000.00	0.21%
Micro Trends International Inc.	M/HA	MBE	0.39%	\$17,083.25	0.10%	\$183,872.16	0.42%
South Coast Metal Finishing dba West Coast Metal Finishing	M/HA	MBE	2.87%	\$527,146.98	3.01%	\$1,202,335.60	2.77%
Wycliff Trucking	M/HA	MBE	1.01%	\$102,293.42	0.58%	\$359,915.22	0.83%
Phoenix Engineering	F/HA	WBE	2.39%	\$360,000.00	2.05%	\$1,026,400.00	2.36%
Johnson Lift/Hyster		OBE	0.18%	\$26,652.00	0.15%	\$77,735.00	0.18%
Mission Uniforms		OBE	0.03%	\$2,085.00	0.01%	\$8,757.00	0.02%
Polyflex Wheels		OBE	8.10%	\$1,334,109.22	7.61%	\$3,134,984.92	7.22%
Arturo Rodriguez		OBE	0%	\$11,994.25	0.07%	\$11,994.25	0.03%
Ramon Villegas		OBE	0%	\$11,994.24	0.07%	\$11,994.24	0.03%
<b>Total MBE Participation</b>			<b>7.33%</b>	<b>\$991,783.65</b>	<b>5.66%</b>	<b>\$2,784,985.98</b>	<b>6.42%</b>
<b>Total WBE Participation</b>			<b>2.36%</b>	<b>\$360,000.00</b>	<b>2.05%</b>	<b>\$1,026,400.00</b>	<b>2.36%</b>
<b>Total OBE Participation</b>			<b>11.02%</b>	<b>\$1,386,834.71</b>	<b>7.91%</b>	<b>\$3,245,465.41</b>	<b>7.48%</b>
<b>Total Invoiced Year 3: 12/1/03 to 11/30/04</b>				<b>\$17,522,023.00</b>			
<b>Total Invoiced Years 1, 2, and 3: 12/1/01 to 11/30/04</b>						<b>\$43,400,847.00</b>	

BUREAU OF SANITATION  
 BUREAU OF CONTRACT ADMINISTRATION  
 JOINT BOARD REPORT NO. 2  
 SEPTEMBER 26, 2005

Page 8

Pledged participation including Amendment 3:

Listed Subcontractors	Gender/ Ethnic	MBE/ WBE/ OBE	% of Contract	Contract Amount
Alameda Produce Market	M/HA	MBE	0.76%	\$436,800.00
Crime Impact Security	M/AA	MBE	1.19%	\$678,563.00
Metro Building Maintenance	M/APA	MBE	0.28%	\$161,110.00
Micro Trends International, Inc.	M/HA	MBE	0.32%	\$183,872.16
South Coast Metal Finishing dba West Coast Metal Finishing	M/HA	MBE	3.13%	\$1,788,097.00
Wycliff Trucking	M/HA	MBE	0.76%	\$435,518.00
Phoenix Engineering	F/HA	WBE	2.43%	\$1,386,400.00
Johnson Lift/Hyster		OBE	0.18%	\$104,387.00
Mission Uniforms		OBE	0.02%	\$11,677.00
PolyFlex Wheels		OBE	8.66%	\$4,943,876.00
Arturo Rodriguez		OBE	0.10%	\$54,250.00
Ramon Villegas		OBE	0.10%	\$54,250.00
Total MBE Participation			6.45%	\$3,683,960.16
Total WBE Participation			2.43%	\$1,386,400.00
Total OBE Participation			9.05%	\$5,168,440.00
Total Contract				\$57,104,601.00

**MBE/WBE/OBE Substitution for Freight Services**

Article 11 of the contract outlines contractor responsibility in supplying the anticipated annual demand of the program part of which includes delivery to city owned warehouse in a timely manner.

Rehrig Pacific Company in a letter dated January 18, 2005 (Transmittal No. 6) requested that the City allow them to seek substitute subcontractor(s) for Wycliff Trucking who in a letter dated August 13, 2004 (Transmittal No. 7) gave notice of their intention to stop doing business with Rehrig due to not getting enough business to remain viable. Rehrig inquired with the Office of Contract Compliance as to how to proceed with finding a substitute trucking company. As a result, Rehrig subcontracted with Arturo Rodriguez and Ramon Villegas (sole proprietors) for freight services as substitute for Wycliff Trucking (certified MBE). These two sole proprietors have consequently submitted application for MBE certification with the City.

The Bureau recommends to the Board approval of Rehrig's request for subcontractor substitution for freight services (Arturo Rodriguez and Ramon Villegas) in order to ensure the uninterrupted supply of containers at competitive pricing and maintain the subcontractor participation MBE/WBE/OBE levels as delineated in the contract.

**Other City Requirements**

Rehrig complied (on-file) on the following documents:

1. Nondiscrimination/Equal Employment and Affirmative Action
2. Child Support Obligation Ordinance
3. Living Wage Ordinance and Equal Benefit Ordinance
4. Slavery Disclosure Ordinance
5. Business Tax Registration Certificate (BTRC)
6. Notification of Intent to Contract/Charter Section 126  
- submitted 9/21/00
7. Charter Section 1022 - determination was approved on Mar 8, 2004
8. Insurance
9. Americans with Disabilities Act

**Early Payment Discount Per Council File No. 99-1128**

Rehrig agrees to offer the City any discount terms that are offered to its best customers for the goods and services to be provided herein, and apply such discount to payments made under this agreement, which meet the discount terms.

**Contractor Performance Evaluation**

In accordance with Article 13, Chapter 1, Division 10 of the City of Los Angeles Administrative Code, the appropriate City personnel responsible for the quality control of this personal services contract shall submit Contractor Performance Evaluation Reports to the Bureau of Contract Administration (Department of Public Works) upon completion of this contract.

**Contractor Responsibility Ordinance**

All contractors participating in this project are subject to compliance with the requirements specified in the City of Los Angeles' Contractor Responsibility Ordinance #173677, [Article 14, Chapter 1, Division 10, L.A.A.C.]. Failure to comply with all requirements specified in the Ordinance will render the bidder's contract subject to termination pursuant to the conditions expressed therein.

**Authority to Notify Rehrig Pacific Company of the City's Intent to Exercise the First Five-year Renewal Option**

At the meeting of the Council of the City of Los Angeles held May 7, 2002, the Council approved the proposed contract with Rehrig Pacific Company with a term of five years, with options to renew for two five-year extensions for the purchase of automated refuse and

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 2  
SEPTEMBER 26, 2005

Page 10

recycling containers and related services. Further, the Council asked the Bureau to provide a status report through its appropriate policy committee in year three of the contract, prior to exercising an option for the first five year extension, with an analysis of the contract (Miscikowski/Reyes Verbal Motion - Item No. 30, CF 02-0693).

In compliance with the above Council motion, the Bureau presented the report (Transmittal No. 8) to the Environmental Quality and Waste Management Committee last April 13, 2005, which concluded the following:

- a. Rehrig cart pricing overall is the lowest in the market.
- b. Standardization of design with refuse, yard trimming and recycling bins allows the best compatibility possible with the City existing automated truck collection fleet.
- c. Rehrig has worked closely with the Bureau to reduce ancillary services costs and pass the savings to the City of Los Angeles without adversely affecting the program.
- d. Despite the continued rise in costs (resin, steel, energy) associated with the manufacturing of containers, Rehrig has managed to minimize the average annual price increase to 3% in 2003 and 2004 (whereas the contract allows a maximum 4% annual price increase) despite an average annual resin price increases of more than 10% over the same period.
- e. Rehrig has demonstrated with its newly designed fully automated 90-gallon container mold, its commitment to further enhance container-truck compatibility which would result in significant reduction in damage to containers and ultimately reduce the aggravation to city residents having to call for container repair or replacement.
- f. Rehrig has demonstrated a high degree of reliability in meeting the City's supply demand, having successfully delivered in a timely manner the containers needed for both the existing Ad Hoc and Systematic Container Replacement operations.

Therefore, the Bureau recommends that the Board of Public Works authorize the Bureau of Sanitation to notify Rehrig Pacific Company in writing of the City's intention to exercise the first five-year renewal option (effective 12/1/06 thru 11/30/11) as allowed in

BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 2  
SEPTEMBER 26, 2005

Page 11

Article 7.3 of the contract as approved by the Council on May 7, 2002.

Upon approval of the Board, the Bureau will commence negotiations with Rehrig Pacific Company for the renewal contract (effective December 1, 2006 thru November 30, 2011). The Bureau will then return to the Board for the execution of the renewal contract in compliance with Article 7 of contract C-102987.

STATUS OF FINANCING

Funding for container purchases is provided as part of the annual revenue bond issuance supported by the Sanitation Equipment Charge (SEC). As of September 20, 2005, \$19,427,200 was appropriated in Fund 48S, Account W301 (Automated Recycling Containers), of which \$2,284,072 was expended, \$8,380,775 was encumbered, and the remaining \$8,762,353 was the uncommitted balance. \$16,843,128 is therefore available to fund the remaining expenditures in the current year (year 4 of the contract). Expenditures in year 5 and subsequent years will be funded from future issuances of Sanitation Equipment Charge Revenue Bonds.

