



Agenda Item #: \_\_\_\_\_

# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Ward and Members of the City Council

**THROUGH:** Richard Thompson, Interim City Manager

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

**DATE:** February 16, 2010

**SUBJECT:** Consideration of the City's Refuse Contract.

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### **RECOMMENDATION:**

Staff recommends that the City Council discuss and provide direction to either:

1. Complete renegotiations with Waste Management and bring a new contract and optional service costs to the City Council meeting on April 6, 2010 for consideration.

*Or*

2. Seek a Request for Proposal (RFP) for waste hauling services to begin after April 30, 2011, when the current Waste Management contract expires.

### **FISCAL IMPLICATION:**

1. Renegotiation Process: A new contract would require increased solid waste rates, and a Proposition 218 vote process prior to rate adjustment. Estimated rate increases would be necessary because of phased waste hauler contract cost increases, with hauler increases of 8.00% on October 1, 2010, 5.95% on July 1, 2011, and 4.00% on July 1, 2012 plus the cost for any optional services the Council may elect to implement.
2. RFP Process: The RFP process requires competitive proposals from interested haulers. Costs cannot be determined until RFP bids are opened and pricing received from haulers is made public, and Council selects a solid waste hauler.

### **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 and they have been

included in the renegotiation process with Waste Management.

At their July 7th, 2009 meeting, Council opted to renegotiate the City's current solid waste contract with Waste Management, and also contracted 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 directed to return to Council to provide periodic updates on how the negotiation process was proceeding. Council further directed Staff to negotiate the best financial contract with Waste Management in order that Council could then determine to either proceed with Waste Management or pursue an RFP for waste hauling services.

Renegotiation meetings with Waste Management began on October 6, 2009. The first status update was given at the December 1, 2009 City Council meeting by Laith Ezzet of HF&H Consultants, LLC. Mr. Ezzet discussed the additional services that would be included in the base rate, and identified optional services that will have an additional fiscal impact. Council received the status and directed Staff to continue financial negotiations with Waste Management. Evaluating Waste Management's quality of service has not been included in the negotiations.

**DISCUSSION:**

Laith Ezzet from HF&H Consultants, LLC will provide an update on the Renegotiation Process and steps necessary for the Request for Proposal (RFP) Process.

**RENEGOTIATION PROCESS**

Through negotiations, Waste Management has submitted a tentative proposal based on existing services plus twelve (12) program enhancements. These enhancements, as recommended by the ETF SWRS, include the following and account for approximately 3% of the proposed rate increase:

*Additional Services in Proposed Base Rate (3% increase) (services suggested by the ETF SWRS)*

1. Automation of Sand Section
2. Collection of Styrofoam/polystyrene
3. Commercial Outreach Recognition Program
4. Commercial Trash Overflow Charge Program
5. Multi-family Recycling Outreach
6. Free Abandoned Item Collection
7. Sharps Program – Eliminate Co-Pay
8. Free Hazardous Waste Collection for City Facilities' HHW
9. Natural Gas-Powered Collection Vehicles
10. Increased School Recycling Outreach
11. Increased School Recycling Containers and Collection
12. Commercial Mixed Waste Processing for "Recyclable Rich" Accounts

Waste Management has proposed a three-year phased revenue modification for residential (see Table 1) and commercial (see Table 2) rates beginning with an 8.00% increase on October 1, 2010, 5.95% increase on July 1, 2011, and a 4.00% increase on July 1, 2012. In addition, residential rates would

be changed from a “flat rate” to a tiered-rate whereby customers pay lower monthly rates for smaller container sizes. Estimated rates are shown in Table 1.

These increases total 19%, up through June 30, 2012. Annual increases thereafter will be applied on July 1, 2013 according to a predetermined formula which includes a CPI cap on future disposal cost increases.

