



# City-Wide Exclusive Franchise System for Municipal Solid Waste Collection and Handling



City of Los Angeles  
LA Sanitation

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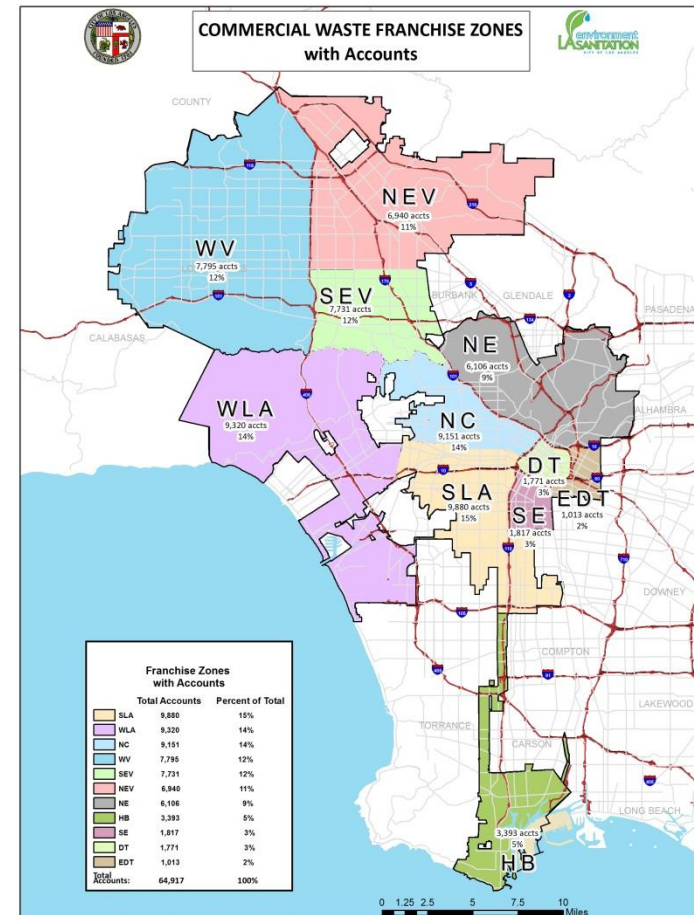


# Goals of Zero Waste LA

- Meet the City's Zero Waste Goals
- Meet state requirements for landfill reduction & mandatory recycling and organics recycling
- Improve health and safety for solid waste workers
- Improve efficiency of the City's solid waste system
- Improve the City's air quality
- Provide the highest level of customer service
- Create consistent, fair and equitable rates
- Create a system that ensures long term competition
- Ensure sufficient staffing to meet Program goals
- Ensure reliable system infrastructure

# Request for Proposals (RFP) Requirements

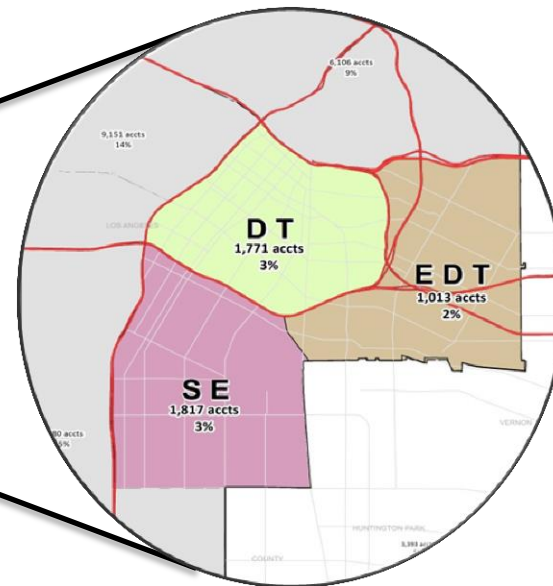
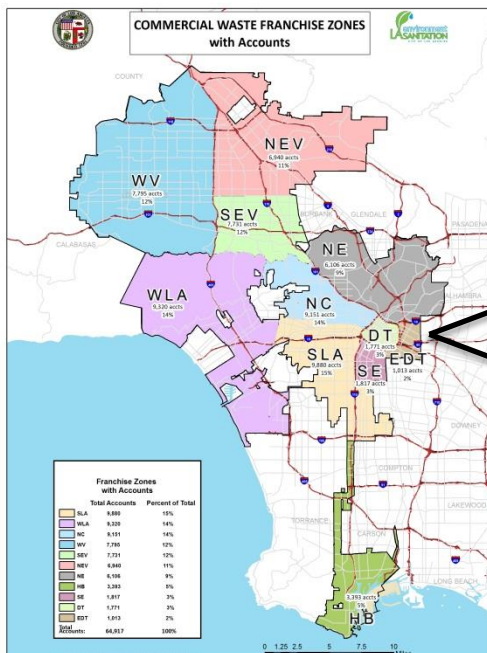
- Eleven (11) Franchise Zones
- Proposer could propose on one or all zones.
- No Proposer could receive an award of more than 49% of the accounts in the system.



