

PRELIMINARY REPORT

March 2013



The City of Los Angeles

Implementation Plan for Exclusive Commercial and Multifamily Franchise Hauling System – V. 2



Prepared by
Bureau of Sanitation



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Implementation Plan for Exclusive Commercial and Multifamily Franchise Hauling System – V. 2

Presentation by Bureau of Sanitation, March 20, 2013

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Item No.: 1
Deputy: SANITATION 5

ITEM NO. 1



Purpose of Today's Briefing

- Present the 2nd version of Preliminary Report regarding the City Council's November 2012 Exclusive Franchise action
 - Highlight what new in the 2nd version of the Preliminary Implementation Plan
 - Request Feedback and Direction on Plan elements
 - Prepare for Final Implementation Plan in April
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Proposed Exclusive Franchise Program Goals

(Included in Version 1 and 2 of Preliminary Plan)

Goals remain unchanged from first version of the Preliminary Plan

- Meet City Zero Waste goal of 90% Diversion by 2025
- Meet and exceed California environmental laws
- Improve health and safety for solid waste workers
- Improve efficiency by minimizing collection routes
- Improve air quality and reduce GHG by requiring low emission, late model clean fuel vehicles
- Meet Customer needs with uniform rates and cutting edge programs Citywide
- Foster long-term competition
- Ensure stabilized service fee



New for Version 2

The 2nd version of the preliminary plan includes the following additional elements:

<u>Committee Report Element Reference</u>	<u>Additional Plan Elements Included in Preliminary Report V2</u>	<u>Implementation Plan Section</u>
1.b	Franchise Boundary Map	3.1.2
1.d	Cap on Zones Awarded	3.1.2
1.g	Tipping Fee Cap at Facilities	3.1.3
1.i	Material Exemptions	3.7.1
1.k	Facility Planning	3.8.6
1.l	Facility Certification (enhanced discussion)	3.8.4.1
--	Transition Plan	3.8.7
--	Implementation Schedule	4.1

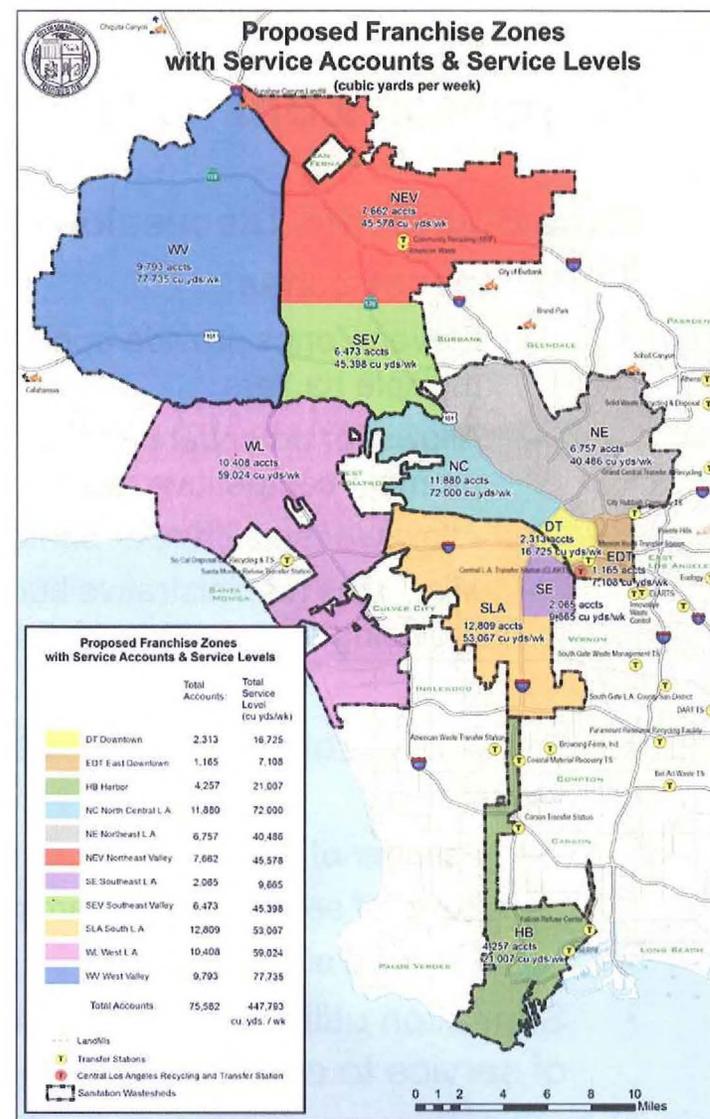
Franchise Zone Map (New in Version 2 of Preliminary Plan)