Table 1:  
Proposed Residential Rate Adjustments for the Basic Services\* (Provided by HF&H)

Date	Current	October 1, 2010	July 1, 2011	July 1, 2012
<b>Rate Increase</b>	n/a	8.00%	5.95%	4.00%
<b>Residential Rate Based on Current Flat Rate Structure</b> (Includes 17.24% City Admin Fee)	\$13.74	\$14.84	\$15.72	\$16.35
<i>WM Increase:</i>		\$0.94	\$0.75	\$0.54
<i>City Admin Fee Increase</i>		\$0.16	\$0.13	\$0.09
<b>Example of Volume-Based Residential Rates:</b> (Includes 17.24% City Admin Fee)				
35-gallon	n/a	\$12.93	\$13.96	\$14.53
65-gallon	n/a	\$14.77	\$15.96	\$16.59
95-gallon	n/a	\$16.77	\$18.10	\$18.83

\*Beginning July 1, 2013, annual rate adjustments based on contract formula using published price indices

Table 2:  
Proposed Commercial Rates for the Basic Services\* (Provided by HF&H)

Rate Category	Current Monthly Rate	Proposed		
		Oct 1, 2010	Jul 1, 2011	Jul 1, 2012
<b>Rate Category</b> (Includes 17.24% City Admin Fee)				
Commercial Can – 1x/week	\$14.98	\$16.18	\$17.14	\$17.83
2 yard bin – 1x/week	\$26.01	\$82.09	\$86.97	\$90.45
<b>Increase Per Month - WM</b>	n/a	8.00%	5.95%	4.00%
Commercial Can – 1x/week	n/a	\$1.02	\$0.82	\$0.58
2 yard bin – 1x/week	n/a	\$5.19	\$4.17	\$2.97
<b>Increase Per Month - City Admin Fee</b>				
Commercial Can – 1x/week	n/a	\$0.18	\$0.14	\$0.11
2 yard bin – 1x/week	n/a	\$0.89	\$0.71	\$0.51

\*Customer rates, including City Administration Fee, for two most common service levels

Based on information received and an analysis by HF&H, the tentative proposal for basic services appears reasonable and the analysis includes review of *inflationary impacts* to service dating from the original 2002 contract, *relative rate comparison* with other Los Angeles County agencies, and *operating benchmarks*.

Truck operating costs represent more than half of the total cost of services. Waste Management's projected operating costs are based on truck operating costs of approximately \$59 per route hour, which compares favorably to industry benchmarks. In the recent Rancho Palos Verdes competitive proposal process, the median proposed truck operating cost was \$64 per route hour.

Contractor rate revenues at the current rates equate to approximately \$88 per ton collected, and are proposed to increase to \$105 per ton collected at the end of the rate adjustment phase-in period on July 1, 2012. This data is similar to observed industry averages. In the recent Rancho Palos Verdes competitive proposal process, the median was \$117 per ton. (Rancho Palos Verdes has some unique service characteristics which make it a little more costly to serve).

Table 3 below identifies inflationary impacts of the original 2002 contract, rate increases received, and costs of 12 service enhancements. The total 19% increase is in line with the Waste Management proposal of 19%.

Table 3:  
Analysis of Reasonableness of WM Rate Proposal for the Basic Services  
(Provided by HF&H)

CPI Inflation, 2002 to 2012*:	27%
Rate Increases Approved to Date, (2002 to 2009)	11%
<b><i>Difference</i></b>	<b>16%</b>
Estimated Cost of New Basic Service Enhancements	3%
<b>TOTAL</b>	<b>19%</b>

\*2002-2009 CPI actual, 2010-2012 CPI estimated

Rate comparisons with other agencies are shown in Table 4. The comparison is based on rates from Fiscal Year 2009-2010 which began on July 1, 2009. Current Manhattan Beach residential rates rank tenth (10) lowest in Los Angeles County (highlighted in yellow).

Table 4 also includes placeholders with the proposed new tiered-rate costs for Manhattan Beach (highlighted in orange). ***Although rates still represent FY2009-10, Council may see generally where the new ranking(s) may fall.*** For example, if just using a 65-gallon container rate, Manhattan Beach would rank twelfth (12) against FY2009-10 rates.

Although rates may be compared, the array of services offered by each agency is more difficult to compare. On the basis of rate only, the proposed rates would be relatively competitive.