# Additional RFP Requirements

Of the 11 zones 3 are designated as single zones (Small Zones), which may not be bundled together with others franchise awards.

- The Small Zones were established to allow all haulers regardless of their size the opportunity to compete through the process
- The three Small Zones were established around the City's Central LA Recycling and Transfer Station (CLARTS)
- The utilization of CLARTS allowed proposer that did not own infrastructure the ability to compete



# Proposals

- LASAN received 15 Proposals.
  - No proposer proposed on all eleven zones
  - Some proposed on Small or Large Zone only, while others proposed on both Large and Small Zones

<b>AAA Rubbish Inc</b>	<b>SVT Services, Inc</b>
<b>Athens Services, Inc</b>	<b>United Pacific Waste</b>
<b>CalMet Services, Inc</b>	<b>Universal Waste Systems, Inc</b>
<b>Consolidated Disposal Service, LLC DBA Republic Services</b>	<b>USA Waste of California, Inc. DBA Waste Management</b>
<b>CR&amp;R</b>	<b>Ware Disposal, Inc</b>
<b>NASA Services, Inc</b>	<b>Waste Connections of California, Inc, DBA Green Team of Los Angeles</b>
<b>Pacific Coast Waste, LLC DBA Pacific Coast Waste</b>	<b>Waste Resources Los Angeles, Inc</b>
<b>Recology</b>	

# RFP and Evaluation

- RFP and Evaluation tools were designed to support each other

RFP Category	Points
<b>1. Qualifications</b> <u>Samples:</u> Management and company experience, litigation history, workplace safety, and references.	10
<b>2. Customer Service/Transition Plan</b> <u>Samples:</u> Customer service staffing, outreach and education, billing, technology, and transition planning	25
<b>3. Service Plan</b> <u>Samples:</u> Collection services, routing, and facilities	20
<b>4. Diversion Plan/Innovation</b> <u>Samples:</u> Diversion plan feasibility, organics diversion plan, organics infrastructure, and innovations	25
<b>5. Cost</b>	20
<b>Total</b>	<b>100</b>

# Evaluation Procedures

- Established Evaluation Teams for each Scoring Category
  - Teams ranged from 4 to 6 members
  - Teams members were made up City and private sector experts
  - No members were from management
- All Team Members agreed to confidentiality
  - Teams were not allowed to talk about proposal or scoring with other teams
- Teams met separately but concurrently

