



Date: 9/28/12

Submitted in ERN Committee

Council File No: 10-1797-57

P.O. Box 402
Nevada City, CA 95959
310-889-4176

Item No.: 1

~~Item~~ Communication from the Public

September 4, 2012

Mr. Ron Saldana, Executive Director
Los Angeles County Disposal Association
5753-G Santa Ana Canyon Road
Suite 508
Anaheim Hills, CA 92807

Re: HF&H Consultants Commercial Solid Waste Cost and Fee Analysis

Dear Ron:

As you requested, I have reviewed the Commercial Solid Waste Cost and Fee Analysis, dated August 24, 2012, that was prepared by HF&F Consultants for the City of Los Angeles Bureau of Sanitation. The HF&H report had three objectives:

1. Survey Los Angeles County cities to compare the cost of exclusive and non-exclusive services
2. Perform a franchise fee survey of Los Angeles County cities
3. Describe the "rate caps" previously used in the cities of Beverly Hills and Santa Clarita

Our analysis of the findings in the report is as follows:

HF&H Finding 1A: The rates in non-exclusive cities cannot be verified.

Analysis: This fact is well known. Unless a consultant conducts a telephone survey of business owners, as was done for the City of San Jose in 2010, or has access to customer rate information provided by private haulers, as was the case for the AECOM study commissioned by the LACDA, a comparison between the service costs in exclusive and non-exclusive franchise cities cannot be made.

HF&H Finding 1B: Comparing customer rates in different cities is not a reliable method for comparing the relative cost of exclusive and non-exclusive service arrangements. The net cost per ton collected is a more reliable method of comparison.

Analysis: The "net cost per ton" may be a convenient index to use when actual data cannot be obtained, but it is of no value when attempting to determine how much a building owner or business pays for service.

For its analysis, HF&H collected data from forty (40) Los Angeles County cities and calculated the net cost per ton for each by dividing the gross receipts reported by haulers (less franchise fees), by the total tons collected by the haulers. The cities were divided into three groups:

1. Cities with non-exclusive commercial franchise systems (11)
2. Cities with exclusive franchise systems where the residential and commercial franchises were held by the same company (25)
3. Cities with exclusive franchise systems where the residential franchise was held by a different company (4).

The average and median net cost per ton for cities in groups 1 and 3 were compared.

This methodology ignores differences in the number of customers at each service level, the types of businesses being served, and the average density of the refuse collected. It also does not provide any insight into the relationship between the cost of service and the type of service provided. For example, do customers receive disposal only, or are recycling services included? Are any special services included, such as the collection of special wastes or bulky materials?

When city councils are asked to approve rate increases for refuse services, they typically ask their staffs or consultants to provide a comparison of the cost of service in neighboring jurisdictions. They ask for this information because they want an understandable basis for determining if their residents or businesses are being charged a fair price for the services they are receiving. In the absence of a detailed cost study, such a comparison is a valid benchmark for use by decision-makers.

An apartment building owner with properties in numerous jurisdictions doesn't ask about the net cost per ton in a specific city, he/she wants to know what rate that they will be paying for a specific service level, and how that rate compares to what they are paying for their properties in other cities.

HF&H Finding 1C: Based on the net cost per ton collected, the median cost of commercial service in cities surveyed with exclusive franchise systems and non-exclusive systems is similar.

Analysis: This finding may be factually correct, but it is statistically meaningless. The HF&H report compared the net cost per ton of the eleven (11) cities with non-exclusive commercial franchises (Group 1) and the net cost per ton of the four (4) cities with exclusive commercial franchises (Group 3). The median value of a data set is value in

the middle - meaning that half the values in the data set were greater than the median and half less than the median. It is not a factor for comparing one data set to another.

In this case the median net cost per ton for Groups 1 and 3 was \$102, meaning that for the cities with non-exclusive franchises (Group 1), five cities had a net cost per ton greater than \$102 and five cities had a net cost per ton less than \$102. For the cities with separate exclusive commercial franchises (Group 3), two cities had a value greater than \$102, and two cities had a value less than \$102.

