



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Cohen and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Jim Arndt, Public Works Director
Anna Luke, Management Analyst

DATE: December 1, 2009

SUBJECT: Refuse Contract Renegotiation Update and Discussion of Potential Additional Services

RECOMMENDATION:

Staff recommends that the City Council discuss and provide direction based on the presentation made by HF&H Consultants, LLC.

FISCAL IMPLICATION:

There is no fiscal implication pending on tonight's presentation. There will be fiscal implications based on the programs selected by City Council at a future meeting.

BACKGROUND:

The City's current solid waste contract with Waste Management will expire on April 30, 2011. In preparation for the contract expiration, the City Council directed the Environmental Task Force Solid Waste and Recycling Subcommittee (SWRS) to evaluate the services provided in the current contract and make recommendations for improvements and new services to be provided in the next contract. The SWRS presented their recommendations to City Council on May 5, 2009. At the time, Council was not ready to make a decision on individual programs to be placed in the next solid waste contract until a decision had been made whether to renegotiate with the current hauler, Waste Management, or to go through the competitive bid process. Staff was asked to return to Council on July 7, 2009 to discuss solely the process by which the hauler will be chosen as well as the need for professional services to assist the city with the process.

At their July 7th, 2009 meeting, Council opted to renegotiate the City's solid waste contract with Waste Management, and also agreed to contract with HF&H Consultants, LLC to facilitate the renegotiation process between Waste Management and the City. As part of their scope of work, HF&H Consultants, LLC was to return to Council to provide periodic updates on how the negotiation process was proceeding.

Renegotiation meetings began on October 1, 2009 with the City and HF&H Consultants, LLC to discuss the overall process, timelines, and initial data needed for collection. A second meeting

occurred on October 6, 2009 with the City, Waste Management and HF&H Consultants, LLC to discuss the timelines, initial data needed for collection and any concerns or requests Waste Management had in terms of the process.

DISCUSSION:

Laith Ezzet from HF&H Consultants, LLC will provide an update on the negotiation process and discuss any topics that need City Council direction. The below categories of services/improvements to the solid waste contract summarize the ETF's recommendations made to City Council in May 2009. Laith Ezzet from HF&H Consultants, LLC will ask City Council for direction on whether to include the services posing a significant financial impact in the first draft of the contract. City Council may decide during first draft review in February 2010 whether to keep all suggested services or to remove service(s) from the draft. Comprehensive pricing will be available at that time and will assist City Council in making their final decision to add new services to the next solid waste contract.

Additional Services without Significant Financial Impacts

These services are feasible by the hauler and pose a very small fiscal impact on the overall contract rates.

1. Collection of Styrofoam/polystyrene
2. Recognition for Commercial Recycling
3. Formal trash overflow charge program
4. Multi-family dwelling outreach plan
5. School Outreach Efforts – Option #2, including one assembly per year per school
6. School Recycling – Provision of recyclables collection containers in classroom and open areas.
7. Alternative fuel vehicles
8. City facility hazardous waste collection
9. Automation of Sand Section
10. Abandoned item collection

Items No Longer for Consideration

These services have been rejected because of infeasibility and will not be placed in the new solid waste contract.

1. Free school services – schools listed as City facilities
2. School grant program – Option #1 - \$100,000 grant program for School PTA to use for recycling programs.
3. Commercial Hazardous Waste pick-up by appointment and co-pay

Additional Services for Consideration with Significant Financial Impacts:

These services are feasible by the hauler and pose the largest fiscal impact to the overall contract rates. Direction by City Council will be requested whether to include the services with the first draft of the solid waste contract. Once the first draft is created HF&H will present it to City Council in February 2010, at which time specific services may be decided upon. The following chart lists programs which have a significant financial impact to the rates, and preliminary annual total

program cost range, and an annual total program percentage increase.

Note that these costs are preliminary and are not bottom-line, final costs. Formal negotiations with Waste Management have not yet begun. The preliminary costs could change after final negotiations. Impacts to rates could be adjusted based on rate structure selected.

RESIDENTIAL PROGRAMS	ANNUAL TOTAL PROGRAM COST (PRELIMINARY)	ANNUAL PERCENTAGE RATE IMPACT (PRELIMINARY)
Sharps Containers	\$15,000	0.6%
Door-to-Door HHW Collection	\$50,000	2.2%
Residential Foodwaste Diversion	\$263,000	11.7%
Recycle Ranger Consultant	\$50,000	2.2%

COMMERCIAL PROGRAMS	ANNUAL TOTAL PROGRAM COST (PRELIMINARY)	ANNUAL PERCENTAGE RATE IMPACT (PRELIMINARY)
Recycle Ranger Consultant	\$50,000	3.6%
Mixed Waste Processing of Bin Waste	\$247,000	17.8%
Restaurant/Commercial Foodwaste Diversion	\$345,000	24.8%

Waste Management’s Concerns

These concerns were posed by Waste Management in the kickoff meeting with HF&H and City Staff. Mr. Ezzet from HF&H will discuss these matters with City Council at the December 1st meeting.

1. Rate adjustment methodology (service and disposal cost)
2. Hard-to-service accounts - rate surcharge
3. Exclusivity of temporary (C&D) services
4. Automate the Sand Section
5. Transition to volume based rates

CONCLUSION:

Staff recommends that City Council discuss and provide direction based on the presentation made by HF&H Consultants, LLC.

cc: Laith Ezzet, HF&H Consultants, LLC
 Susan Moulton, Waste Management