# Evaluation Scoring

## Scoring

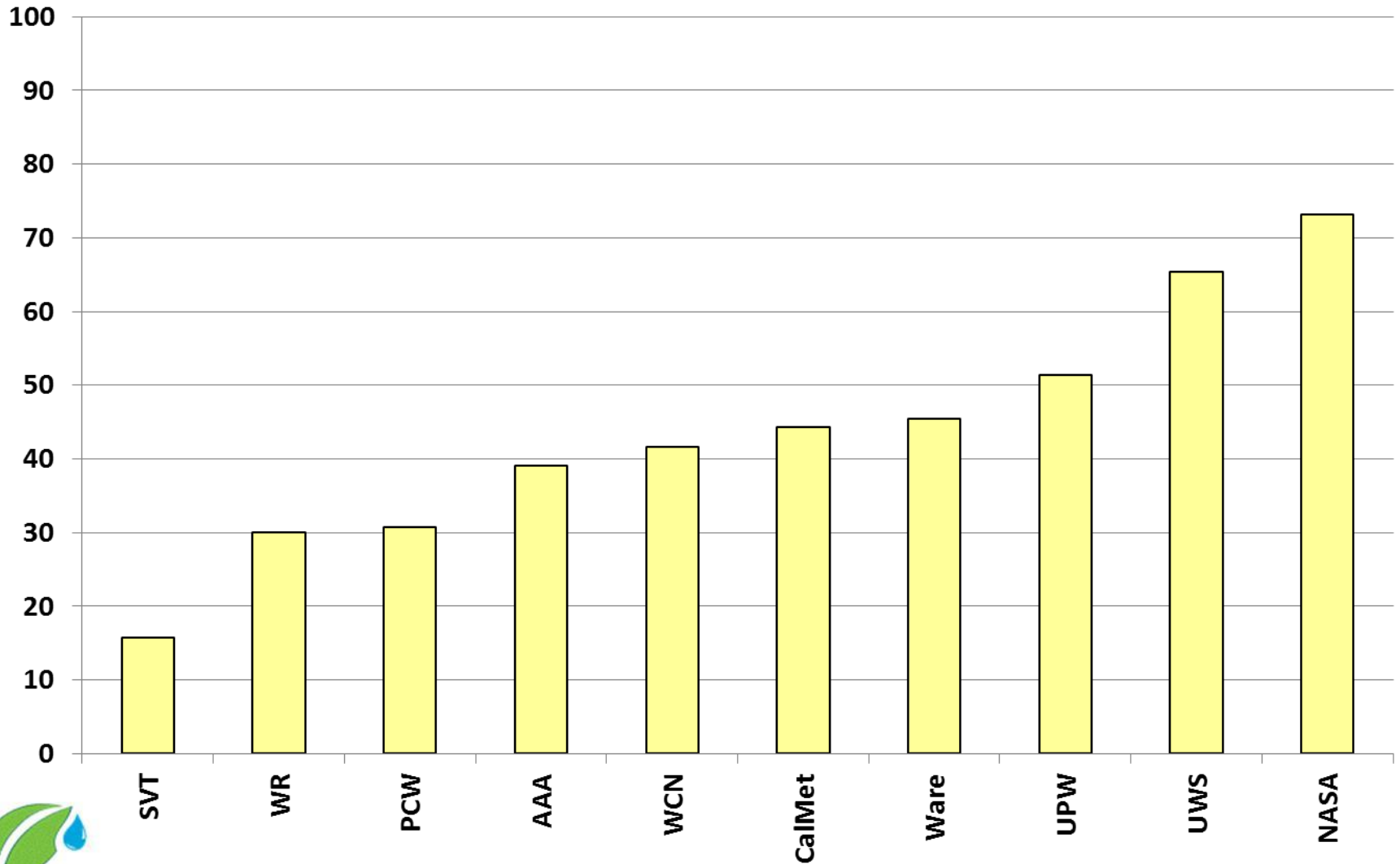
- Each Team was given a unique scoring input tool developed for their scoring category
- Teams were not allowed to see or have access to scoring from other teams
- Scores available only to Team Lead until they were finalized



