

0150-10128-0000

**TRANSMITTAL**

TO  
The Council

DATE

JAN 08 2014

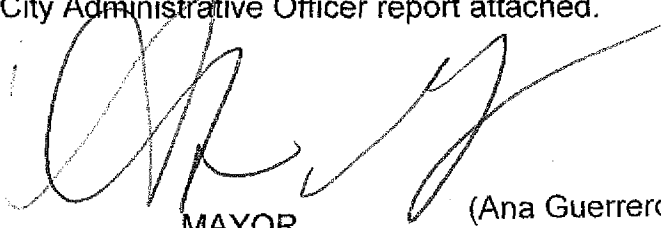
COUNCIL FILE NO.

FROM  
The Mayor

COUNCIL DISTRICT  
All

**Personal Services Contract with  
USA Waste of California, Inc. dba Waste Management El Sobrante Landfill  
For Landfill Disposal Services for Residual Municipal Solid Waste**

Approved and forwarded for your consideration.  
See the City Administrative Officer report attached.



MAYOR (Ana Guerrero)

MAS:WKP:06140057t

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

To: The Mayor	Date: 01-03-14	C.D. No. All	CAO File No.: 0150-10128-0000				
Contracting Department/Bureau: Public Works/Sanitation		Contact: Rowena Romano, (213) 485-3626;					
Reference: Transmittal from the Board of Public Works dated November 27, 2013; referred for report on December 4, 2013							
Purpose of Contract: To provide landfill disposal services of City waste.							
Type of Contract: ( X ) New contract ( ) Amendment		Contract Term Dates: Five years with two options to extend for an additional five years each and a third option to extend for an additional six months on a month-to-month basis for a total potential term of 15.5 years.					
Contract/Amendment Amount: \$25,500,000 for first five years (estimated costs) Proposed amount \$25,500,000 + Prior award(s) \$0 = Total \$25,500,000							
Source of funds: Solid Waste Resources Revenue Fund No. 508							
Name of Contractor: USA Waste of California, Inc. dba Waste Management El Sobrante Landfill Address: 9081 Tujunga Avenue, Sun Valley, CA 91352							
	Yes	No	N/A*	8. Contractor has complied with:	Yes	No	N/A*
1. Council has approved the purpose	X			a. Equal Employt. Oppty./Affirm. Action	X		
2. Appropriated funds are available	X			b. Good Faith Effort Outreach**	X		
3. Charter Section 1022 findings completed	X			c. Equal Benefits Ordinance	X		
4. Proposals have been requested	X			d. Contractor Responsibility Ordinance	X		
5. Risk Management review completed	X			e. Slavery Disclosure Ordinance	X		
6. Standard Provisions for City Contracts included	X			f. Bidder Certification CEC Form 50	X		
7. Workforce that resides in the City: 0.22%				*N/A = not applicable ** Contracts over \$100,000			

**COMMENTS**

In accordance with Executive Directive No. 3, the Board of Public Works (Board), on behalf of the Bureau of Sanitation (Bureau), is requesting authority to execute the proposed Personal Services Contract with USA Waste of California, Inc. dba Waste Management El Sobrante Landfill (Contractor) to provide landfill disposal services of residual municipal solid waste. The term of the proposed contract is five years with two options to extend for an additional five years each and a third option to extend for an additional six months on a month-to-month basis for a total potential term of 15.5 years. The contract does not contain a cost ceiling but includes a Financial Liability Clause which limits the City's annual financial obligation to the amount appropriated in the corresponding year's budget. The Bureau estimates \$2.5 million in remaining costs in 2013-14 and \$25.5 million in total costs for the first five years. In accordance with Los Angeles Administrative Code Section 10.5 (a), the execution of the proposed contract requires Council approval as the term of the contract will exceed three years.

The City collects approximately 3,600 tons per day (tpd) of residual municipal solid waste (or Black Bin material) from its six wastesheds. About 1,300 tpd is collected from the East and West Valley Wastesheds and directly hauled to Republic Service's Sunshine Canyon Landfill (SCL) in Sylmar, CA. Another 200 tpd is collected from the Harbor Wasteshed where 100 tpd is sent for energy recovery and 100 tpd is transloaded at the Falcon Transfer Station for landfill disposal at SCL. The remaining 2,100 tpd is collected from the South Los Angeles, North Central, and West Los Angeles Wastesheds where 1,870 tpd is delivered to the City's Central Los Angeles Recycling and Transfer Station (CLARTS) and 230 tpd is sent to the Southern California Disposal facility for transfer to SCL. Of the 1,870 tpd delivered to CLARTS, 1,270 tpd is delivered to SCL and 600 tpd is delivered to El Sobrante Landfill in Corona, CA in accordance with the Council policy (C.F. 05-1364).