The mean (average value) and standard deviation (a measure of the distribution of data values) are the proper statistical factors for comparing one data set to another. The average net cost per ton for the eleven non-exclusive franchise cities was \$98.40. The values for each city in this group ranged from \$75 to \$129. For the four cities with separate exclusive franchises, the average net cost per ton was \$104.50, and the values for each city ranged from \$76 to \$139.

The average net cost per ton for these two groups is not statistically similar. However, because of the limited size of the data sets (particularly Group 3) and the difference in the size of the data sets (11 non-exclusive franchise cities compared to four exclusive franchise cities), no valid comparison can be made between the net cost per ton of the two groups.

HF&H Finding 1D: The City of Lawndale experienced a cost reduction of approximately 25% when it converted from a non-exclusive permit system to an exclusive franchise.

Analysis: The HF&H report stated that the non-exclusive franchise system in Lawndale was dominated by two haulers, and suggested that the commercial refuse market in the city may not have been as competitive as in other cities with non-exclusive systems. Based on this fact, there is no basis for making a general conclusion that converting from a non-exclusive system to an exclusive one will result in lower commercial rates.

HF&H Finding 2: The franchise fees in other Los Angeles County cities range from 2% to 25% of gross receipts.

Analysis: This finding was already revealed in the AECOM report.

HF&H Finding 3: A "rate cap" might be considered in a non-exclusive system when a small number of haulers are authorized to provide service in order to ensure reasonable customer rates.

Mr. Ron Saldana
September 4, 2012
Page 4

Analysis: The HF&H report described how rate caps were applied to commercial rates in the cities of Santa Clarita and Beverly Hills, prior to those cities converting to exclusive franchise system. However, the report did not discuss how the use of rate caps can require compliance with the notification and public protest restrictions of Proposition 218.

Conclusion

The report did not provide any new or useful information that the city decision makers can use as they consider the benefits of an exclusive franchise system compared to a non-exclusive one. The AECOM report still stands as the most useful source of information on the economic impact of converting the existing commercial refuse collection system in the city to an exclusive franchise system.

Please let me know if you have any questions regarding this analysis.

Sincerely,



Joseph Reisdorf

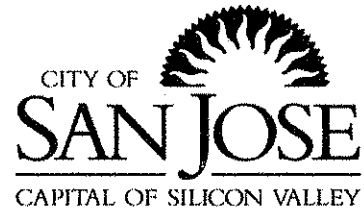
Initial Study for the

Commercial Collection System Redesign

File Number PP10-157



Prepared by



May 2011

3.6 TRANSPORTATION

3.6.1 Existing Setting

The current commercial collection system consists of 22 franchised haulers that collect commercial solid waste, recyclables, and organics in the City and deliver the materials to 22 different landfill, recycling/processing, composting, and transfer facilities (refer to Table 2).

In general, haulers leave the corporation yard and collect materials on their assigned route. Once the haul truck is at or near capacity, or the driver has completed the assigned route, the materials are delivered to the contracted facility. If the haul truck reaches capacity and the driver has not yet completed the route, the driver will deliver the materials to the appropriate receiving facility and return to complete the route. When the driver has completed the route and delivered the materials to the contracted facility, the driver returns to the corporation yard.

3.6.1.1 *Number of Truck Trips and Miles Traveled Under Existing Conditions*

While the City has collected hauler data for several years and has a good understanding of the commercial waste collection process, the City does not know the exact number of haul truck trips, the specific haul routes for each hauler, or the total mileage traveled under existing conditions to collect solid waste, recyclables, and organics from commercial businesses in the City. The City does have the following data:

- existing franchised haulers and the location of their corporation yards,
- location of the facilities to which each hauler delivers the materials
- approximate capacity of each haul truck (approximately 10 tons per truck of solid waste and organics, and approximately 7.5 tons per truck of recyclables), and
- total tonnage of commercial solid waste, recyclables, and organics collected under the existing system in a recent one year period (July 2009 through June 2010).

The following text describes how the haul truck trips, haul route, and mileage traveled were calculated.