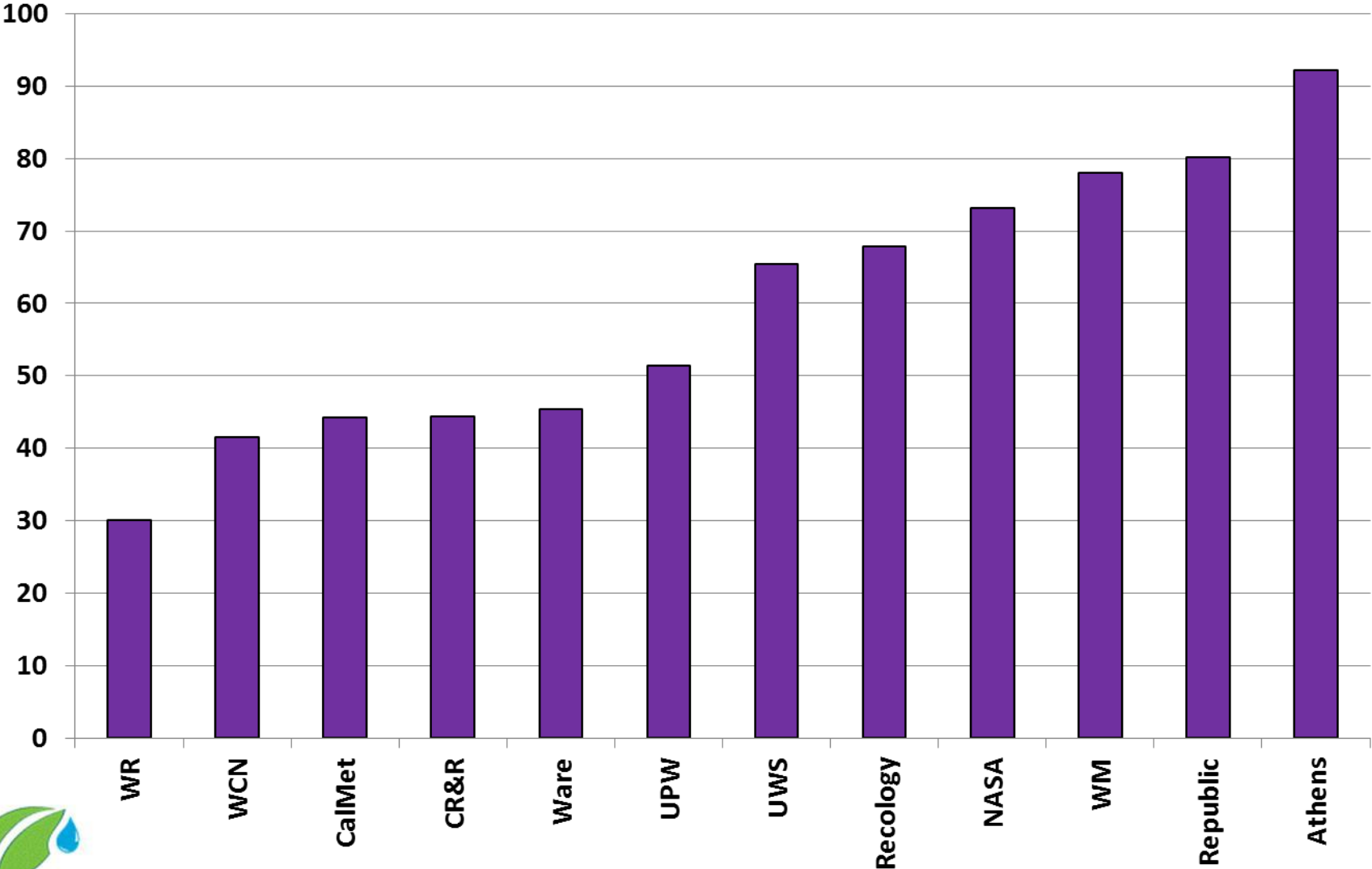
# Scoring and Ranking

- After Teams scored their categories, scores were compiled into a single score
- After scoring proposers were ranked within two categories
  - Those that proposed on Small Zones; and
  - Those that proposed on Large Zones

## Average Overall Score Proposers on Small Zones



# Average Overall Score Proposers on Large Zones



(Only 12 of the 15 Proposers proposed on Large Zones)



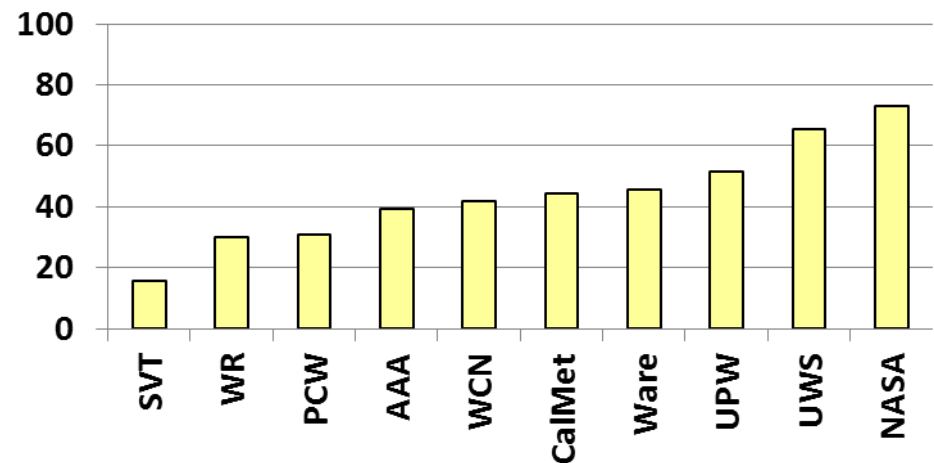
# Shortlisting Process

## Initial Short Listing for Negotiations

### Small Zones

- Small Zones awards could not be bundled with other zones
- Identified the top three ranked Proposers for negotiation on the Small Zones