( JZ CH AH EZ RPT WFB )

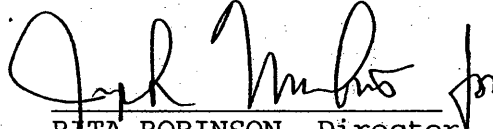



BUREAU OF SANITATION  
BUREAU OF CONTRACT ADMINISTRATION  
JOINT BOARD REPORT NO. 2  
SEPTEMBER 26, 2005


Page 12

Respectfully submitted,

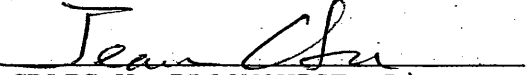
COMPLIANCE REVIEW PERFORMED  
AND APPROVED BY:

  
RITA ROBINSON, Director  
Bureau of Sanitation

  
HANNAH CHOI, Program Manager  
Office of Contract Compliance  
Bureau of Contract Administration

  
JOHN L. REAMER JR., Director  
Bureau of Contract Administration

APPROVED AS TO FUNDS:

  
CRAIG V. BLOOMQUIST, Director  
Office of Accounting

Date 9-21-05

Prepared by:  
Jonathan Zari, SRSSD  
Project Manager  
(213) 473-7923

# Rehrig Pacific Company

RECEIVED

05 NOV - 09 PM 5:00  
CITY OF LOS ANGELES  
BUREAU OF SANITATION  
RECYCLING & COLLECTION

November 3, 2005

Jonathan Zari  
Bureau of Sanitation  
City of Los Angeles  
419 Spring Street Suite 900  
Los Angeles, CA 90013

Dear Jonathan:

This letter signifies Rehrig Pacific's request for price increase applied to the contract for Automated Refuse/Recycling Containers, Equipment and Ancillary Services. The requested increase is targeted for the beginning of the fifth year of the contract, December 1, 2005. The increase for Year 4 with implementation in December of 2004, was for 4% of the price of each size container, although Rehrig's resin cost increase was 28.57% (from \$.42 to \$.54 per lb.) or 10.03% of the cart cost from the prior year. The increase for Year 3 with implementation in December of 2003, was for 3% of the price of the containers, although Rehrig's cost increases far surpassed the 4% maximum increase as described in the contract. The documented resin price for the beginning of the first year of the contract was \$.31 cents/lb.

The total resin cost increase since the start of the contract is 165% with the cart cost increasing by over 45% since the beginning of the contract. Keep in mind that the resin cost increases are only a part of the total increases Rehrig has absorbed. Besides rising labor and insurance costs, we have incurred cost increases of over 30% on our wheels, axles, and color since the start of the contract.

Starting December 1<sup>st</sup>, 2005, Rehrig Pacific is requesting a change in cart price to reflect the change in resin cost from last year. The current resin cost is \$.82/lb., which is a \$.28/lb. increase from last year. This \$.28/lb. reflects a \$.95/\$.65/\$.49 increase for the 95, 65, and 35 gallon containers respectively. The unprecedented higher resin costs have been caused largely by high natural gas prices (largest feedstock for Polyethylene), high ethane and ethylene prices, unexpected plant shutdowns, supply and demand conditions in the market, and Hurricanes Katrina and Rita. Simply put, the industry has never experienced market conditions as we have in the last three months. The resin companies have also announced another \$.07/lb. increase for November 15th.

4010 EAST 26<sup>th</sup> ST. • LOS ANGELES, CALIF. 90023 / 323-262-5145 • FAX 323-269-8506

QUALITY CONTAINERS FOR INDUSTRY SINCE 1913

TRANSMITTAL #5

# Rehrig Pacific Company

Compounding and reinforcing the resin price escalation is a shortfall in resin supply. All suppliers have put customers on resin allocation, causing many plastic product users to run out of resin. In addition, a few resin suppliers have declared force majeure. The tight resin supply is expected to continue through the rest of the calendar year.

Below, I have outlined past years' price increases along with our current proposed price increase to be implemented December 1<sup>st</sup>, 2005.

<u>Size</u>	<u>Dec. '01</u>	<u>Dec. 02</u>	<u>Dec. 03</u>	<u>Dec. 04</u>	<u>Proposed Dec. 05</u>
35 Gallon	\$20.00	\$21.00	\$27.00	\$28.08	\$33.02
65 Gallon	\$30.50	\$32.25	\$34.00	\$35.36	\$42.96
95 Gallon	\$37.50	\$38.50	\$38.50	\$40.04	\$49.56

If not implemented by December 1<sup>st</sup>, 2005, the above prices will be retroactively applied to all roll-out containers received on or after December 1<sup>st</sup>, 2005.

As a further testament to Rehrig's commitment to the City of Los Angeles, I have calculated the amount of cost increase that Rehrig has absorbed since the beginning of the contract. Over the first four years of the contract, Rehrig has absorbed over \$1.7 million in resin cost alone. If Rehrig only receives 4% in Year 5, the total resin cost absorption will jump to \$4.7 million, a level that is not sustainable.

Given these unprecedented times and unpredictable change in the market place, Rehrig Pacific Company asks the City of Los Angeles to amend Article 48 in the Contract, "Price Adjustment". We recommend the following addition to Article 48, "In the event of an unpredictable change in the market, which affects the current contract price, contractor may submit justification for a price adjustment. The Contract Administrator shall review the justification and determine the applicable price adjustment, if any. Upon return to normal market conditions, any changes in the prices will be adjusted to the price established by the original contract terms. The Contract Administrator shall be the final authority on any price adjustment due to unpredictable market change."

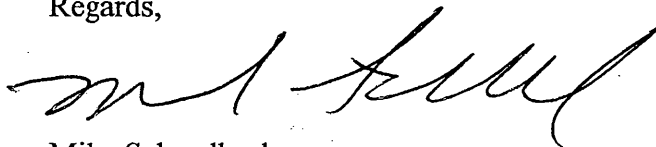
Due to the critical nature of the resin market, we ask for a resolution to the matter by Friday, November 18<sup>th</sup>, 2005. On behalf of the Rehrig Pacific Company, I thank you for your understanding on this crisis situation. We look forward to continuing our

# Rehrig Pacific Company

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partnership with the City of Los Angeles and providing the highest quality container and service in the marketplace.

Regards,



Mike Schwalbach  
National Environmental Manager  
Rehrig Pacific Company



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Resin pricing

Volume Thermoplastics

HDPE  
Injection GP

Annual volumes greater than 20 million pounds.

All prices are estimated U.S. market prices, in cents per pound, for prime resin, unfilled, natural color, FOB supplier, unless otherwise indicated.

"Change Date" represents issue dates when *Plastics News* published a change in our weekly price chart, as well as the week when the file was updated most recently. Our published prices indicate when we became aware of and confirmed with North American buyers and suppliers that prices actually changed in the market.

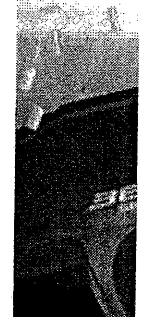
PN EVENTS

- Executive Forum
- Encounters ▶

SERVICES

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- Subscribe ▶
- E-mail products ▶
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- Lit spotlight
- PN Ad Connect
- List rental ▶
- Story reprints

Change Date	Low	High	Avg
12-Aug-96	46.0	47.0	46.5
09-Dec-96	44.0	45.0	44.5
17-Feb-97	43.0	44.0	43.5
14-Apr-97	46.0	47.0	46.5
11-Aug-97	44.0	45.0	44.5
08-Sep-97	42.0	43.0	42.5
27-Oct-97	40.0	41.0	40.5
15-Dec-97	39.0	40.0	39.5
09-Feb-98	38.0	39.0	38.5
16-Mar-98	37.0	38.0	37.5
13-Apr-98	36.0	37.0	36.5
11-May-98	35.0	36.0	35.5
08-Jun-98	34.0	35.0	34.5
13-Jul-98	33.0	34.0	33.5
17-Aug-98	32.0	33.0	32.5
21-Sep-98	31.0	32.0	31.5
19-Oct-98	30.0	31.0	30.5
30-Nov-98	29.0	30.0	29.5
21-Dec-98	28.0	29.0	28.5
01-Feb-99	27.0	28.0	27.5
01-Mar-99	28.0	29.0	28.5