The total number of truck trips by existing franchisees was estimated by dividing the tonnage of each collected material (solid waste, recyclables, organics) by the assumed capacity of the collection/haul vehicle.²²

To estimate the total vehicle miles traveled by the franchised haulers under the existing commercial collection system, a centroid was established to represent a single, central collection location within the City's urban service area. This centroid is located at the intersection of Monterey Road and Alma Avenue. It is assumed that a haul truck trip would originate at the hauler's corporation yard, travel to the centroid, then to the hauler's contracted facility, and return to the hauler's corporation yard (corporation yards and receiving facilities are noted in Table 2). If the contracted facility is a transfer station, the material would be loaded into a transfer vehicle (approximately 22 tons capacity) and

²² While it is acknowledged that not every truck will be loaded to capacity, using the tonnage capacity per truck to estimate trips is reasonable and provides a consistent method that can be used in making comparisons to the proposed project.

hauled to the receiving facility. Figure 6 illustrates the assumed haul and transfer truck routing under the existing system.

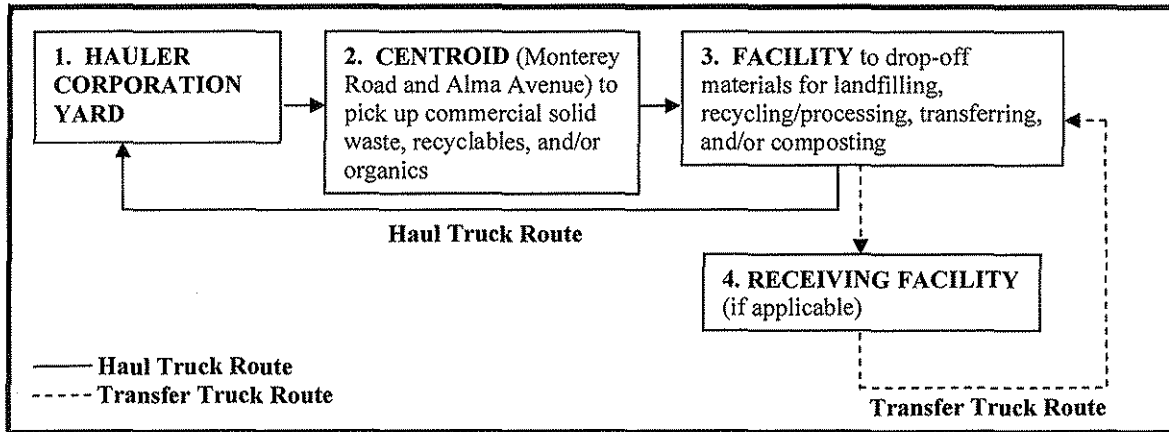


Figure 6: Assumed Truck Routes Under the Existing System

Using the above-described methodology, and the hauler corporation yard and receiving facilities noted in Table 2, it is estimated that the existing commercial collection system generates approximately 26,400 truck trips that traveled a total of approximately 817,500 miles a year. It is estimated that approximately 20,300 truck trips a year were generated collecting solid waste (total of approximately 616,100 miles traveled), 2,700 truck trips a year were generated collecting recyclables (total of approximately 92,000 miles traveled), and 3,400 truck trips a year were generated collecting organics (total of approximately 109,400 miles traveled) (refer to Table 5).

Material Collected Via the Existing Commercial Collection System	Approximate Tons of Material Collected (July 2009-June 2010)	Estimated	
		Number of Haul and Transfer Truck Trips	Miles Traveled by Haul and Transfer Trucks
Solid Waste	193,300	20,300	616,100
Recyclables	20,100	2,700	92,000
Organics	34,300	3,400	109,400
TOTAL	247,700	26,400	817,500

3.6.2 Environmental Checklist and Discussion of Impacts

TRANSPORTATION/TRAFFIC						
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	Beneficial Impact	Information Source(s)
Would the project:						
1) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1,2
2) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1,2
3) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1
4) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible land uses (e.g., farm equipment)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1
5) Result in inadequate emergency access?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1
6) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1

Currently, 22 franchised haulers collect commercial solid waste, recyclables, and organics in San José and deliver the material to 22 landfill, recycling, and composting facilities (refer to Table 2). An assessment of the City's existing non-exclusive commercial collection system found that because there are multiple haulers operating in the City collection vehicles from different hauling companies cross each other's paths each day to service customers on the same streets.²³ The assessment found that inefficient routing lead to more truck time on streets.

