

0150-10357-0000

TRANSMITTAL

TO
The Council

DATE
JUN 01 2015

COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
ALL

**Personal Services Contract with B.J. Used Tire and Rubber Recycling, Inc.
For the Collection, Transportation, and Processing of Used/Waste Tires
For Beneficial Reuse**

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



MAYOR

MAS:WKP:061501131

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: 05-28-2015	C.D. No. ALL	CAO File No.: 0150-10357-0000			
Contracting Department/Bureau: Public Works/Sanitation			Contact: Ronaldo Milo, (213) 485-3568				
Reference: Transmittal from the Board of Public Works dated February 9, 2015; referred for report on February 12, 2015.							
Purpose of Contract: For the collection, transportation, and processing of used/waste tires for beneficial reuse.							
Type of Contract: (X) New contract () Amendment			Contract Term Dates: Five years from the date of execution with one renewal option for an additional five years and a second renewal option for an additional six months on a month-to-month basis for a total potential term of 10.5 years.				
Contract/Amendment Amount: \$4,000,000							
Proposed amount \$4,000,000 + Prior award(s) \$0 = Total \$4,000,000							
Source of funds: Front funding will be provided by the Solid Waste Resources Revenue Fund and all eligible expenditures will be reimbursed from CalRecycle grants, General City Purposes, and Council District Funds. See report for additional information.							
Name of Contractor: B.J. Used Tire and Rubber Recycling, Inc.							
Address: 1170 Hastings Ranch Drive, Pasadena, CA 91107							
	Yes	No	N/A*	8. Contractor has complied with:	Yes	No	N/A*
1. Council has approved the purpose	X			a. Equal Employmt. 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%				*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 a Personal Services Agreement with B.J. Used Tire and Rubber Recycling, Inc. (Contractor) for the collection, transportation, and processing of used/waste tires for beneficial reuse for a five year period with one renewal option for an additional five years and a second renewal option for an additional six months on a month-to-month basis for a total potential term of 10.5 years at a cost not to exceed \$4.0 million (or \$400,000 per year). In accordance with Los Angeles Administrative Code Section 10.5 (a), Council approval is required to execute the proposed contract as the term of the contract exceeds three years.

The California Tire Recycling Act of 1989 (Assembly Bill 1843) created the Tire Recycling Program to reduce landfill disposal of used tires, increase recycling of tires into secondary uses, and promote secondary markets for used tire byproducts, tire shredding, and energy recovery. The Act also established the California Tire Fee, a \$1.75 fee assessed on the sale of new tires, and created the California Tire Recycling Management Fund for the deposit of such revenues. The California Department of Resources Recycling and Recovery (CalRecycle) administers this Fund and awards grants to local governments to support activities that reduce the number of used or waste tires going to landfills.

 W.K.P. Wilson Analyst	 Assistant CAO	 City Administrative Officer
06150113		

To support this legislation, the City implemented the Waste Tire Recycling Program, which provides the following services:

- Collection of abandoned used/waste tires in residential areas and along public right-of-ways;
- Six amnesty events per year where City residents may drop off up to nine used/waste tires per trip (pursuant to California Public Resources Code (PRC) Section No. 42954) at no cost;
- City residents may drop off up to four used/waste passenger tires at any of the Bureau's six district yards per calendar year;
- South Los Angeles Alley Cleanup Program, which addresses the most blighted alleyways in Council Districts 8, 9, 10, and 15;
- Council District 1 Keep It Clean Campaign, which addresses abandoned waste in alleyways, streets, and vacant lots in Council District 1; and
- Clean Streets Program (C.F. 13-0852-S1), which provides additional alleyway and abandoned waste cleanups on a citywide level.

Through these services, the Bureau annually collects approximately 26,000 used/waste tires (or 325 tons). The Bureau stores these tires at its six district yards and requires a private hauler to collect them from its facilities and transport them to CalRecycle certified waste tire processing facilities for recycling and beneficial reuse. Used/waste tires can be re-treaded for reuse or resale or recycled into new rubber products such as artificial turf, ground cover for playgrounds, running tracks, athletic fields, or slurry seal for repaving City streets.

Since the implementation of this program and as the program has expanded over the years, different contractors have provided this service. Currently, the services are being performed through a Letter of Agreement (LOA) with the Contractor that expires on June 30, 2015.

Contractor Selection Process

In accordance with Charter Section 1022, the Personnel Department determined that City employees possess the skills and expertise to perform the work proposed to be contracted. However, this Office determined that the work proposed to be contracted can be performed more feasibly by contractor than City employees as there is insufficient existing City staff to perform the work proposed to be contracted and additional staff cannot be employed and trained in a timely manner to meet the Bureau's needs. As such, on July 3, 2013, the Board authorized the Bureau to distribute a Request for Proposals (RFP) and negotiate a contract with the highest scoring bidder. The Bureau received three proposals and each proposal was evaluated on the following criteria:

- Prior Experience (15 points)
- Responsiveness to RFP (20 points)
- Technical/Safety Requirements (25 points)
- Financial Requirements (15 points)
- Proposed Service Fee and Revenue Sharing (25 points)

One of the proposers did not meet the Business Inclusion Program (BIP) requirements and their proposal was deemed non-responsive. Among the remaining proposals, the Contractor received the highest score and on February 9, 2015, the Board approved the Bureau's request to execute the proposed contract.