Recommended Strategy

- Designate 11 Franchise Zones
- Adopt the Exclusive commercial Franchise Zone Map

Zone Boundaries Discussion

- Use Sanitation wastesheds as basis for zone development
 - Allows Sanitation to examine Private and Public collection as one
- Use major features (roads) and geography (mountains) in drawing zone boundaries
 - Provides clear and distinct boundaries for Customer, City, and Franchise Haulers



Franchise Zones Map

Zone Boundaries Discussion (continued)

- Number of Zones
 - Eleven Zones provide opportunities for multiple haulers
 - Allows for potential bundling of zones to promote competitive rates
 - Allows for small hauler participation
 - Minimizes administrative burden while providing a pool of local haulers

- “Size” of a Zone can be viewed in multiple ways
 - Number of accounts
 - Level of service (cubic yards of service)
 - Physical area

- Sanitation utilized no. of accounts and level of service to establish zone boundaries

Proposed Zone	Total Service Locations ¹	Percent of total based on Service Locations	Total Cubic Yards of Service per week ¹	Percent of total based on Cubic Yards
WV	9,793	13%	77,735	17%
NEV	7,662	10%	45,578	10%
SEV	6,473	9%	45,398	10%
WL	10,408	14%	59,024	13%
NC	11,880	16%	72,000	16%
NE	6,757	9%	40,486	9%
SLA	12,809	17%	53,067	12%
HB	4,257	6%	21,007	5%
DT	2,313	3%	16,725	4%
EDT	1,165	2%	7,108	2%
SE	2,065	3%	9,665	2%
TOTAL:	75,582		447,793	

Franchise Zones Map

Zone Boundaries Discussion (continued)

- Smaller zones
 - Three smaller Zones
 - Located near CLARTS
 - This help to remove the concern that larger competitors would not offer competitive tipping fees
 - This proximity will provide small haulers with direct access to a publically owned facility and stable and transparent rates
 - Many smaller hauler collect from less then 1,000 accounts
 - When surveyed smaller haulers indicated small zones should be in the 2,000 account range
 - Size ranges between
 - 1,200 accounts (7,100 (CY) per week)
 - 2,300 accounts (17,000 CY per week)
 - To protect the intention of the smaller zones, these zones will not be included in the bundling options
 - Zones are to be awarded to three separate waste haulers and cannot be combined with other zones.
 - Small haulers will have additional opportunities under the City's Business Inclusion Plan.



Franchise Zones Map

Zone Boundaries Discussion (continued)

- Larger Zones
 - Size ranges between
 - 4,200 accounts (21,000 cubic yards (CY) per week)
 - 12,000 accounts (72,000 CY per week)
 - Allow larger haulers to utilize their existing infrastructure and capital to provide competitive proposals.
 - Varied sized zones allows the City to bundle (combine) zones in the RFP process.
 - Combine zones that may have disproportional rates to help level rates across the City.
 - Ensure all zones receive competitive proposals. If a hauler wants larger market share they will have to propose on areas that may appear to be less profitable.
 - Limit any single haulers market share.



Market Share Cap

(New in Version 2 of Preliminary Plan)

Recommended Strategy

- **Cap Market Share at 40 percent**
 - **The exact market share of the zones will be determined during the RFP and contracting process.**
 - **Minor modifications to the maximum allowed percentage of market share may need to be modified during the RFP and contract process.**

Discussion

- This cap will help ensure that:
 - No single hauler dominates
 - There will be a sufficient pool of qualified waste haulers to meet current and future collection and diversion needs, foster growth and maintain competition
- Allows the City to effectively arrange for backup waste hauler(s) if the franchised hauler is unable to fulfill its contractual obligations.
- Under the current permit system no single hauler has more than 40 percent of the waste hauling market share in the City.

Material Exemptions

(New in Version 2 of Preliminary Plan)

Recommended Strategy

- **Exempt the following material types**
 - Medical waste
 - Hazardous waste
 - Radioactive waste
 - Pharmaceutical waste
 - Construction and Demolition Debris (C&D)
 - Recyclables that have value to the generator, and are sold or donated
 - Green waste removed from a site as incidental to a landscaping business, provided that the landscaping business documents the locations where green waste is recycled.
 - Other specialty waste as designated by Sanitation (e.g., biosolids, fats, oils, and grease, etc.)