**Table 4:**  
**Comparison of Los Angeles County Cities with the (FY 2009-10) Lowest Residential Rates**  
 (Provided by HF&H)

	<b>Current MB rank in “flat-rate structure”</b>
	<b>Proposed MB rank for each can size in “tiered-rate” structure</b>

	CITY	SIZE OF REFUSE (gallons) IF FEE BASED ON SIZE	TOTAL MONTHLY RATE (as of July 2009)
1	Bell Gardens	Flat Rate	\$ 9.58
2	El Segundo	Flat Rate	\$ 10.41
3	Hermosa Beach	Flat Rate	\$ 11.47
4	Bradbury	65	\$ 12.38
5	Vernon	85	\$ 12.55
6	Downey	67	\$ 12.71
7	Irwindale	96	\$ 12.92
	<b>Manhattan Beach</b>	<b>35</b>	<b>\$ 12.93</b>
8	Inglewood	Flat Rate	\$ 13.17
9	West Hollywood	Flat Rate	\$ 13.61
	<b>Manhattan Beach</b>	<b>Flat Rate</b>	<b>\$ 13.74</b>
10	Signal Hill	Flat Rate	\$ 13.77
11	Redondo Beach	Flat Rate	\$ 14.06
12	<b>Manhattan Beach</b>	<b>65</b>	<b>\$ 14.77</b>
13	La Puente	Flat Rate	\$ 14.84
14	Hawaiian Gardens	96	\$ 15.11
15	Cerritos	Flat Rate	\$ 15.39
16	Gardena	64	\$ 15.39
17	South Gate	96	\$ 15.44
18	Lakewood	Flat Rate	\$ 15.77
19	Lawndale	Flat Rate	\$ 15.81
20	Monrovia	90	\$ 16.06
21	Lynwood	95	\$ 16.18
22	Paramount	Flat Rate	\$ 16.28
23	Compton	Flat Rate	\$ 16.48
24	Duarte	90	\$ 16.73
	<b>Manhattan Beach</b>	<b>95</b>	<b>\$ 16.77</b>
25	La Verne	64	\$ 17.32
26	Santa Clarita	96	\$ 17.33
27	Carson	Flat Rate	\$ 17.42
28	Whittier	Flat Rate	\$ 17.46
29	Bellflower	90	\$ 17.79
30	Glendale	100	\$ 17.81
31	Cudahy	Flat Rate	\$ 17.98
32	La Mirada	96	\$ 18.04
33	Long Beach	100	\$ 18.29
34	Rosemead	100	\$ 18.42
35	Arcadia	96	\$ 18.43
36	Maywood	Flat Rate	\$ 18.44
37	Commerce	Flat Rate	\$ 19.34
38	Norwalk	95	\$ 19.56
39	Santa Fe Springs	Flat Rate	\$ 19.56
40	Montebello	Flat Rate	\$ 19.82
41	Alhambra	96	\$ 19.97
42	Walnut	96	\$ 20.04
43	Palmdale	96	\$ 20.05
44	Pico Rivera	Flat Rate	\$ 20.30

45	Artesia	96	\$ 20.77
46	Lomita	96	\$ 21.00
47	Baldwin Park	64	\$ 21.67
48	Hawthorne	96	\$ 21.75
49	Huntington Park	Flat Rate	\$ 21.86
50	Torrance	Flat Rate	\$ 22.29
51	Azusa	Flat Rate	\$ 22.38
52	Monterey Park	Flat Rate	\$ 22.68
53	Calabasas	64	\$ 23.11
54	Lancaster	Flat Rate	\$ 23.55
55	El Monte	Flat Rate	\$ 23.93
56	Agoura Hills	64	\$ 24.01
57	Covina	90	\$ 24.22
58	Diamond Bar	96	\$ 25.23
59	Glendora	Flat Rate	\$ 25.23
60	Burbank	64	\$ 25.37
61	West Covina	90	\$ 25.75
62	Pomona	96	\$ 26.22
63	Bell	Flat Rate	\$ 26.48
64	Rancho Palos Verdes	Flat Rate	\$ 27.73
65	Temple City	90	\$ 27.74
66	San Gabriel	90	\$ 27.84
67	San Dimas	96	\$ 28.67
68	Claremont	90	\$ 29.63
69	Sierra Madre	90	\$ 29.95
70	Palos Verdes Estates	Flat Rate	\$ 33.01
71	South Pasadena	Flat Rate	\$ 34.80
72	Rolling Hills Estates	96	\$ 36.20
73	Los Angeles	Flat Rate	\$ 36.32
74	Pasadena	100	\$ 36.43
75	Malibu	96	\$ 36.50
76	San Marino	Flat Rate	\$ 37.26
77	Santa Monica	96	\$ 39.90
78	Avalon	Flat Rate	\$ 45.25
79	Hidden Hills	96	\$ 60.99
80	Rolling Hills	Flat Rate	\$ 87.00
81	Beverly Hills	Charge based on lot size	
82	Culver City	City did not provide information	
83	Industry		
84	San Fernando	City does not regulate rates with exclusive hauler	
85	South El Monte		
86	Westlake Village	City does not regulate rates with multiple permitted haulers	
87	La Canada Flintridge		
88	La Habra Heights		