Scope of Work

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

- Collect up to 52,000 used/waste tires per year from the Bureau's six district yards or other City department locations on an as-needed basis;
- Provide roll-off boxes for the storage of used/waste tires;
- Transport used/waste tires to certified waste tire processing facilities pursuant to PRC Section No. 42951; and
- Maintain all valid waste tire hauler licenses and registration pursuant to PRC Section No. 42954.

Compensation for Services

Pursuant to Article 4.5, the Contractor will be compensated on a cost per tire basis as follows:

Type of Used/Waste Tire	Cost Per Tire	
	Without Rim	With Rim
Passenger Tire	\$1.50	\$5.00
Light Truck Tire	\$2.00	\$6.00
Truck Tire	\$4.00	\$7.00
Off-Road/Tractor/Forklift Tire	\$40.00	\$45.00

Article 4.5 also provides reduced rates if the Bureau delivers the used/waste tires to the Contractor's facility instead of having the Contractor pick up the tires from the City's facilities.

The contract ceiling is \$4.0 million over 10 years or \$400,000 per year and provides for the collection and transportation of 52,000 tires per year. The Bureau is assuming that it will collect 26,000 tires per year and that other City departments will piggyback on this contract to remove an additional 26,000 tires per year. The annual cost ceiling was calculated using the following assumptions:

Program	Funding Source	Annual Funding Amt.	Estimated No. of Tires
Waste Tire Cleanup/Waste Tire Drop-Off	CalRecycle Grant	\$ 50,000	6,500
Waste Tire Amnesty Events	CalRecycle Grant	30,000	3,900
South LA Alley Cleanup	CalRecycle Grant	40,000	5,200
CD1 Keep It Clean Campaign	CD1 Funds	10,000	1,300
Citywide Clean Streets Program	General City Purposes	70,000	9,100
	Subtotal	\$ 200,000	26,000
	100% Contingency for Other City Departments	\$ 200,000	26,000
	TOTAL	\$ 400,000	52,000

As of May 2015, the Bureau has expended \$31,863 for the collection and transportation of 12,369 used/waste tires in the current fiscal year under the existing LOA with the Contractor. Therefore, the \$200,000 cost ceiling provides sufficient capacity to cover the Bureau's annual expenditures and any unanticipated workload increases such as the expansion of the Citywide Clean Streets Program as proposed in the 2015-16 Budget.

Source of Funds

The Bureau is proposing to use the Solid Waste Resources Revenue Fund (SWRRF) to front-fund the costs of this contract and use CalRecycle grants, General City Purposes funds, or various Council District funds to reimburse SWRRF for all eligible costs. Sufficient funds are available within SWRRF to support the first year costs of the contract and subsequent year funding will be provided through the City's annual budget, which is subject to Mayor and Council approval. The Bureau will continue to apply for the annual CalRecycle Local Government Waste Tire Amnesty grant, which pays for public events for citizens to drop off waste tires, and the CalRecycle Local Government Tire Cleanup grant, which funds the collection, removal, transportation, recycling, and disposal of waste tires from areas where illegal dumping has occurred along public right-of-ways. The financial solvency of these grant funds are unknown at this time and Section 10.2.2 of the proposed contract includes a financial liability clause that limits the City's annual financial obligation to the amount approved in the budget. Waste tires within commercial and multi-family (greater than four units) properties will be collected and removed by the franchise haulers in accordance with the California Tire Recycling Act, and these costs are not included in this contract. In addition, under the franchise agreement, franchise haulers will continuously provide outreach and education and inform the customers of the programs and services available to them.

It should be noted that SWRRF can front-fund the costs of the contract but is not an eligible funding source. Although SWRRF pays for residential bulky item pickup services, used/waste tires are not considered bulky items and, therefore, SWRRF is not an eligible funding source for this contract.

Compliance with City Contracting Requirements

The Contractor has complied with all City contracting requirements and the Bureau reports that the City Attorney has approved the contract as to form.

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 B.J. Used Tire and Rubber Recycling, Inc. for the collection, transportation, and processing of used/waste tires for beneficial reuse for a five year period with one renewal option for an additional five years and a second renewal option for an additional six months on a month-to-month basis at a cost not to exceed \$4.0 million.

FISCAL IMPACT STATEMENT

Funding for the proposed contract is provided by CalRecycle grants, General City Purposes, and various Council District funds and no additional General Fund appropriation is required. Sufficient funds are available to support the first year costs of the contract and future year funding will be provided through the City's annual budget process, which is subject to Mayor and Council approval. Additionally, the contract contains a Financial Liability Clause, which limits the City's annual financial obligation to the amount approved in the budget. Therefore, the recommendation in this report complies with the City's Financial Policies as sufficient funds are available to support proposed expenditures.