- NASA
- UWS
- UPW



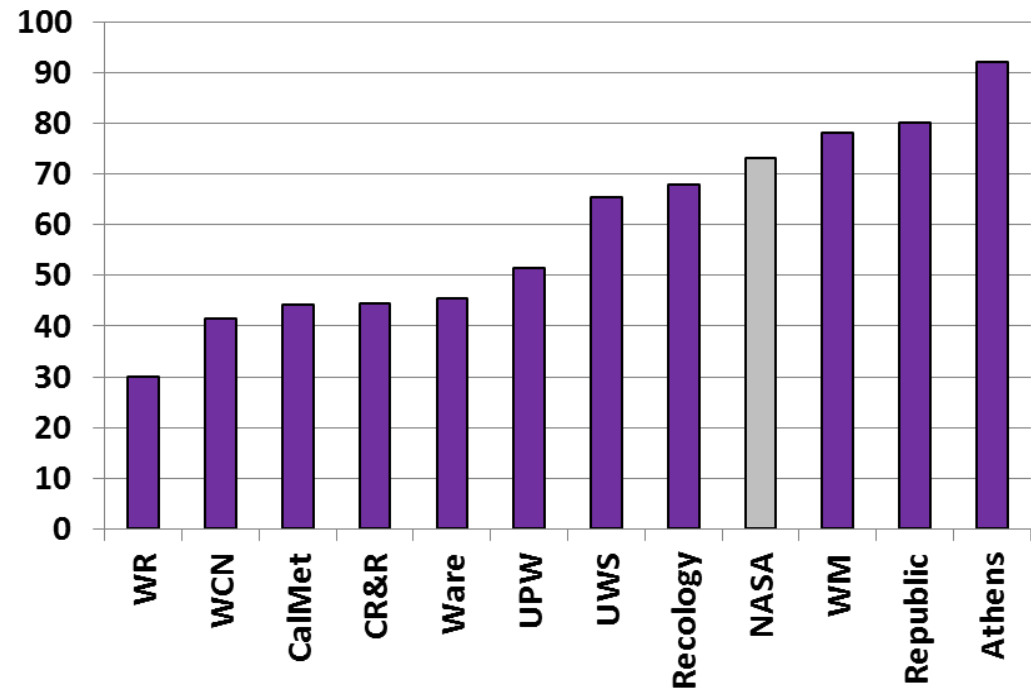
# Shortlisting process

## Large Zones

- Assumed for initial shortlist that negotiations would be based on a two-zone bundle
- Two-zone bundle allowed for negotiations that would help ensure the necessary infrastructure development while minimizing rates
- New facilities require a sufficient amount of incoming material to be feasible

# Shortlisting process

- Identified the top four ranked Proposers for Large Zones
  - Athens
  - Republic
  - Waste Management
  - Recology



# Negotiation Process

- Extensive negotiations occurred over 12 months
- LASAN developed two negotiations teams
  - One for Small Zones
  - One for Large Zones
- Teams consisted of City staff and private sector experts
- All negotiations confidential

# Withdrawal of Two Shortlisted Proposers

- Recology and LASAN could not come to terms on some key aspects of the contract
  - Recology voluntarily withdrew from negotiations
- LASAN could not come to terms with UPW
  - UPW voluntarily withdrew from negotiations
- As result LASAN entered into negotiations with:
  - Ware Disposal and CalMet



# Recommended Zone Award

- Recommendations for zone assignments was a iterative process that took place over 6 months
- Highest ranked proposers received larger overall zone awards based on the number of accounts within those zones
- The location, current availability, and timeliness of completion of new infrastructure were also factors in zone assignments.

# Recommended Zone Award

## Recommended Small Zone Award

Initial Ranking	Proposer	Recommended Small Zone Award	Number of Accounts
1	NASA	Downtown	1,771
2	Ware	Southeast	1,817
3	CalMet	East Downtown	1,013

## Recommended Large Zone Award

Initial Ranking	Proposer	Recommended Large Zone Award	Number of Accounts
1	Athens	West LA, North Central, and Harbor	21,864
2	Republic	Northeast Valley and South LA	16,820
3	WM	West Valley and Southeast Valley	15,526
4	UWS	Northeast	6,106

# Meeting our Franchise Goals

- Franchisees are required to reduce disposal in landfills by 1 million tons annually by 2025
- Customer Service Standards set in contract
- Performance Standards
  - Time limits for service requests
- All customer service and performance standard supported by penalties (liquidated damages) for not meeting requirements

# Meeting our Franchise Goals

- LASAN Customer Care Center is first point of contact
- City-Franchisee integrated IT systems
  - City tracking of all customer service requests and complaints
- Detailed reporting standards
- City oversight with sufficient staffing

# Meeting our Franchise Goals

- This program will bring over \$200 million in new infrastructure to the region to meet the needs of the Franchise System and to recycle organic material
- Zero Waste LA requires new, clean-fueled vehicles for all solid waste collection
- Maximum rates established through exhaustive analysis of proposer provided cost proforma data and known industry standards
- Rates change predictably. Rate increases methods are set in the franchise contracts

# What is included in Zero Waste LA Rates

- Base Rates are inclusive of many services including :
  - Blue Bin Collection
  - Material reuse and food rescue
  - Bin cleaning
  - Graffiti removal
- Customer Costs for additional requested services is set in contract.