### **OPTIONAL SERVICES**

*Optional Services Still in Cost Negotiation (services suggested by the ETF SWRS)*

These optional services are operationally feasible by Waste Management and would be an additional cost to the overall contract rates. Final negotiations have not been completed on these service costs.

If the negotiation process continues, HF&H and City Staff will negotiate with Waste Management on rates suitable for Council consideration on April 6, 2010. At that time City Council may decide based on final program description and pricing whether to include any optional services into the contracted rate. If Council chooses an RFP process, the optional services will be brought back at that time for Council consideration.

1. HHW Door-to-Door Pick-up Program (unlimited to single and multi-family)
2. Citywide Commercial Waste Processing
3. Restaurant Food Waste Recycling
4. Residential Food Waste Recycling

In addition, Recycle Ranger funding (to assist with program implementation and funded outside the hauler contract) may be added.

**REQUEST FOR PROPOSAL (RFP) PROCESS**

Because the refuse contract is the largest contract the City of Manhattan Beach holds, and without a competitive bid process there is no guarantee the Waste Management proposal represents the lowest cost, an RFP process remains a valid option for Council consideration. In addition to cost, quality of service is also important and Staff recommends that the proposal be evaluated on both cost and quality of service.

**NEXT STEPS**

Timelines for continuation of the process are shown in Table 5 and 6 for either option the Council selects, Renegotiation Process or Request for Proposal (RFP) Process.

**RENEGOTIATION PROCESS**

Table 5:  
Renegotiation Process Timeline

<b>Activity</b>	<b>Date</b>
1. Council consideration/approval of renegotiated agreement & optional services, adopt proposed rates.	• April 6, 2010
2. 218 Process Public Hearing/Consideration of Rate Adoption.	• June 15, 2010
3. Basic service enhancements implemented.	• October 1, 2010
4. New rates implemented and transition to volume-based rates.	• October 1, 2010
5. Annual rate adjustments.	• Each July 1 thereafter

**REQUEST FOR PROPOSAL (RFP) PROCESS**

Table 6:  
RFP Timeline

Activity	Date
1. City Council to direct Staff to hire a consultant for RFP services.	<ul style="list-style-type: none"> <li>• March 2, 2010</li> </ul>
2. RFP created and call for proposals.	<ul style="list-style-type: none"> <li>• June 2010</li> </ul>
3. Recommend waste hauler for Council consideration.	<ul style="list-style-type: none"> <li>• September 2010</li> </ul>
4. Award contract and begin transition.	<ul style="list-style-type: none"> <li>• November 2010</li> </ul>
5. New waste hauler contract & service begins.	<ul style="list-style-type: none"> <li>• May 1, 2011</li> </ul>

**CONCLUSION:**

An abbreviated pro's/con's summary of the two options is offered for consideration in Table 7.