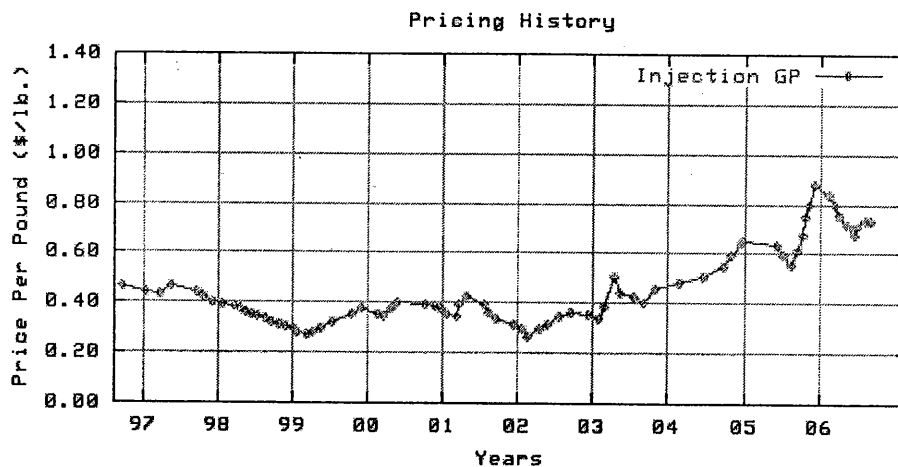


TRANSMITTAL #6

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12-Apr-99	29.0	30.0	29.5
07-Jun-99	32.0	33.0	32.5
13-Sep-99	35.0	36.0	35.5
01-Nov-99	37.0	38.0	37.5
10-Jan-00	35.0	36.0	35.5
14-Feb-00	34.0	35.0	34.5
20-Mar-00	37.0	38.0	37.5
17-Apr-00	40.0	41.0	40.5
04-Sep-00	39.0	40.0	39.5
16-Oct-00	38.0	39.0	38.5
20-Nov-00	37.0	38.0	37.5
18-Dec-00	35.0	36.0	35.5
29-Jan-01	34.0	35.0	34.5
12-Feb-01	39.0	40.0	39.5
19-Mar-01	42.0	43.0	42.5
11-Jun-01	39.0	40.0	39.5
02-Jul-01	36.0	37.0	36.5
13-Aug-01	33.0	34.0	33.5
12-Nov-01	31.0	32.0	31.5
17-Dec-01	29.0	30.0	29.5
14-Jan-02	26.0	27.0	26.5
11-Mar-02	29.0	30.0	29.5
15-Apr-02	31.0	32.0	31.5
17-Jun-02	34.0	35.0	34.5
12-Aug-02	36.0	37.0	36.5
04-Nov-02	35.0	36.0	35.5
23-Dec-02	33.0	34.0	33.5
20-Jan-03	38.0	39.0	38.5
10-Mar-03	50.0	51.0	50.5
07-Apr-03	44.0	45.0	44.5
16-Jun-03	42.0	43.0	42.5
04-Aug-03	40.0	41.0	40.5
29-Sep-03	45.0	46.0	45.5
26-Jan-04	48.0	49.0	48.5
17-May-04	50.0	51.0	50.5
16-Aug-04	54.0	55.0	54.5
27-Sep-04	59.0	60.0	59.5
15-Nov-04	64.0	65.0	64.5
29-Nov-04	65.0	66.0	65.5

02-May-05	63.0	64.0	63.5
06-Jun-05	59.0	60.0	59.5
11-Jul-05	55.0	56.0	55.5
08-Aug-05	61.0	62.0	61.5
12-Sep-05	67.0	68.0	67.5
19-Sep-05	74.0	75.0	74.5
10-Oct-05	79.0	80.0	79.5
07-Nov-05	87.0	88.0	87.5
16-Jan-06	83.0	84.0	83.5
06-Feb-06	79.0	80.0	79.5
27-Feb-06	75.0	76.0	75.5
10-Apr-06	71.0	72.0	71.5
15-May-06	67.0	68.0	67.5
22-May-06	70.0	71.0	70.5
03-Jul-06	73.0	74.0	73.5
31-Jul-06	73.0	74.0	73.5



The information provided is based on sources believed to be reliable but its accuracy or timeliness is not guaranteed and no warranties of any kind are provided. *Plastics News* does not intend to specify the price of the materials listed. For price quotes on specific materials, contact the supplier.

Be sure to check this site's [current Resin pricing page](#) for the latest resin pricing news.

For pricing information on virgin thermoplastic resins, call *Plastics News* reporter [Frank Esposito](#) at (330) 865-6156, or fax him at (330) 836-2322.

**RENEWAL OPTION 1  
to  
CONTRACT NO. C- 102987**

**AGREEMENT BETWEEN  
THE CITY OF LOS ANGELES  
and  
REHRIG PACIFIC COMPANY**

**For the supply of AUTOMATED REFUSE/RECYCLING  
CONTAINERS and ANCILLARY SERVICES RELATED to  
the  
CONTAINER REPLACEMENT PROGRAM**

CITY OF LOS ANGELES



**SANITATION**  
DEPARTMENT OF  
PUBLIC WORKS

**Effective December 1, 2006 thru November 30, 2011**

**Rita L. Robinson, Director  
Enrique C. Zaldivar, Assistant Director  
Alexander E. Helou, Division Manager**

**Bureau of Sanitation**

**Solid Resources Support Services Division  
1149 S. Broadway St., 8<sup>th</sup> Flr  
Los Angeles, CA 90015  
(213) 485-3605**



**RENEWAL OPTION 1 TO CONTRACT No. C – 102987 WITH REHRIG PACIFIC COMPANY AUTOMATED RECYCLING CONTAINERS AND ANCILLARY SERVICES.**

This Agreement is made and entered into by and between the CITY OF LOS ANGELES, California, a municipal corporation acting by order of and through its Board of Public Works, hereinafter referred to as the "CITY", and "REHRIG PACIFIC COMPANY", hereinafter referred to as the "CONTRACTOR", is set for as follows:

WITNESSETH

WHEREAS, CITY has need for the supply of automated refuse, yard trimmings and recycling containers and ancillary services under the jurisdiction of the Department of Public Works; and

WHEREAS, three (3) firms responded to the Request for Qualifications dated May 21, 2001; and

WHEREAS, all of the responding firms were qualified to participate in the Request for Bid dated September 26, 2001; and

WHEREAS, Rehrig Pacific Company was selected as the lowest most responsive bidder in the RFB to supply automated refuse, yard trimmings and recycling containers and provide ancillary services and equipments related to the Container Replacement Program; and

WHEREAS, the selected CONTRACTOR has demonstrated the capability to supply containers and provide the required ancillary services; and

WHEREAS, the CONTRACTOR was selected as lowest most responsive bidder, by the BOARD, to perform the tasks listed in Article 4 below, based on the requirements set forth in the Agreement; and

WHEREAS, services to be provided by CONTRACTOR are of an expert and technical nature; and

WHEREAS, the CITY executed Amendment No.1 on June 23, 2003 that effective December 1, 2002 1) increased container prices due to increase in plastic resin price. Reduced annual container demand guarantee and added language clarifying applicability of the 12% administration fee (Article 10), and 2) waive warranty insurance for year two of the contract and add language to address future requests for waiver (Article 16); and

WHEREAS, the CITY changed personnel administering this contract (Article 6); and

WHEREAS, the CITY executed Amendment No.2 on November 10, 2004 that effective December 1, 2003 1) increased container prices due to increase in plastic resin price (Article 10); and

WHEREAS, the CITY executed Amendment No.3 on December 6, 2005 that became effective December 1, 2004 that increased container prices due to increase in plastic resin price (Article 10); and

WHEREAS, the CITY executed Amendment No.4 that became effective December 1, 2005 that increased container prices due to increase in plastic resin price (Article 10); and

WHEREAS, the CITY finds it prudent and necessary to exercise its first renewal option to extend the term of the contract with the CONTRACTOR for another five-years (Article 7) as evidenced by the letter dated December 6, 2005 from the CITY to Rehrig Pacific Company, and upon negotiations has resulted in the following key changes to the contract effective December 1, 2006 through midnight of November 30, 2011;

- Scope of Services to include supply of other containers and accessories (Article 4)
- Term of Agreement and Time of Effectiveness of the Renewal Option 1 Contract (Article 7)
- Changes in Compensation, Invoicing and Payment (Article 10)
- Add new reference for specifications and performance requirements (Article 11)
- Changes in Cash Reserve for Warranty Claims (Article 18)
- New early payment discount percentage (Article 43)
- New annual price adjustment percentage (Article 48.1); and
- Add new provision for Unpredictable Market Change (Article 48.2).

NOW, THEREFORE, in consideration of the promises, covenants, and agreements hereinafter set forth, the parties hereby agree as follows:

#### ARTICLE 1- Construction of Provisions and Titles Herein (No Change)

#### ARTICLE 2 -Definitions (See Changes in *italics*)

**ANCILLARY SERVICES** Includes CCIS, storage and staging facility, recycling and buyback plan, lifter arm retrofit plan, *other services, equipment and other containers other than those specified in the scope of services deemed necessary for the proper implementation of the collection program.*

**TD** Task Directive. A written instrument issued by the CITY to the CONTRACTOR. Shall govern most work performed, *services, equipment, containers, accessories* and *other* deliverables supplied by the CONTRACTOR.