 WKP	Analyst	06140057	 Assistant CAO	 City Administrative Officer
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On September 22, 2006, the Council (C.F. 05-1179-S7) authorized the Bureau to execute Contract No. 110742 with the Contractor to provide disposal services for City waste at the El Sobrante Landfill for a five-year term. The term for Contract No. 110742 expired on December 31, 2011 and on August 20, 2013, the Council (C.F. 13-0884) authorized the Bureau to execute a Supplemental Agreement to extend the term for an additional two years. The Supplemental Agreement expires on December 31, 2013 and this new contract will continue the services provided under the Supplemental Agreement. The disposal of municipal solid waste is a non-discretionary activity for the Bureau and execution of this contract is required to meet the Council policy to divert solid waste from SCL.

### **Contractor Selection Process**

In accordance with Charter Section 1022, the Personnel Department determined that City employees have the expertise to perform the work to be contracted. However, this Office determined that it is more feasible to perform the work by contractor as the City does not own or operate a landfill or alternative technology processing facilities.

On February 1, 2012, the Board authorized the Bureau to distribute and advertise a Request for Proposals (RFP) for both landfill disposal and solid waste hauling services. The Bureau received five responses for landfill disposal services and one response was determined to be non-responsive for failing to successfully complete the Business Inclusion Program (BIP) evaluation. The remaining four proposals were evaluated and scored based on the contractor's prior experience (10 percent), responsiveness to the RFP (10 percent), technical requirements (20 percent), financial requirements (20 percent), and the proposed service fee (40 percent). The Contractor's proposal received the highest score and on April 8, 2013, the Board authorized the Bureau to negotiate a contract with the Contractor for landfill disposal services.

### **Scope of Work**

Under the terms of the contract, the Contractor will provide the following services:

- Accept and dispose of 300 to 600 tpd of residual municipal solid waste (and accept additional tonnage in the event of service disruptions at the City's primary disposal facility);
- Monitor the delivery of municipal solid waste to mitigate the delivery of unpermitted waste and remove and dispose of such unpermitted waste in accordance with applicable law;
- Operate and maintain the landfill in compliance with all permits and applicable laws;
- Operate, maintain, test, and calibrate a minimum of two weigh stations at the landfill; and
- Ensure that the turnaround time for City vehicles delivering waste does not exceed 25 minutes.

The Contractor owns and operates the El Sobrante Landfill and has a Landfill Operating Agreement with Riverside County as a public-private partnership. The Contractor has also made available to the City seven additional contingent disposal facilities in the event that the City's other contract disposal facilities are unavailable.

## **Compensation for Services**

The Contractor will be paid a monthly service fee which is calculated by multiplying the tonnage of municipal solid waste delivered to the Contractor's disposal or transfer facilities according to the tip fee schedule in Section 10.1.1 of the contract. The first year cost to dispose of municipal solid waste at the El Sobrante Landfill is \$21.37 per ton plus pass-through taxes and other fees. The service fee may also increase as a result of changes in law and reimbursements to the Contractor for costs associated with the cleanup of unpermitted waste delivered to its facility by the City. The service fee may also be reduced for liquidated damages to recover the City's direct costs incurred for the disposal of wrongfully rejected municipal solid waste.

The service fee will be annually adjusted on July 1 of each contract year to reflect changes in the Consumer Price Index and this annual adjustment shall not exceed six percent. The Contractor is also providing a two percent discount on the monthly service fee if the invoice is paid within 30 days.

## **RECOMMENDATION**

That the Council authorize the Board of Public Works, on behalf of the Bureau of Sanitation, to execute the proposed Personal Services Contract with USA Waste of California, Inc. dba Waste Management El Sobrante Landfill to provide landfill disposal services of residual municipal solid waste for a period of 15.5 years, retroactively from January 1, 2014, subject to City Attorney approval as to form.

## **FISCAL IMPACT STATEMENT**

There is no General Fund impact as \$4,835,586 is available from the Solid Waste Resources Revenue Fund to support the 2013-14 costs of the contract and subsequent year funding will be allocated through the City's annual budget process, which is subject to Mayor and Council approval. The contract includes a Financial Liability Clause which limits the City's annual financial obligation to the amount approved in the corresponding year's annual budget. The recommendation in this report complies with the City's Financial Policies as ongoing revenue will support ongoing expenditures.