Facility Certification

(Updated in Version 2 of Preliminary Plan)

Recommended Strategy:

- **City certification and inspection of facilities.**
- **Right to inspect facilities for compliance with appropriate rules and regulation.**

Discussion

- City will have the authority to:
 - Inspect the waste haulers' facilities
 - Certify and inspect all waste and recycling facilities utilized
- Sanitation will:
 - Establish a highly trained Inspection Team
 - Establish sufficient staffing to perform regular inspection and respond to complaints
 - Establish a complaint hotline

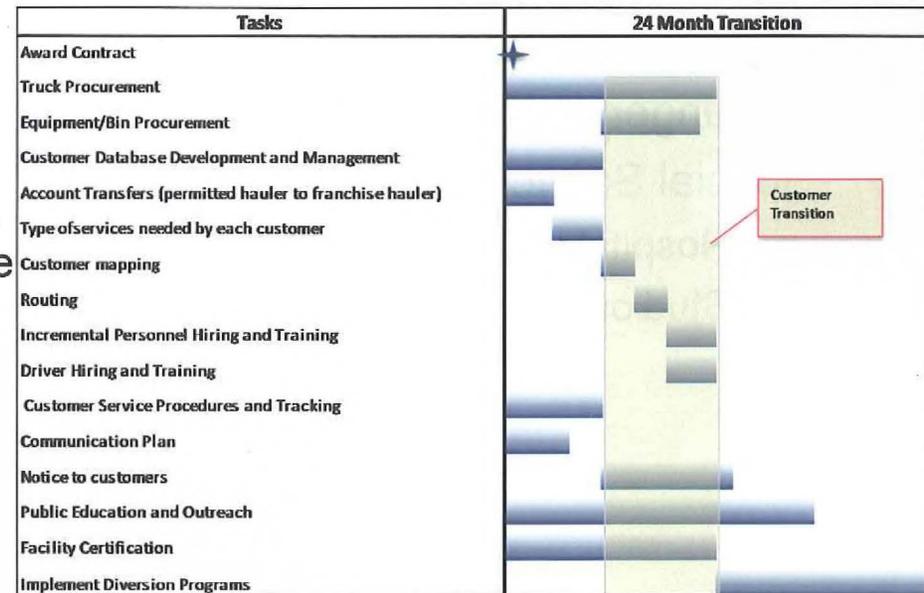
Franchise Initiative Timeline

(New in Version 2 of Preliminary Plan)

Tasks	2010	2011	2012	2013	2014	2015	2016	2017	2018
Councilmember Huizar-Koretz Motion	★								
Stakeholder process		■							
BOS Franchise Development		■							
BOS Report to Board of Public Works			★						
Mayor and CAO Review			■						
Council Committee Consideration			■						
Council Adopts Recommendation for Exclusive			★						
Implementation Plan Preparation			■						
Council Adoption of Implementation Plan				★					
Prepare Ordinance - City Attorney			■	■					
CEQA Review			■	■					
Council Adopts Ordinances					★				
Council Adopts CEQA findings					★				
Draft RFP				■	■				
RFP Approval - Board					★				
Release RFP					★				
Evaluate Proposals & GFE Evaluation					■	■			
Board Approval of GFE Evaluation & Shortlist						★			
Negotiate and Draft Contract						■	■		
Board Approval of Contracts							★		
Mayor and CAO Report for Contracts							■		
Council Approval of Contracts							■		
Execute Contracts							★		
Transition Period							■	■	■
Begin Customer Transition								★	
End Customer Transition									★

Transition Plan (New in Version 2 of Preliminary Plan)

- Two year transition and implementation period
- Necessary to implement all components of the franchise agreements and to ensure customer needs are met throughout the process.
- Begin on the award of the franchise
- Some longer lead items include:
 - Purchasing of Clean Fuel Truck
 - Purchasing of Bins
- Customer account and billing database, will need to be developed before service can begin
- Elements such as the full roll out of recycling can be completed after the start of service.
- Start of service could be as early as 6 months after award of franchise