#### ARTICLE 3 – Number of Originals (No Change)

#### ARTICLE 4 – Responsibilities of Tasks to be Performed by the CONTRACTOR (See Changes in *italics*)

- 4.1 CONTRACTOR Services (No Change)
- 4.2 CONTRACTOR Corrective Services (No Change)

4.3 Maintenance of Records (No Change)

4.4 Scope of Services (See Changes in *italics*)

CONTRACTOR shall provide the following deliverables and services to the CITY:

- a. Supply of Automated Refuse/Recycling Containers
- b. Container Storage/Staging Facilities
- c. Computerized Container Identification System (CCIS)
- d. Recycling/Buy-back of Retrieved Old Containers
- e. Compatibility of Container with CITY-owned Collection Trucks
- f. Other Ancillary Services and Equipment
- g. *Other Containers and Containerization Accessories related to the collection of solid resources (Added)*

4.4.1 Supply of Automated Refuse/Recycling Containers (See Change - in *italics*)

The CONTRACTOR shall supply semi or fully automated 90, 60 and 30-gallon (nominal size) containers, with colors in BLACK (refuse), GREEN (yard trimmings) and BLUE (recyclables). The total amount of containers to be supplied in assorted sizes and colors is up to 300,000 per year over a 5-year period.

The anticipated annual demand for containers is based on 210,000 for the CRP and 90,000 containers for the customer-request-based container services, for a total of 300,000 containers per year. These are approximate numbers based on estimated demand. The CITY guarantees 90 % of the total annual quantity of all three sizes combined, on a year to year basis.

The ratio of 90 to 60 to 30-gallon containers purchased may vary. Estimated quantity of containers needed is up to 300,000 units per year, and distributed as follows: 90-gallon = 148,500 units, 60-gallon = 148,500 units, and 30-gallon = 3,000 units. The CITY reserves the right to vary the ratio of the various sizes of containers purchased.

The CONTRACTOR is capable of manufacturing a minimum of 4,950 of 90-gallon, 4,950 of 60-gallon, and 100 of 30-gallon (a combined total of 10,000) containers per calendar week (i.e. 7 days).

The CONTRACTOR is required to accumulate a start-up inventory of at least 9,900 of 90-gallon, 9,900 of 60-gallon and 200 of 30-gallon containers prior to street rollout of the CRP. For this, the CITY will allow **20 calendar days** from the date of execution of the contract to the start of street distribution. Seventy percent (70%), or 14,000 containers, of the start-up inventory must be stored at the CONTRACTORs Staging /Storage Facility (Article 4.4.2), prior to rollout. The CITY reserves the right to change the start-up inventory numbers based on anticipated demand prior to rollout.

The CONTRACTOR shall be capable of supplying all required containers and shall not sub-contract any container manufacturing to a secondary source outside

of the designated back-up supplier below without the written approval of the CITY.

CONTRACTOR has submitted the following container manufacturers and facilities:

- a. Rehrig Pacific Company Plant in Atlanta, Georgia
- b. Rehrig Pacific Company Plant in Kansas
- c. Rehrig Pacific Company Plant in Erie, Pennsylvania

as back-up facilities capable of supplying the production demand of this program in case the primary supplier due to equipment breakdown or any unforeseen circumstance is not able to cope with the demand. CONTRACTOR will use its Atlanta and Kansas facilities first before using Erie, Pennsylvania as back-up production facilities should the need arise. This is to insure supply of containers continue uninterrupted.

Back-up supplier(s) shall produce the same containers as the primary CONTRACTOR (design, specifications, and performance). Primary CONTRACTOR shall be responsible for all warranty claims for all containers supplied by the back-up supplier.

The CONTRACTOR shall not sub-contract the manufacturing of containers outside of the designated independent back-up supplier list. CONTRACTOR must obtain a written approval from the CITY prior to producing at any of the back-up facilities.

The CITY will review in-plant resin inventory and production records to ensure that the volumes listed herein can be met.

The CONTRACTOR shall provide at their expense for an annual site visit on their manufacturing facilities for at least four (4) CITY representatives. This site visit will verify production capability, quality assurance and verification of information as submitted.

The CONTRACTOR will comply with Container General Requirements in Article 11 (RFB Article D).

- 4.4.2 Container Storage and Staging Facilities (No Change)
- 4.4.3 Computerized Container Identification System (No Change)
- 4.4.4 Recycling/Buy-Back of Retrieved Old Containers (See Change - in *italics*)

CONTRACTOR shall recycle/re-use retrieved/old containers replaced by this program.

CONTRACTOR shall provide, directly or through CITY-approved SUBCONTRACTORS, recycling/re-use of old containers.

CONTRACTOR together with the CITY shall determine upon inspection whether retrieved containers shall be refurbished for later distribution or recycled under the buyback program for PCR use.

Once the CONTRACTOR and CITY decide that the container is to be recycled, the CONTRACTOR takes ownership of this container. Contractor will provide the City with a report on a monthly basis that states the amount of material (lbs) that was recycled. The CONTRACTOR shall provide a credit on a monthly basis based on the following pricing scheme:

**BASE Price of \$0.05 per lb of plastic material.**

*This credit can then be applied at the CITY's request to invoices for container purchases, parts, ancillary services, equipment, other containers and accessories.*

4.4.5 Compatibility of Container with City owned Collection Trucks (No Change)

4.4.6 Other Ancillary Services and Equipment (See Change - in *italics*)

**CONTRACTOR shall provide services other than those specified in Section 4.4 and equipment (including but not limited to compactors, etc.) as the CITY deems necessary for the implementation of the solid resources programs.** Specific costs and terms shall be negotiated on a case by case basis, and shall be clearly delineated in Task Directives issued by the CITY.

4.4.7 **Other Containers and Containerization Accessories related to the collection of solid waste (Added)**

**The CONTRACTOR shall provide containers other than automated refuse and recycling containers specified in Section 4.4.1, including but not limited to dumpsters, roll-offs, compactors, litter containers, organic/food waste containers, RFID equipment, etc. and accessories including but not limited to mini-bins, flyers, labels, etc. as the CITY finds necessary for the containerization and collection of waste or implementation of programs citywide. Specific costs, specifications and terms shall be negotiated on a case by case basis, and shall be clearly delineated in Task Directives issued by the CITY.**

**ARTICLE 5 – Key CONTRACTOR Personnel (No Change)**

**ARTICLE 6 - Responsibilities of and Tasks to be Performed by the CITY (No Change)**

ARTICLE 7 – Term of Agreement and Time of Effectiveness (See Changes in *italics*)

7.1 Agreement (See Changes in *italics*)

~~*The term of this Agreement (Renewal Option 1) is hereby extended from December 1, 2006 to midnight of November 30, 2011 pending full execution of the Agreement unless terminated as provided under Article 8 or extended by amendment or change order to this agreement.*~~ Full execution is defined as the date when all of the following events have occurred:

- (a) This Contract has been signed on behalf of the CONTRACTOR by the person or persons authorized to bind the CONTRACTOR hereto;
- (b) This Contract has been approved by the BOARD in accordance to Section 7.3;
- (c) The office of the CITY Attorney has indicted in writing its approval of this Contract as to form and legality;
- (d) This Contract has been signed on behalf of the CITY by the President of the Board of Public Works.

7.2 Renewal Options (See Changes in *italics*)

This Agreement is renewable upon mutual approval of the CITY and CONTRACTOR, for another 5-year term. Since the beginning of this contract, the total potential life of this contract is fifteen (15) years.

7.3 Renewal Process (No Change)

ARTICLE 8 – Suspension and Termination (No Change)

ARTICLE 9 --Subcontract Approval (No Change)

ARTICLE 10 – Compensation, Invoicing, & Payment (See Changes in *italics*)

CITY and CONTRACTOR herein agree to structure the compensation, invoicing and payment in accordance with Article 4.4 Scope of Services, in the following manner:

A. Supply of Automated Refuse/Recycling Containers (See Changes in *italics*)

CONTRACTOR shall submit invoices to the CITY upon satisfactory completion of Container Delivery Orders (CDO), as stipulated in Article 12. Containers drawn from the staging/storage facility(s) for use in the CRP shall not require a CDO, and shall be invoiced on a weekly basis (Sunday – Saturday). All invoices must be accompanied by supporting documentation.

Effective December 1, 2005, the CITY shall pay for automated refuse, yard trimming, and recycling containers at the prices below:

Container Size (Gallon)	Container Color	Unit Price
30 (Nominal)	Black, Green or Blue	\$29.20
60 (Nominal)	Black, Green or Blue	\$36.77
90 (Nominal)	Black, Green or Blue	\$41.64

Automated refuse/recycling containers supplied by this Agreement shall have a 30% (by weight) PCR content. The CITY shall make an annual verification of the %PCR content as part of the annual audit of the CONTRACTOR manufacturing operations.

Container Costs shall be adjusted to include the Early Payment Discount of 2% per 30 days offered by the CONTRACTOR and agreed to by the CITY. The Early Payment Discount shall only be applicable to container purchases under Article 4.4.1.

Sales taxes are to be added as applicable.

Any changes in the above pricing shall be in accordance with Article 48.

