

0150-10571-0000

**TRANSMITTAL**

TO  
The City Council

DATE  
1/12/16

COUNCIL FILE NO.

FROM  
The Mayor

COUNCIL DISTRICT

**Personal Service Contract with USA Waste of California, Inc. dba Waste Management  
For Landfill Disposal Services of Grit and Screenings**

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



(Ana Guerrero)

MAYOR

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

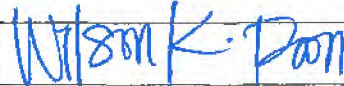


To: The Mayor		Date: 01-11-16	C.D. No.	CAO File No.: 0150-10571-0000			
Contracting Department/Bureau: Public Works/Bureau of Sanitation			Contact: Alan Tran: (310) 648-9559				
Reference: Transmittal from the Board of Public Works dated December 9, 2015; referred for report on December 10, 2015.							
Purpose of Contract: To provide landfill disposal services of grit and screenings.							
Type of Contract: ( X ) New contract ( ) Amendment			Contract Term Dates: Five years, effective July 1, 2016, with one three-year renewal option for a total term of eight years.				
Contract/Amendment Amount: \$6,218,090							
Proposed amount \$6,218,090 + Prior award(s) \$0 = Total \$6,218,090							
Source of funds: Sewer Construction and Maintenance Fund No. 760							
Name of Contractor: USA Waste of California, Inc. dba Waste Management							
Address: 2801 Madera Road, Simi Valley, CA 93065							
	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: 0.54%				*N/A = not applicable ** Contracts over \$100,000			

**COMMENTS**

In accordance with Executive Directive 3, the Board of Public Works (Board), on behalf of the Bureau of Sanitation (Bureau), is requesting authority to execute a Personal Services Contract with USA Waste of California, Inc. dba Waste Management (Waste Management) to provide landfill disposal services of grit and screenings collected at the Hyperion Treatment Plant. Appropriate disposal of wastewater treatment byproducts is integral to the City's regulatory and fiduciary responsibilities to maintain an adequate clean water treatment system. The term of the contract is five years, effective July 1, 2016, with one three-year renewal option at a total cost not to exceed \$6,218,090.

**Background**

The City's wastewater treatment plants and wastewater collection systems collect approximately 74,000 to 100,000 pounds of grit and screenings per day. Grit and screenings are solids removed by hydraulic and mechanical methods during the wastewater treatment process and may include materials such as rags, glass, wood, paper, and plastics. These materials are composed of organic and inorganic materials that have high moisture contents and high levels of odor and fecal coliform. Due to the high contamination levels of these materials, the City's landfills are not permitted to dispose of this waste and the Bureau requires the use of a landfill that is permitted to accept and dispose of this waste. The Bureau has contracted for these services for the past two decades and Waste Management is currently providing these services under Contract 113956, which is set to expire on June 30, 2016.

 WKP	 Assistant CAO	 City Administrative Officer
Analyst	06160081	

**Contractor Selection Process**

City employees haul the materials to the landfill, but the City does not own or operate an active landfill and City employees cannot operate in a privately owned landfill. On this basis, the Personnel Department determined in accordance with Charter Section 1022 that City employees do not have the expertise to perform the work.

On October 22, 2014, the Board authorized the Bureau to distribute a Request for Proposals (RFP) and advertise the RFP on the City of Los Angeles Business Assistance Virtual Network (LABAVN) and in local newspapers. The Bureau also hosted an RFP pre-proposal meeting, which was attended by three potential proposers. On January 6, 2015, the Bureau received one proposal from Waste Management. The Bureau evaluated and scored the proposal based on the following criteria:

Criteria	Waste Management's Proposal Score
Technical Proposal and Schedule (20%)	18
Qualifications (15%)	14
Cost Control (50%)	45
Responsiveness (15%)	14
<b>Total Overall Score (100%)</b>	<b>91</b>

The Bureau determined that Waste Management was the most qualified and responsive proposer because of its financial strength, location of its facilities, and current experience with the City. On December 9, 2015, the Board approved the proposed contract with Waste Management.

In accordance with Los Angeles Administrative Code Section 10.5(a), Council approval of the proposed contract is required because the term of the agreement exceeds three years. Waste Management has complied with all standard provisions for City contracts, as well as all remaining City contracting requirements. The Mayor's Office waived the requirements of the City's Good Faith Effort Outreach as there are no opportunities for subcontracting work.