Items Requiring Further Development

- Rates
 - Fees and Funding Requirements
 - Franchise Fee Level
 - Tipping Fee Caps on Facilities
 - Contingency Planning
 - Special Service Requirements and Exemptions
 - Hospitals
 - Studios
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Questions and Discussion

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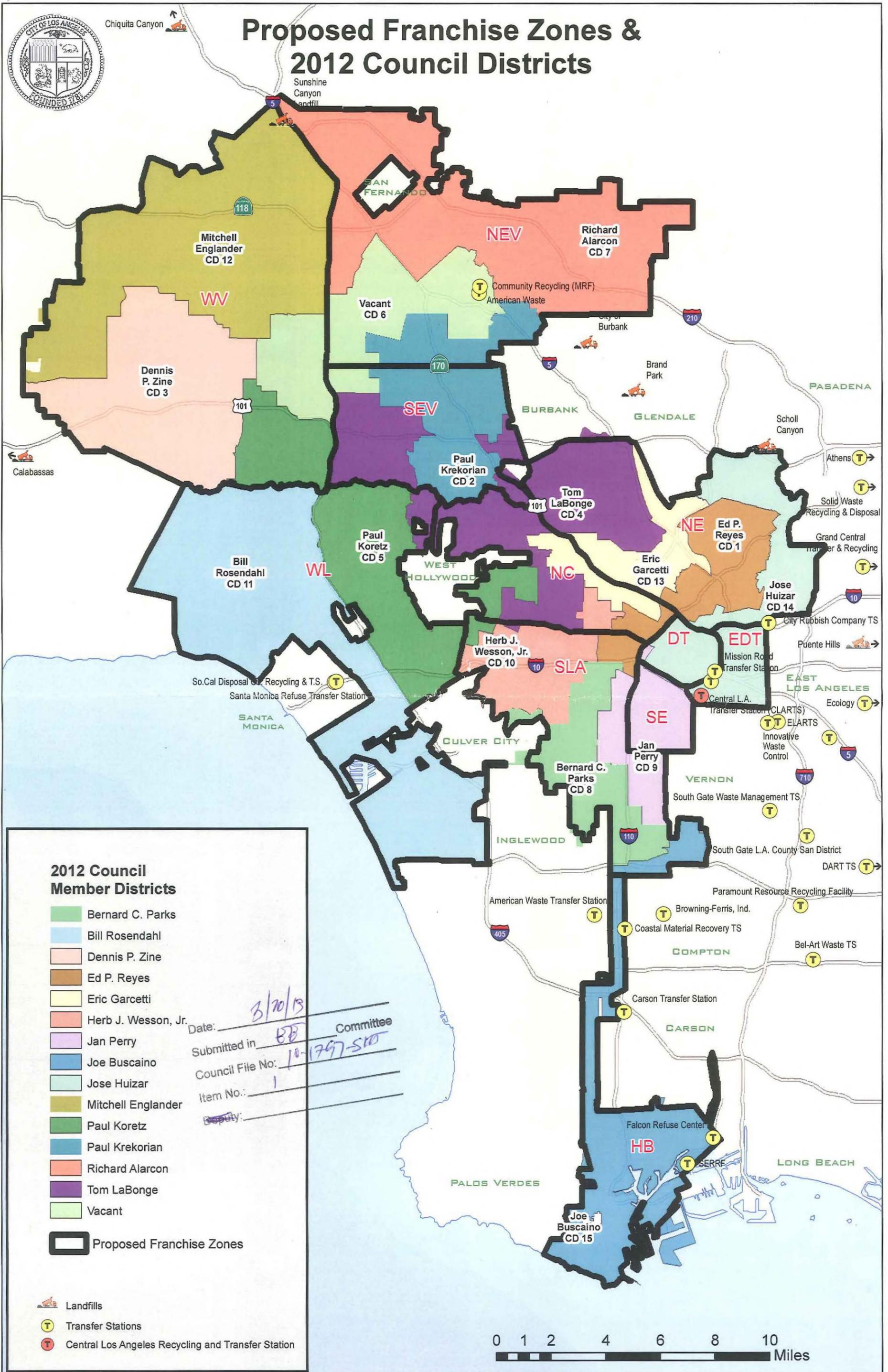
CITY OF LOS ANGELES



SANITATION
DEPARTMENT OF
PUBLIC WORKS



Proposed Franchise Zones & 2012 Council Districts



Proposed Franchise Zones with Service Accounts & Service Levels

(cubic yards per week)