The above Container Costs and adjustments are based on the estimated demand of 300,000 units cumulative for all sizes and color with 85% of the demand guaranteed (equivalent to 255,000 units) by the CITY (year to year). The guarantee applies for the *term* of the contract congruent to the Bureau waiving warranty insurance requirements of Article 16. Should warranty insurance be provided at any time during the remainder of the contract, the container supply quantity guarantee shall revert back to 90% of 300,000 or 270,000 container units (year to year).

The ratio of 90 to 60 to 30-gallon containers purchased may vary. Estimated quantity of containers needed is up to 300,000 units per year, and distributed as follows: 90-gallon = 148,500 units, 60-gallon = 148,500 units, and 30-gallon = 3,000 units. The CITY reserves the right to vary the ratio of the various sizes of containers purchased.

The containers supplied shall comply with the specifications delineated in Article 11 (RFB Article D.1, D.2 and D.6) of this Agreement.

B. Staging/Storage Facility (See Changes in *italics*)

1. Staging Storage Facility #1

Costs associated with this Article have been categorized as ONE-TIME (COST- PLUS) and ANNUAL (LUMP-SUM) costs.

ONE-TIME (COST-PLUS) costs are those which are incurred only once in the duration of the contract and shall be invoiced at the end of each month of delivery of goods or completion of services rendered. Included in the costs is a 12% Administration Fee over invoice. The fee is to cover Rehrig Pacific Company's expenses in providing the specific items or services requested by the city.

ANNUAL (LUMP-SUM) costs are recurring expenses that take place throughout the year, every year of the contract term. The CONTRACTOR shall divide the ANNUAL costs evenly to twelve months and shall invoice the CITY on a monthly basis. This costs is strictly a pass-through, no Administration Fee is to be charged on these items.

Staging/Storage Facility #1, ONE-TIME (COST-PLUS) costs are those costs of ~~CONTRACTOR directly identifiable to or incurred in the performance of services or deliverables~~ provided hereunder, including but not limited to the following AND not to exceed \$382,000.00, inclusive of a 12% Administration Fee to the CONTRACTOR:

Item	Total (One-Time)
Washer/Clarifier	\$ 25,000.00
Phone System/Install	\$ 20,000.00
Computers	\$ 20,000.00
Install/Computer Warranty	\$ 7,500.00
Printers/Fax Machine	\$ 7,500.00
Office Furniture	\$ 20,000.00
Lockers	\$ 5,000.00
Tenant Improvement	\$ 150,000.00
Security Deposit	\$ 65,000.00
Permits	\$ 28,000.00
Racks/Shelves Instal	\$ 10,000.00
Tools/Equipment	\$ 5,000.00
Utility Deposit/Set-up	\$ 2,000.00
Propane Station	\$ 5,000.00
Hardware Service (server)	\$ 7,000.00
Radios	\$ 5,000.00
GRAND TOTAL	\$ 382,000.00

Property Related Costs, ANNUAL (LUMP-SUM) costs are those costs of CONTRACTOR directly identifiable to or incurred in the performance of services or deliverables provided hereunder, including but not limited to the following AND not to exceed \$1,105,112.50. (These costs shall not be subject to any Administrative Fee):

Item	Total (Annual)
Rent/Lease	\$ 527,000.00
Liability Insurance	\$ 3,000.00
Property Insurance	\$ 6,000.00
Property Tax	\$ 55,000.00
Water	\$ 34,000.00
Electric/Gas	\$ 140,000.00
Phone	\$ 49,000.00
Plumbing Maintenance	\$ 25,000.00
Facility Maintenance	\$ 42,000.00
Security	\$ 187,500.00
Janitorial Supplies	\$ 5,412.50
Cleaning Service	\$ 31,200.00
GRAND TOTAL	\$ 1,105,112.50



Equipment Related Costs, ANNUAL (LUMP-SUM) costs are those costs of CONTRACTOR directly identifiable to or incurred in the performance of services or deliverables provided hereunder, including but not limited to the following AND not to exceed \$137,384.50. (These costs shall not be subject to any Administrative Fee):

Item	Total (Annual)
Freight	\$ 58,000.00
Computer maintenance	\$ 5,000.00
Propane	\$ 22,732.50
Fork Lift Lease	\$ 26,652.00
Grinder Maintenance	\$ 25,000.00
GRAND TOTAL	\$ 137,384.50

Personnel Related Costs, ANNUAL (LUMP-SUM) costs are those costs of CONTRACTOR directly identifiable to or incurred in the performance of services or deliverables provided hereunder, including but not limited to the following AND not to exceed \$712,000.00: (These costs shall not be subject to any Administrative Fee):

Item	Total (Annual)
Program Manager	\$ 120,000.00
Facility Manager	\$ 120,000.00
<b><i>Container Administrator</i></b>	<b><i>\$50,000.00</i></b>
Uniform Service	\$ 5,000.00
Driver	\$ 57,000.00
Laborers	\$ 360,000.00
GRAND TOTAL	\$ 712,000.00

2. Staging/Storage Facility #2

Staging/Storage Facility #2, ANNUAL and/or ONE-TIME (COST-PLUS) costs are those costs of CONTRACTOR directly identifiable to or incurred in the performance of services or deliverables provided hereunder, including but not limited to the following AND not to exceed \$200,000.00, inclusive of a 12% Administration Fee to the CONTRACTOR:

Final negotiations for Staging/Storage Facility #2 will be postponed until such time that the City determines a need for the facility. Included in the costs is a 12% Administration Fee over invoice.

C. Computerized Container Identification System (CCIS) (See Changes in *italics*)

Costs associated with this Article have been categorized as ONE-TIME and ANNUAL costs.

ONE-TIME (COST-PLUS) costs are those which are incurred only once in the duration of the contract and shall be invoiced at the end of each month of delivery of goods or completion of services rendered. Included in the costs is a 12% Administration Fee over invoice. The fee is to cover Rehrig Pacific Company's expenses in providing the specific items or services requested by the city.

ANNUAL (LUMP-SUM) costs are recurring expenses that take place throughout the year, every year of the contract term. The CONTRACTOR shall divide the ANNUAL costs evenly to twelve months and shall invoice the CITY on a monthly basis. This cost is strictly a pass-through, no Administration Fee is to be charged on these items.

CCIS, ONE-TIME (COST-PLUS) costs are those costs of CONTRACTOR directly identifiable to or incurred in the performance of services or deliverables provided hereunder including but not limited to the following AND not to exceed \$540,000.00 inclusive of a 12% Administration Fee to the CONTRACTOR:

Item	Total (One-Time)
Programming	\$ 400,000.00
Handheld Scanners	\$ 100,000.00
SQL Software /License	\$ 10,000.00
SQL Developer	\$ 5,000.00
Servers	\$ 20,000.00
Chargers	\$ 5,000.00
Grand Total	\$ 540,000.00

The above ONE-TIME (COSTS-PLUS) are costs necessary for *maintenance and upgrade of existing facility operating conditions*. These costs are payable as they are incurred upon presentation of invoices supported by Task Directives issued by the Project Manager.

D. Recycling/Buyback Program (See Changes in *italics*)

CONTRACTOR shall provide for the Buyback/Recycling of old refuse and recycling containers in accordance to Section 4.4.4.

The Net Revenue shall be reflected in the monthly invoices as a Credit to the CITY.

*This credit can then be applied at the CITY's request to invoices for container purchases, parts, ancillary services, equipment, other containers and accessories.*

CONTRACTOR shall be responsible for providing the City with documentation that shows the number of pounds recycled plastic each month.

CONTRACTOR will issue a credit memo to the CITY, which can then be used for future container purchases.

CONTRACTOR shall issue monthly credit statements to the CITY to reflect the monetary value of the recycled plastic. The statements shall include the following three reporting parameters:

1. Value of recycled plastic this month.
2. Value of recycled plastic this fiscal year running.
3. Value of recycled plastic this contract running.

E. Retrofit of Lifter Arm (No Change)

F. Other Ancillary Services and Equipment (See Changes in *italics*)

**CONTRACTOR shall provide services other than those specified in Section 4.4 and equipment as the CITY's Program Manager deems necessary for the implementation of the CITY's programs.** Compensation under this shall be in accordance with the terms negotiated on a case by case basis by the CITY and CONTRACTOR and as stipulated in the corresponding Task Directive(s) issued by the CITY. Costs associated under this section shall not exceed **\$300,000.00 for the duration of the renewal option 1 contract** inclusive of a 12% Administration Fee to the CONTRACTOR for the costs of providing the specified items for the City as specified in the accompanying Task Directive(s).

G. **Other Containers and Accessories (Added)**

**The CONTRACTOR shall provide containers other than automated refuse/recycling containers in accordance to Section 4.4.7. Specific costs, specifications and terms shall be negotiated on a case by case basis, and shall be clearly delineated in Task Directives issued by the CITY. Costs associated under this section shall not exceed \$250,000.00 annually for the duration of the renewal option 1 contract. This cost is strictly a pass-through, no Administration Fee is to be charged on these items.**

The CONTRACTOR shall submit to the Project Manager a Project Services Cost Estimate for any work or deliverables for any of the above items. The Project Manager will then issue Task Directives authorizing the CONTRACTOR to proceed, with the work specifically outlined in the Task Directive.