# Transition

## One year transition and implementation

- At contract execution
  - Begin procurement
    - Purchase of Clean Fuel Trucks
    - Purchasing of Bins
  - Develop account and billing databases and testing
  - Develop account transition plan and strategies
  - Meet with Franchisees to develop plans for smooth transition (January 2017)
    - Nearly 85% of the current customers are serviced by one of the seven franchisees
- Begin customer transition (July 2017)

# What's Next

## Upon Board Approval

- Contracts Executed – End 2016
- City Notification to Customers – June 2017
- Franchisees Begin Account Setup and Customer Transition – July 2017
- All Customers Receive Franchise Service – January 2018

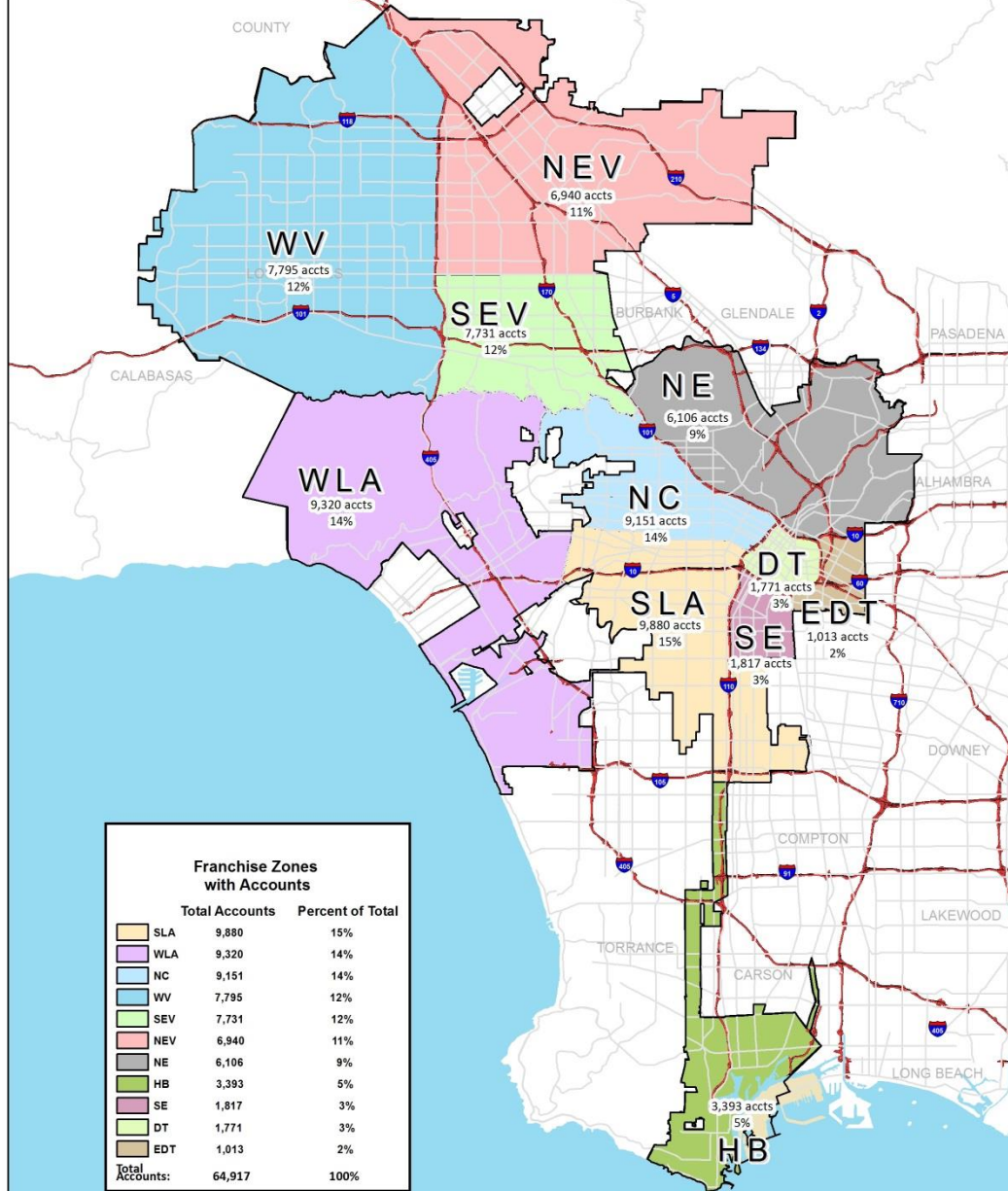


# END

<https://www.lacitysan.org/zerowastela>



# COMMERCIAL WASTE FRANCHISE ZONES with Accounts

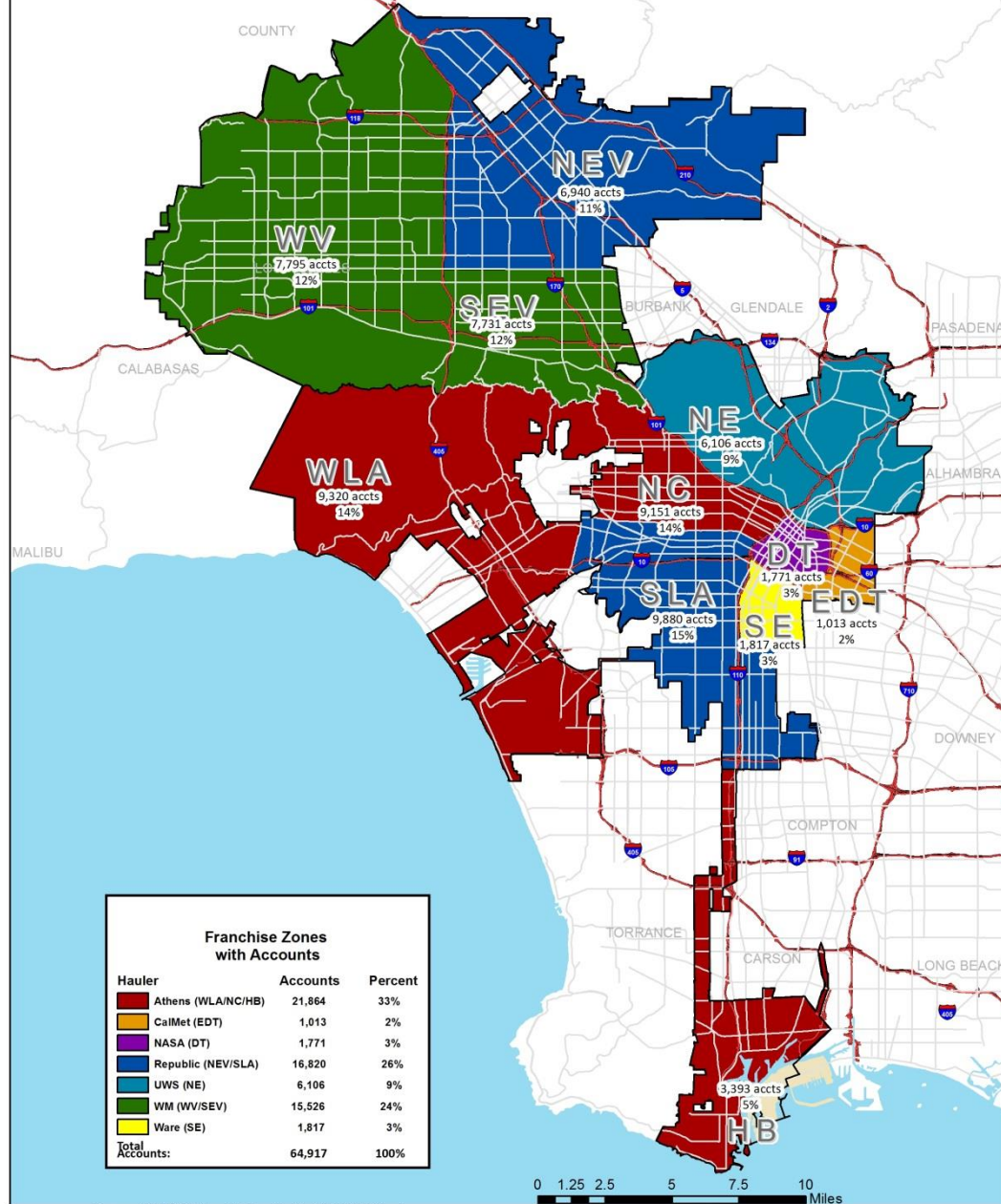


Franchise Zones with Accounts		
	Total Accounts	Percent of Total
SLA	9,880	15%
WLA	9,320	14%
NC	9,151	14%
WV	7,795	12%
SEV	7,731	12%
NEV	6,940	11%
NE	6,106	9%
HB	3,393	5%
SE	1,817	3%
DT	1,771	3%
EDT	1,013	2%
<b>Total Accounts:</b>	<b>64,917</b>	<b>100%</b>