**Scope of Work**

City employees will haul grit and screenings to the Simi Valley Landfill, which is approximately 50 miles from the Hyperion Treatment Plant, for landfill disposal. Waste Management is responsible for operating the landfill and maintaining all applicable permits and regulatory approvals. Waste Management is also responsible for maintaining a backup landfill at the El Sobrante Landfill in Corona, California in the event that the Simi Valley Landfill can no longer accept grit and screenings for disposal or has reached its disposal capacity. Waste Management will ensure that the turnaround time for City vehicles entering the landfill does not exceed 30 minutes. Lastly, Waste Management will operate and maintain all equipment, machinery, buildings, provide reasonable security, and test and calibrate motor vehicle scales at the landfill.

**Opportunities for Recycling**

In the past, the Mayor's Office instructed the Bureau to report back to this Office and the Mayor's Office on opportunities to recycle grit and screenings to further the City's landfill diversion goals. The Bureau researched various recycling options, however determined that there are currently no available options for recycling grit and screenings because the waste is contaminated with fecal coliform and contains high moisture and odor content.

**Compensation for Services**

Waste Management will be compensated at a rate of \$48.56 per ton disposed at the landfill. This rate is comprised of \$39.05 for tip fees and \$9.51 for State and County taxes and fees. This rate will also be annually adjusted based on the Consumer Price Index for All Urban Consumers (CPI-U) with a cap of three percent each year. This new rate is lower than the existing rate of \$48.99 under the current contract with Waste Management. However, the proposed contract prevents the Bureau from executing the new contract prior to the expiration of the existing contract. The maximum allowable compensation under the proposed contract is \$6,218,090 and this amount was calculated as follows:

Contract Year	Estimated Tonnage (per Year) (A)	Tip Fee (per Ton) (B)	State and County Tax and Fees (per Ton) (C)	Total Cost (per Ton) (D) = B + C	Estimated Annual Costs (E) = A x D
1	14,400	\$39.05	\$9.51	\$48.56	\$699,264
2	14,400	\$40.22	\$9.80	\$50.02	\$720,242
3	14,400	\$41.43	\$10.09	\$51.52	\$741,849
4	14,400	\$42.67	\$10.39	\$53.06	\$764,105
5	14,400	\$43.95	\$10.70	\$54.65	\$787,028
6	14,400	\$45.27	\$11.02	\$56.29	\$810,638
7	14,400	\$46.63	\$11.36	\$57.98	\$834,958
8	14,400	\$48.03	\$11.70	\$59.72	\$860,006
<b>Total Estimated Cost</b>					<b>\$6,218,090</b>

This calculation assumes the disposal of 1,200 tons of grits and screenings per month and an annual rate increase of three percent. The proposed contract includes a Financial Liability Clause which limits the City's financial obligation to the amount appropriated in the City's annual budget for such purposes.

Waste Management shall submit monthly invoices to the City along with monthly tonnages delivered to the landfill as well as truck number and date and time of each load accepted at the landfill. Under the current five-year contract with Waste Management, the Bureau has expended \$2.6 million to date (as of November 2015 invoices) and has expended an average of \$599,330 per year on grit and screenings disposal. Therefore, the cost ceiling in the proposed contract is sufficient to support projected expenditures.

**Source of Funds**

Sufficient funds are available from the Sewer Construction and Maintenance Fund to support the first year of the proposed contract. Funding for subsequent years will be provided through the City's annual budget development process and is subject to the availability of funds and Mayor and Council approval.

## **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 (Waste Management) to provide landfill disposal services of grit and screenings collected at the Hyperion Treatment Plant for a term of five years, effective July 1, 2016, with one three-year renewal option, at a cost not to exceed \$6,218,090, subject to City Attorney approval as to form.

## **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund as funding is available from the Sewer Construction and Maintenance Fund to support the first year costs of the proposed contract. Funding for subsequent years will be provided through the City's annual budget development process. The contract includes a Financial Liability Clause which limits the City's financial obligation to the amount appropriated in the City budget for such expenditures. Therefore, the recommendation in this report complies with the City's Financial Policies as ongoing revenue will support ongoing expenditures.

*MAS:WKP:06160081*