The cost proposal provided for each project item of Article 10 awarded pursuant to this Agreement is an estimate, only, and unexpended funds allocated for one project may be used for another project as long as the total Project Services Cost Estimate for the Task Directive is not exceeded. Such reallocation of funds must have the prior written approval of the CITY's Project Manager.

The Project Services Cost Estimate shall be the estimated total cost by task, based upon cost of supply of automated refuse/recycling containers, the costs of providing the CCIS, the costs of providing the staging/storage facility, the costs of providing container compatibility with City owned collection trucks and the expected revenue from the buyback/recycling of old containers and profit. The Project Services Cost Estimate shall be included in any proposal submitted by CONTRACTOR for Task Directives under this Agreement.

**The remainder of the provisions – Article 10.1 through 10.2 remain unchanged.**

**ARTICLE 11 –Container General Requirements** (See Changes in *italics*)

Requirements and provisions not specifically included in this Agreement, but contained in the RFB are hereby incorporated by reference and made part of this agreement.

In areas where there is a conflict in language between the Agreement and RFB, the Agreement shall have precedence over the RFB.

**11.1 Container Technical Requirements** (See Changes in *italics*)

All refuse and recycling containers and associated replacement parts and services shall meet the following minimum technical requirements and in accordance to The Standard Specifications for Refuse Containers 2004 Edition (Blue Book). Non-conformance to the specified items of these specifications constitute a basis for rejection.

The remainder of the provisions - Article 11.1.1 through 11.1.20 shall remain unchanged.

11.2 Container Performance Requirements (See Changes in *italics*)

All refuse and recycling containers will be designed and manufactured to meet the ANSI standards for shape and performance plus the minimum performance requirements described below and in accordance with The Standard Specifications for Refuse Container 2004 Edition (Blue Book).

The remainder of the provisions - Article 11.2 through 11.5 shall remain unchanged.

ARTICLE 12 – Task Directive and Container Delivery Order (No Change)

ARTICLE 13 – Amendments, Changes, or Modifications (No Change)

ARTICLE 14 – Indemnification (No Change)

ARTICLE 15 – Insurance (No Change)

ARTICLE 16- Warranty Insurance (No Change)

ARTICLE 17 –Performance Bond (No Change)

ARTICLE 18 – Cash Reserve for Warranty Claims (See Changes in *italics*)

Cash reserve for warranty claims equal to **\$1,000,000.00** for the total length of the *renewal* contract (**five years**). The cash reserve shall be in place by the end of the first contract year and maintained for the entire length of the *renewal* contract.

ARTICLE 19 – Independent CONTRACTOR (No Change)

ARTICLE 20 – Warranty and Responsibility of CONTRACTOR (No Change)

ARTICLE 21 – Ownership (No Change)

ARTICLE 22 – Nondiscrimination/Equal Employment and Affirmative Action (No Change)

ARTICLE 23 – MBE/WBE and OBE Outreach Program (No Change)

ARTICLE 24 - Successors and Assignees (No Change)

ARTICLE 25 - Contact Persons–Proper Addresses–Notifications (No Change)

ARTICLE 26 - Force Majeure (No Change)

ARTICLE 27 – Breach (No Change)

ARTICLE 28 – Severability (No Change)

ARTICLE 29 – Dispute Resolution (No Change)

ARTICLE 30 – Integrated Contract (No Change)

ARTICLE 31 -- Applicable Law, Interpretation and Enforcement (No Change)

ARTICLE 32 - Los Angeles City Business Tax Registration Certificate (No Change)

ARTICLE 33 – Bonds (No Change)

ARTICLE 34 - Child Support Assignment Orders (No Change)

ARTICLE 35 - Child Care (Mandatory for contracts over \$500,000) (No Change)

ARTICLE 36 - LWO and SCWRO Ordinance (No Change)

ARTICLE 37 - Americans with Disabilities Act (No Change)

ARTICLE 38 - Equal Benefits Ordinance (No Change)

ARTICLE 39 – Waiver (No Change)

ARTICLE 40 - Prohibition Against Assignment or Delegation (No Change)

ARTICLE 41 – Permits (No Change)

ARTICLE 42 – Claims for Labor and Materials (No Change)

ARTICLE 43 - Discount Terms (See Change in *italics*)

CONTRACTOR agrees to offer the CITY any discount terms that are offered to its best customers for the goods and services to be provided herein and apply such discount to payments made under this Agreement which meet the discount terms but no less than 2% net 30 days for deliverables covered under Article 4.4 item a.

ARTICLE 44 – Confidentiality (No Change)

ARTICLE 45 - Retention of Records, Audit and Reports (No Change)

ARTICLE 46 – CONTRACTOR Evaluation Ordinance (No Change)

ARTICLE 47 - CONTRACTOR Responsibility Ordinance (No Change)

ARTICLE 48 – Price Adjustment (See Changes in *italics*)

48.1 Annual Price Adjustment for Containers and Ancillary Services (See Changes in *italics*)

Price adjustments for containers and ancillary services due to inflation shall be allowed herein. Initial negotiated contract prices may be adjusted at the following times; 1) once annually, and/or 2) upon contract renewal. Each adjustment shall be according to the annual average Consumer Price Index (CPI-U) at the end of each contract year (November). The CPI-U will be the value published by the Bureau of Labor Statistics, U.S. Department of Labor for the Los Angeles-Anaheim-Riverside Metropolitan area.

Container prices and ancillary services costs in Article 10 will be adjusted starting December 1, 2006 following the CONTRACT execution date of the first renewal contract, and on each December 1<sup>st</sup> thereafter within the AGREEMENT term, to reflect the annual average Consumer Price Index (CPI-U) for the preceding November compared with the annual average CPI-U for November in the prior CONTRACT year. Since CPI-U statistics for any particular month are not available until the middle of the following month, the CONTRACTOR shall submit December invoices of every contract year only after official publication of the CPI-U statistics for November, reflecting the CPI-U adjustment effective from December 1<sup>st</sup> to the published date of the November CPI statistics. The Annual Inflation factor shall be the basis for adjustments and calculated in the following manner:

$$\underline{IN} = \underline{[Avg(CPI-U_a) \div Avg(CPI-U_b)]}$$

where

IN = the Annual Inflation factor

Avg(CPI-U<sub>a</sub>) = the average of the published CPI-U from December to November (current contract year) immediately preceding the data of the adjustment.

Avg(CPI-U<sub>b</sub>) = the average of the published CPI-U from December to November (previous contract year) one year prior to CPI-U<sub>a</sub>

The CPI-U will be the value published by the Bureau of Labor Statistics, U.S. Department of Labor for the Los Angeles – Anaheim – Riverside Metropolitan area. IN (the annual inflation factor) may not exceed five percent (5%).

In the event that resin prices increased more than annual average CPI-U, container prices shall be adjusted to the maximum of 5% with justification and upon approval by the Bureau. CONTRACTOR shall submit a notarized copy of the actual invoices showing the cost of resin reflecting the new higher price versus previous years pricing. The Bureau of Sanitation shall be the final authority on any container price adjustment above the annual inflation factor under this section.

Sample Calculation:

$$IN = [\text{Avg}(\text{CPI-U}_{2006}) \div \text{Avg}(\text{CPI-U}_{2005})];$$

where: Avg CPI-U<sub>2006</sub> = 207.73 and Avg CPI-U<sub>2005</sub> = 197.72

$$IN = 207.73 \div 197.72 = 1.05$$

48.2 Price Adjustment Under Unpredictable Market Changes (Added)

In the event of an unpredictable market change, which affects the current contract price for containers and ancillary services, over and above what is covered in Section 48.1, CONTRACTOR may request for a meeting with the CITY for the purpose of negotiating a price adjustment other than what is covered in Section 48.1. The CITY shall review the justifications and determine the applicable price adjustment, if any. Upon return to normal market conditions, any changes in the prices will be adjusted to the price established by the original contract terms. The Director of the Bureau of Sanitation shall be the final authority on any price adjustment due to unpredictable market change.

Contractor must substantiate the cost adjustment over what is covered in Section 48.1. When citing resin prices or ancillary services cost increase, CONTRACTOR shall submit a notarized copy of the actual invoice showing the cost of resin or ancillary services cost prior to increase and a notarized copy of an invoice reflecting the new higher price.

The new unit price shall be billed on invoices for containers only after approval of the price increase by the City and receipt by the Contractor of written notification of the effective date of the price increase. Similarly, the City may request a price reduction to reflect a decrease in the price of plastic resin, ancillary service and/or related costs, subject to the same requirements as the price increase above. The City shall receive in the form of credit or direct payment.

48.3 Price Adjustment Under Stable Plastic Resin Market (Added)

In any year which the CPI is less than 5% and the justified plastic resin price increase is less than 5% (see Table below), an increase in container pricing may be granted up to 5% if the justified plastic resin price increase from a previous year or years (during renewal contract term) was greater than 5% and the City did not grant the Contractor the full justified plastic resin price increase requested under section 48.2.