# COMMERCIAL WASTE FRANCHISE ZONES Haulers with Accounts



# How Zero Waste LA Rates Compare

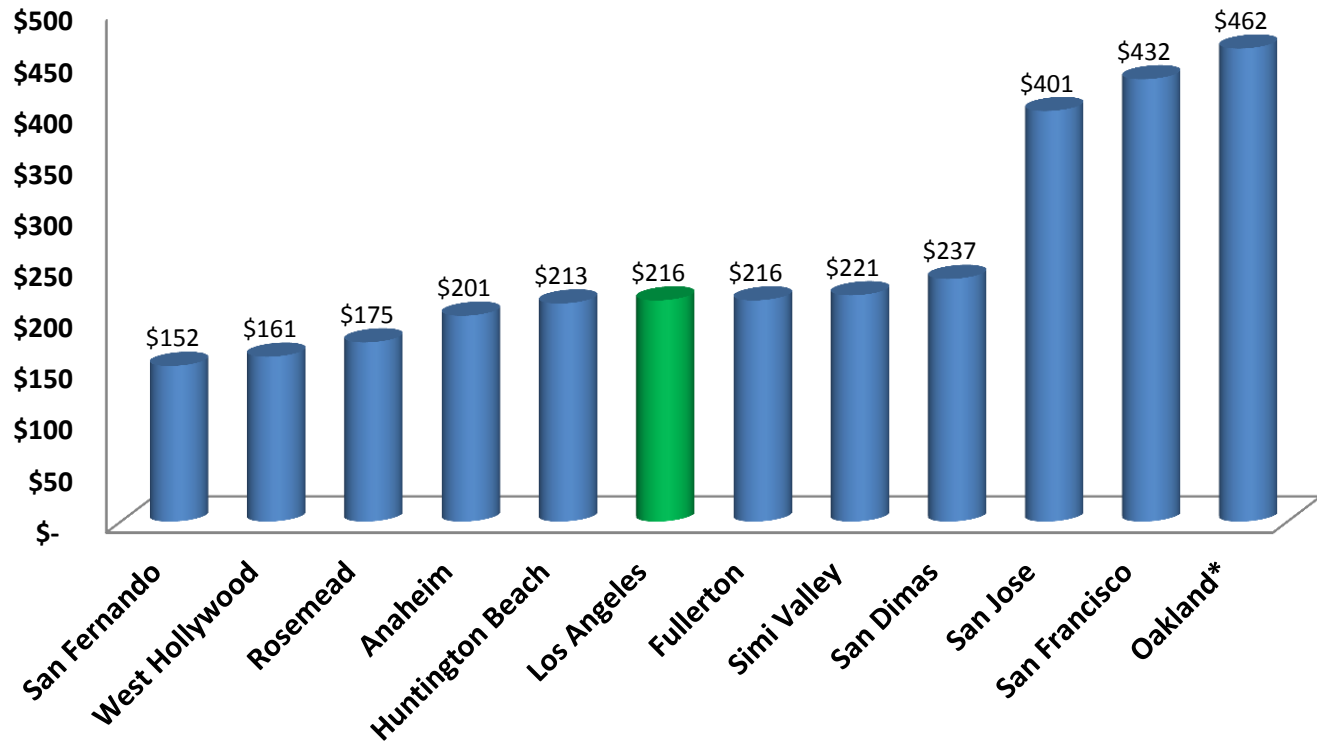
LASAN staff researched over one hundred California cities with franchise system

- Over one-third of all the cities researched have rates that are within +/-10 percent of the proposed Franchise System maximum rate

	Monthly Rate for Solid Waste and Recycling 3 cubic yard bin collected once per week (1-3-1)
Minimum	\$69.09
Maximum	\$1,198.88
Median	\$206.80
Mean (Average)	\$250.78
<b>City of Los Angeles</b>	<b>\$216.72</b>

# Services at Equitable and Transparent Customer Rates

## Sample Rates of Commercial Exclusive Franchises in California



\* Rate for Oakland does not include collection of commingled recyclables