Under the proposed system, only one franchised hauler (Allied Waste) would collect commercial solid waste, recyclables, and organics in San José. Allied Waste would collect solid waste and recyclables from commercial businesses and haul the material to the NIRRP for landfilling and/or processing. Allied Waste would collect organics from commercial businesses and haul the organic material to the NIRRP (or GreenWaste MRF) for pre-processing. After pre-processing, the organics would be transferred from the NIRRP (or GreenWaste MRF) to the ZWED AD Facility, Z-Best Composting Facility, or NISL for processing (e.g., anaerobic digestion and/or composting).

3.6.2.1 *Number of Truck Trips and Miles Traveled under Project Conditions*

The proposed project focuses on a change in the process by which commercial waste is collected (i.e., one hauler vs. 22 haulers) and processed (one facility for solid waste/recyclables and one facility for organics), with increased diversion and other enhancements. In order to provide an accurate comparison to evaluate the proposed process change, the same methodology used to calculate existing conditions haul truck trips and miles traveled was used to calculate project conditions haul truck trips and miles traveled. The same centroid used to estimate the existing haul truck route was used to estimate the haul truck trip route under the proposed project. The centroid, therefore, is a constant in the calculations rather than a variable.

Haul and Transfer Truck Routing

Two-Container Collection System

Under the Two-Container Collection System, one haul truck would pick up the dry material at a business and another haul truck would pick up the wet material. The total vehicle miles traveled under this system was estimated by assuming all haul trucks would originate at the corporation yard at NIRRP located at 1601 Dixon Landing Road in San José and travel to the centroid located at the intersection of Monterey Road and Alma Avenue. Haul trucks that pick up dry material would then return to NIRRP to drop off the dry material for landfilling and recycling and end at the corporation yard at NIRRP. Haul trucks that pick up wet material would travel to NIRRP or GreenWaste MRF located at 625 Charles Street in San José to drop off the organics for pre-processing, then return to the corporation yard at NIRRP. After the organics are pre-processed, the organics would be loaded into a transfer truck and hauled to the ZWED AD Facility located at 2100 Los Esteros Road in San José, Z-Best Composting Facility located at 980 State Highway 25 in Gilroy, or NISL for processing.²⁴ After dropping off the pre-processed organics, the transfer truck would return to its origin (either NIRRP or GreenWaste MRF).

²³ HF&H Consultants, LLC. The City of San José Commercial Redesign White Paper, Current System Performance and Alternative System Arrangements. November 14, 2008. Page 19.

²⁴ It is assumed that if organics are processed at NISL, they would be pre-processed at NIRRP.

One-Bin Plus Collection System

Under the One-Bin Plus Collection System, one haul truck would pick up the “One-Bin” and another haul truck would pick up the “Plus” bin. The total vehicle miles traveled under this system was estimated by assuming all haul trucks would originate at the corporation yard at NIRRP located at 1601 Dixon Landing Road in San José and travel to the centroid located at the intersection of Monterey Road and Alma Avenue. Haul trucks that pick up the One-Bin would then return to NIRRP to drop off the material for landfilling and recycling and end at the corporation yard at NIRRP. Haul trucks that pick up the Plus bin would travel to NIRRP or GreenWaste MRF to drop off the organics for pre-processing then return to the corporation yard at NIRRP. After the organics are pre-processed, the organics would be loaded into transfer trucks and hauled to the ZWED AD Facility, Z-Best Composting Facility, or NISL for processing.²⁵ After dropping off the pre-processed organics, the transfer truck would return to its origin (either NIRRP or GreenWaste MRF).