The following Table illustrates the Container Price Increase in relation to Resin Price Increase:

Resin Price/Container Price Calculator

Formula:

$$\begin{aligned} (\text{RP}_x - \text{RP}_{x-1}) \times \text{WT}_{35} &= \text{ContPI}_{35} \\ (\text{RP}_x - \text{RP}_{x-1}) \times \text{WT}_{65} &= \text{ContPI}_{65} \\ (\text{RP}_x - \text{RP}_{x-1}) \times \text{WT}_{95} &= \text{ContPI}_{95} \end{aligned}$$

where: RP<sub>x</sub> = Resin Price of current year



$RP_{x-1}$  = Resin Price of prior year

$(RP_x - RP_{x-1})$  = Change in resin price

$WT_{35}$  = Resin weight of 35 Gallon Cart = 17.5 lbs.

$WT_{65}$  = Resin weight of 65 Gallon Cart = 27 lbs.

$WT_{95}$  = Resin weight of 95 Gallon Cart = 34 lbs.

$ContPI_{35}$  = 35 gallon container price increase

$ContPI_{65}$  = 65 gallon container price increase

$ContPI_{95}$  = 95 gallon container price increase

<u>Resin Price Increase</u>  $(\frac{RP_x - RP_{x-1}}{RP_{x-1}})$	<u>Container \$ Increase by Weight/Size</u>			<u>% Increase per Container Size</u>			<u>% AVG Increase</u>  100%
	<u>ContPI<sub>35</sub></u> WT <sub>35</sub> 17.5 lbs	<u>ContPI<sub>65</sub></u> WT <sub>65</sub> 27 lbs	<u>ContPI<sub>95</sub></u> WT <sub>95</sub> 34 lbs	<u>% Increase 35</u>	<u>% Increase 65</u>	<u>% Increase 95</u>	
\$0.01	\$0.18	\$0.27	\$0.34	1%	1%	1%	1%
\$0.02	\$0.35	\$0.54	\$0.68	1%	1%	2%	2%
\$0.03	\$0.53	\$0.81	\$1.02	2%	2%	2%	2%
\$0.04	\$0.70	\$1.08	\$1.36	2%	3%	3%	3%
\$0.05	\$0.88	\$1.35	\$1.70	3%	4%	4%	4%
\$0.06	\$1.05	\$1.62	\$2.04	4%	4%	5%	5%
\$0.07	\$1.23	\$1.89	\$2.38	4%	5%	6%	5%
\$0.08	\$1.40	\$2.16	\$2.72	5%	6%	7%	6%
\$0.09	\$1.58	\$2.43	\$3.06	5%	7%	7%	7%
\$0.10	\$1.75	\$2.70	\$3.40	6%	7%	8%	8%
\$0.11	\$1.93	\$2.97	\$3.74	7%	8%	9%	9%
\$0.12	\$2.10	\$3.24	\$4.08	7%	9%	10%	9%
\$0.13	\$2.28	\$3.51	\$4.42	8%	10%	11%	10%
\$0.14	\$2.45	\$3.78	\$4.76	8%	10%	11%	11%
\$0.15	\$2.63	\$4.05	\$5.10	9%	11%	12%	12%
\$0.16	\$2.80	\$4.32	\$5.44	10%	12%	13%	12%
\$0.17	\$2.98	\$4.59	\$5.78	10%	12%	14%	13%
\$0.18	\$3.15	\$4.86	\$6.12	11%	13%	15%	14%
\$0.19	\$3.33	\$5.13	\$6.46	11%	14%	16%	15%
\$0.20	\$3.50	\$5.40	\$6.80	12%	15%	16%	15%
\$0.21	\$3.68	\$5.67	\$7.14	13%	15%	17%	16%
\$0.22	\$3.85	\$5.94	\$7.48	13%	16%	18%	17%
\$0.23	\$4.03	\$6.21	\$7.82	14%	17%	19%	18%
\$0.24	\$4.20	\$6.48	\$8.16	14%	18%	20%	19%
\$0.25	\$4.38	\$6.75	\$8.50	15%	18%	20%	19%
\$0.26	\$4.55	\$7.02	\$8.84	16%	19%	21%	20%
\$0.27	\$4.73	\$7.29	\$9.18	16%	20%	22%	21%
\$0.28	\$4.90	\$7.56	\$9.52	17%	21%	23%	22%
\$0.29	\$5.08	\$7.83	\$9.86	17%	21%	24%	22%
\$0.30	\$5.25	\$8.10	\$10.20	18%	22%	24%	23%
\$0.31	\$5.43	\$8.37	\$10.54	19%	23%	25%	24%
\$0.32	\$5.60	\$8.64	\$10.88	19%	23%	26%	25%
\$0.33	\$5.78	\$8.91	\$11.22	20%	24%	27%	26%
\$0.34	\$5.95	\$9.18	\$11.56	20%	25%	28%	26%

\$0.35	\$6.13	\$9.45	\$11.90	21%	26%	29%	27%
\$0.36	\$6.30	\$9.72	\$12.24	22%	26%	29%	28%
\$0.37	\$6.48	\$9.99	\$12.58	22%	27%	30%	29%
\$0.38	\$6.65	\$10.26	\$12.92	23%	28%	31%	29%
\$0.39	\$6.83	\$10.53	\$13.26	23%	29%	32%	30%
\$0.40	\$7.00	\$10.80	\$13.60	24%	29%	33%	31%
\$0.41	\$7.18	\$11.07	\$13.94	25%	30%	33%	32%
\$0.42	\$7.35	\$11.34	\$14.28	25%	31%	34%	32%
\$0.43	\$7.53	\$11.61	\$14.62	26%	32%	35%	33%
\$0.44	\$7.70	\$11.88	\$14.96	26%	32%	36%	34%
\$0.45	\$7.88	\$12.15	\$15.30	27%	33%	37%	35%
\$0.46	\$8.05	\$12.42	\$15.64	28%	34%	38%	36%
\$0.47	\$8.23	\$12.69	\$15.98	28%	35%	38%	36%
\$0.48	\$8.40	\$12.96	\$16.32	29%	35%	39%	37%
\$0.49	\$8.58	\$13.23	\$16.66	29%	36%	40%	38%
\$0.50	\$8.75	\$13.50	\$17.00	30%	37%	41%	39%

The following tables illustrate the different scenarios per size of container for price adjustments covering Sections 48.1 through 48.3:

**35-Gallon Container Price Adjustment Table**

Year 1	1-Dec-06 through 1-Nov-07		Rehrig	City	Contract Provision
	IN <sub>06</sub> = inflation factor for November 2006. IN <sub>06</sub> to a max of 5%.				
Effective December 1, 2006 Price of 35-gallon Container =	\$29.20	$Y = \$29.20 \times IN_{06}$	$Y = \$29.20 \times IN_{07}$	City to allow price adjustment based on IN <sub>06</sub> to a maximum of 5%.	48.1
Example: Effective December 1, 2006 Price of 35-gallon Container =	\$29.20	$Y = \$29.20 \times 1.055 = \$30.80$	$Y = \$30.80$	City to allow price adjustment based on IN <sub>06</sub> to a maximum of 5%.	48.1
Year 2-5	1-Dec-07(10) through 1-Nov-08 (11)		RPI <sub>07</sub> = Resin Price Increase from November 2006 through November 2007. If $RPI_{07} \leq IN_{07}$ ; where $H = RPI_{07} - IN_{07}$		Contract Provision
Effective December 1, 2007 to 2010; Price of 35-gallon Container =	Y	$Z = Y \times IN_{07}$	$Z = Y \times IN_{07}$ ; if $RPI_{07} = IN_{07}$	City to allow increase equal to IN <sub>07</sub> to a max of 5%.	48.1
			$Z = Y \times IN_{07}$ ; if $RPI_{07} < IN_{07}$	Bank H for future adjustments.	48.1
			$Z = Y \times (IN_{07} + H)$ ; if $RPI_{07} > IN_{07}$ , Rehrig can request for additional increase to a max of H. The fraction of H not granted can be banked for future years.	Depending on what was banked from previous year(s) of renewal contract, City can use this to offset current request.	48.2
			$Z = Y \times IN_{07}$ ; if $RPI_{07} < IN_{07}$ ; Rehrig can request increase to a max of 5% based on what was banked for previous years of renewal contract.	Depending on what was banked from previous year(s) of renewal contract, City can use this to offset current request.	48.3
Example	$Y = \$30.80$	$Z = \$30.80 \times$	If $RPI_{07} \leq IN_{07}$ ; where $H = RPI_{07} - IN_{07}$		

		1.051 = \$32.37	Z = \$30.80 x 1.051 = \$32.37; if $RPI_{07}=IN_{07}$	City to allow increase to a max of 5%.	48.1
			Z = \$30.80 x 1.051 = \$32.37; if $RPI_{07}<IN_{07}$	Bank H for future adjustments.	48.1
	IN <sub>08</sub> = 1.051		Z = 30.80 x (1.051 + H); if $RPI_{07}>IN_{07}$ , Rehrig can requests for additional increase to a max of H. The fraction of H not granted can be banked for future years.	Depending on what was banked from previous year(s), City can use this to offset current request.	48.2
			Z = 30.80 x 1.051; if $RPI_{07}<IN_{07}$ ; Rehrig can request increase to a max of 5% based on what was banked for previous years.	Depending on what was banked from previous year(s), City can use this to offset current request.	48.3

**65-Gallon Container Price Adjustment Table**

Year 1	1-Dec-06 through 1-Nov-07		Rehrig	City	Contract Provision
	IN <sub>06</sub> = inflation factor for November 2006. IN <sub>06</sub> to a max of 5%.				
Effective December 1, 2006 Price of 65-gallon Container =	\$36.77	Y = \$36.77 x IN <sub>06</sub>	Y = \$36.77 x IN <sub>07</sub>	City to allow price adjustment based on IN <sub>06</sub> to a maximum of 5%.	48.1
Example: Effective December 1, 2006 Price of 65-gallon Container =	\$36.77	Y = \$36.77 x 1.055 = \$38.79	Y = \$38.79	City to allow price adjustment based on IN <sub>06</sub> to a maximum of 5%.	48.1
Year 2-5	1-Dec-07(10) through 1-Nov-08 (11)		RPI <sub>07</sub> = Resin Price Increase from November 2006 through November 2007. If $RPI_{07} \leq IN_{07}$ , where $H = RPI_{07} - IN_{07}$		Contract Provision
	IN <sub>07</sub> = inflation factor for November 2007(10).				
Effective December 1, 2007 to 2010; Price of 65-gallon Container =	Y	Z = Y x IN <sub>07</sub>	Z = Y x IN <sub>07</sub> ; if $RPI_{07}=IN_{07}$	City to allow increase equal to IN <sub>07</sub> to a max of 5%.	48.1
			Z = Y x IN <sub>07</sub> ; if $RPI_{07}<IN_{07}$	Bank H for future adjustments.	48.1
			Z = Y x (IN <sub>07</sub> + H); if $RPI_{07}>IN_{07}$ , Rehrig can requests for additional increase to a max of H. The fraction of H not granted can be banked for future years.	Depending on what was banked from previous year(s) of renewal contract, City can use this to offset current request.	48.2
			Z = Y x IN <sub>07</sub> ; if $RPI_{07}<IN_{07}$ ; Rehrig can request increase to a max of 5% based on what was banked for previous years of renewal contract.	Depending on what was banked from previous year(s) of renewal contract, City can use this to offset current request.	48.3
Example	Y = \$38.79	Z = \$38.79 x 1.051 = \$40.77	If $RPI_{07} \leq IN_{07}$ ; where $H = RPI_{07} - IN_{07}$		
			Z = \$38.79 x 1.051 = \$40.77; if $RPI_{07}=IN_{07}$	City to allow increase to a max of 5%.	48.1
			Z = \$38.79 x 1.051 = \$40.77; if $RPI_{07}<IN_{07}$	Bank H for future adjustments.	48.1
	Z = 38.79 x (1.051 + H); if $RPI_{07}>IN_{07}$ , Rehrig can requests for additional increase to a max of H. The fraction of H not granted can be banked for future years.		Depending on what was banked from previous year(s), City can use this to offset current request.	48.2	
	IN <sub>08</sub> = 1.051		Z = 38.79 x 1.051; if $RPI_{07}<IN_{07}$ ; Rehrig can request increase to a max of 5% based on what was banked for previous years.	Depending on what was banked from previous year(s), City can use this to offset current request.	48.3

**95-Gallon Container Price Adjustment Table**

Year 1	1-Dec-06 through 1-Nov-07		Rehrig	City	Contract Provision
	IN <sub>06</sub> = inflation factor for November 2006. IN <sub>06</sub> to a max of 5%.				
Effective December 1, 2006 Price of 95-gallon Container =	\$41.64	$Y = \$41.64 \times IN_{06}$	$Y = \$41.64 \times IN_{07}$	City to allow price adjustment based on IN <sub>06</sub> to a maximum of 5%.	48.1
<b>Example:</b> Effective December 1, 2006 Price of 95-gallon Container =	\$41.64	$Y = \$41.64 \times 1.055 = \$43.93$	$Y = \$43.93$	City to allow price adjustment based on IN <sub>06</sub> to a maximum of 5%.	48.1
Year 2-5	1-Dec-07(10) through 1-Nov-08 (11)		RPI <sub>07</sub> = Resin Price Increase from November 2006 through November 2007. If $RPI_{07} \leq IN_{07}$ ; where $H = RPI_{07} - IN_{07}$	Contract Provision	
	IN <sub>07</sub> = inflation factor for November 2007(10).				
Effective December 1, 2007 to 2010; Price of 65-gallon Container =	Y	$Z = Y \times IN_{07}$	$Z = Y \times IN_{07}$ ; if $RPI_{07} = IN_{07}$	City to allow increase equal to IN <sub>07</sub> to a max of 5%. 48.1	
			$Z = Y \times IN_{07}$ ; if $RPI_{07} < IN_{07}$	Bank H for future adjustments. 48.1	
			$Z = Y \times (IN_{07} + H)$ ; if $RPI_{07} > IN_{07}$ , Rehrig can request for additional increase to a max of H. The fraction of H not granted can be banked for future years.	Depending on what was banked from previous year(s) of renewal contract, City can use this to offset current request. 48.2	
			$Z = Y \times IN_{07}$ ; if $RPI_{07} < IN_{07}$ , Rehrig can request increase to a max of 5% based on what was banked for previous years of renewal contract.	Depending on what was banked from previous year(s) of renewal contract, City can use this to offset current request. 48.3	
<b>Example</b>	Y = \$43.93	$Z = \$43.93 \times 1.051 = \$46.17$	If $RPI_{07} \leq IN_{07}$ ; where $H = RPI_{07} - IN_{07}$		
			$Z = \$43.93 \times 1.051 = \$46.17$ if $RPI_{07} = IN_{07}$	City to allow increase to a max of 5%. 48.1	
			$Z = \$43.93 \times 1.051 = \$46.17$ ; if $RPI_{07} < IN_{07}$	Bank H for future adjustments. 48.1	
	$Z = 43.93 \times (1.051 + H)$ ; if $RPI_{07} > IN_{07}$ , Rehrig can request for additional increase to a max of H. The fraction of H not granted can be banked for future years.		Depending on what was banked from previous year(s), City can use this to offset current request. 48.2		
	IN <sub>06</sub> = 1.051		$Z = 43.93 \times 1.051$ ; if $RPI_{07} < IN_{07}$ , Rehrig can request increase to a max of 5% based on what was banked for previous years.	Depending on what was banked from previous year(s), City can use this to offset current request. 48.3	

ARTICLE 49 - Disposal of Residual Waste (No Change)

ARTICLE 50 - Liability Insurance for Hazardous Waste (No Change)

ARTICLE 51 - Cooperative Purchasing (No Change)

ARTICLE 52 - Slavery Disclosure Ordinance (No Change)

**Signature Page**

IN WITNESS WHEREOF, the parties each herewith subscribe the same in quintuplicate, and this AGREEMENT is executed by the CITY of Los Angeles, acting by and through its Board of Public Works and by REHRIG PACIFIC COMPANY.

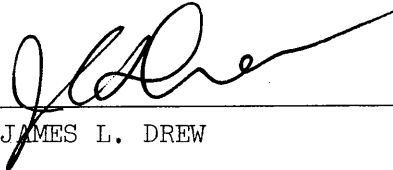
FOR CITY OF LOS ANGELES

REHRIG PACIFIC COMPANY

APPROVED AND AGREED TO:

APPROVED AND AGREED TO:

By: \_\_\_\_\_  
Cynthia M. Ruiz

By:  \_\_\_\_\_  
JAMES L. DREW

Title: President, Board of Public Works

Title: C.F.O.

Date: \_\_\_\_\_

Date: 9/28/2006

By: \_\_\_\_\_

Title: Commissioner, Board of Public Works

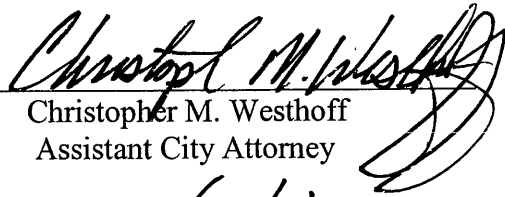
Date: \_\_\_\_\_

APPROVED AS TO FORM:

ATTEST:

Rockard J. Delgadillo, CITY Attorney

J. Michael Carey, City Clerk

BY  \_\_\_\_\_  
Christopher M. Westhoff  
Assistant City Attorney

BY \_\_\_\_\_  
[NAME -  
City/Deputy Clerk ]

DATE: 11/28/06

DATE: \_\_\_\_\_