Number of Truck Trips and Miles Traveled

While the amount of commercial solid waste, recyclables, and organics would likely increase incrementally between existing conditions (collected data for July 2009 – June 2010) and project implementation (July 1, 2012), it would be similar; therefore, the total tons of materials collected in July 2009 – June 2010 was also assumed under project conditions. Since an objective of the project is to increase diversion to a minimum 75 percent diversion, this diversion rate was used to calculate the percentages of solid waste, recyclables, and organics that comprise the total tonnage.²⁶

Based upon the above assumptions, it is estimated that the proposed system, depending on the bin collection system selected and where the organics would be pre-processed and processed, would generate approximately 28,300 – 41,500 truck trips and the trucks would travel approximately 734,800 – 1,261,900 miles per year (refer to Table 6).

Collection System	Number of Haul and Transfer Truck Trips	Miles Traveled by Haul and Transfer Trucks
2-Container	28,300 – 41,100	734,800 – 1,250,200
One-Bin Plus	28,200 – 41,500	732,800 – 1,261,900

Notes: Each bin collection system has multiple haul scenarios given the options where the organics can be pre-processed and processed (refer to Section 2.4.1.2 for more detail). Therefore, the number of truck trips and miles traveled are described within a range in this table. In general, the pre-processing of organics at the NIRRP results in the fewer miles traveled compared to pre-processing the organics at the GreenWaste MRF. The processing of organics at the ZWED AD Facility or NISL in San José would result in the fewer miles traveled compared to processing the organics at the Z-Best Composting Facility in Gilroy. The number of truck trips and miles traveled by the trucks for each haul scenario under the bin collection systems is provided in Appendix B of this Initial Study.

²⁵ It is assumed that if organics are processed at NISL, they would be pre-processed at NIRRP.

²⁶ The breakdown of commercial solid waste, recyclables, and organics tonnage for under the proposed system was derived from Allied Waste’s proposal.

The proposed system would result in up to 15,100 more truck trips annually, which equates to 56 more haul trips per day Citywide, than the existing system. Note that if the organics are pre-processed at the NIRRP and processed at either the ZWED AD Facility or NISL, the project would result in 35,500 – 84,700 fewer miles traveled than the existing system. Please refer to Appendix B for the number of truck trips and miles traveled by the truck for each haul scenario under the bin collection systems.

As discussed in **Section 2.4 Project Description**, over time, it is anticipated that organic loads will not need to be pre-processed. If pre-processing is not required, collected organics would be hauled directly to the processing facility.²⁷ Therefore, the estimated number of truck trips and miles traveled under project conditions (Table 6 above) could be up to nine percent less and the impacts would be less than described above.²⁸

3.6.2.2 Other Transportation Impacts

The proposed system would not result in a change in air traffic patterns, hazards due to design features or incompatible land uses, inadequate emergency service, inadequate parking capacity, or conflict with adopted policies, plans, or programs supporting alternative transportation.

3.6.3 Conclusion

The proposed project would not result in significant transportation impacts. **(Less Than Significant Impact)**

²⁷ If the organics are to be processed at the ZWED AD Facility or NISL, they would be hauled directly there. If the organics are to be processed at the Z-Best Composting Facility, it is assumed that the organics would be hauled to Zanker Landfill first, then loaded into transfer trucks and hauled to Z-Best Composting Facility.

²⁸ If pre-processing is not required, the reductions in truck miles traveled are for haul scenarios assuming pre-processing at the GreenWaste MRF only.

Date: 9/28/12

Submitted in E & N Committee

Council File No: 10-1797-57



COVENANT PRESBYTERIAN CHURCH No.: 1

PRESBYTERIAN CHURCH (USA)

6328 West 80th Street
Los Angeles, California 90045
Telephone: 310-870-5750
Fax: 310-870-8706

~~Subject:~~ Communication from the
Pulver

September 27, 2012

Attention: Los Angeles City / Board of Supervisors
Bay West Refuse Company
Leticia
PO Box 25119
Los Angeles, CA 90025

To Whom It May Concern:

Bay-West Refuse Removal Service has been providing waste removal services to Covenant Presbyterian Church since July of 2006. I appreciate the friendly service and the easy accessibility that I have with Bay-West. I would be very disappointed should their contract be turned over to large, city-managed company.

Sincerely,

Michelle Waldron
Covenant Presbyterian Church