Table 7:  
Pro's & Con's of RFP and Renegotiation Processes

	<b>Request for Proposal (RFP)</b>	<b>Renegotiation of Current Contract</b>
<b>Pro</b>	Guaranteed competitive pricing.	Allows City to work with hauler who has successfully provided services.
<b>Pro</b>	Best method if introducing programs new to the City or industry.	Existing contractor knows City's customers' needs and demands.
<b>Pro</b>	Assures public of most competitive cost proposal.	Transition to provide additional services would be minimal.
<b>Pro</b>	Different haulers may have ideas and improvements for current operations	Through negotiations it is known what additional services may be added.
<b>Con</b>	New haulers abilities are based on references; not current City experience.	It is difficult to conduct rate comparisons with neighboring agencies because of different service levels.
<b>Con</b>	Selection process includes subjective components of quality of service in addition to service costs.	Cost basis for new programs established in non-competitive basis.
<b>Con</b>	Significant transition challenges if new contractor is selected.	Does not allow potentially interested parties to bid on contract.



Staff recommends that the City Council give direction to proceed with either:

1. Complete renegotiations with Waste Management and bring a new contract and optional service costs to the City Council meeting on April 6, 2010 for consideration.

*Or*

2. Seek a Request for Proposal (RFP) for waste hauling services to begin after April 30, 2011, when the current Waste Management contract expires.

Attachments:

May 5, 2009 Staff Report  
July 7, 2009 Staff Report (Attachments 1-7)  
December 1, 2009 Staff Report

cc: Laith Ezzet, HF&H Consultants, LLC  
Susan Moulton, Waste Management  
Bruce Moe, City of Manhattan Beach Finance Director



For distribution at the 7/7/09 Council Mtg.

05/05/09-18.

05/05/09-18

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# Staff Report

## City of Manhattan Beach

*Amended &  
handed out at  
7/7/09 CC mtg*

**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:** May 5, 2009

**SUBJECT:** Environmental Task Force Solid Waste and Recycling Subcommittee (SWRS) recommendations for the next solid waste contract and discussion of the expiring contract.

- A) Discuss and provide direction on the ETF Solid Waste and Recycling Subcommittee (SWRS) recommendations.
- B) Approve a Request for Proposal Process for a New Solid Waste Contract.
- C) Authorize the City Manager to negotiate a Solid Waste Professional Services contract with Hilton, Farnkopf & Hobson, LLC.
- D) Approve the letter of notice so the City has the option to franchise a Construction and Demolition hauler in five years.

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### RECOMMENDATION SUMMARY:

- A) Staff recommends that City Council discuss and affirm which SWRS recommendations that Council would like to include in the draft of the next solid waste contract.
- B) Staff recommends that City Council go out to bid for the City's next solid waste contract, that staff be directed to develop an Request for Proposal (RFP) and return to City Council for approval.
- C) Staff recommends that City Council authorize the City Manager to negotiate a solid waste professional services contract with Hilton, Farnkopf & Hobson, LLC.
- D) Staff recommends that City Council approve the letter of notice so that the City has the option to franchise a Construction and Demolition hauler in five years.



**A) SWRS Recommendations**

**RECOMMENDATION:**

Staff recommends that City Council discuss and affirm which SWRS recommendations that Council would like to include in the draft of the next solid waste contract.

**FISCAL IMPLICATION:**

Council is selecting a "menu" of program changes/additions for consideration in the next solid waste contract. Based on the SWRS recommendation, Council should select what program additions should be in the draft of the new contract. Staff will include Council's chosen program additions in the new contract for proposals submitted by interested haulers. Because of the private nature of pricing in a competitive market, Staff is not able to provide cost estimates for each program recommended.

**BACKGROUND:**

**Solid Waste in California**

In 1989, the State approved AB939 which required each city in California to divert 50% of its waste from the landfill. Cities across the state evaluated programs and practices, and made changes to meet the diversion rate. The City of Manhattan Beach is in compliance with AB939, with a diversion rate above 50%. With each new solid waste contract, an evaluation of programs and practices is necessary to formulate possible changes as the City works toward an increased diversion of waste from the landfill. With the expiration of the City's current solid waste contract on October 31, 2010, this stage has begun. The addition of the Environmental Task Force Solid Waste and Recycling Subcommittee provided Staff with an insightful resident and commercial perspective as suggestions were discussed and formulated for the next contract.

**Environmental Task Force (ETF)**

In June, 2008 City Council decided to form a resident-based Environmental Task Force (ETF) to study environmental issues of priority to the community. Staff solicited applications and on September 2, 2008 Council reviewed these applications and selected 14 residents to serve on the ETF. Council then appointed two representatives to the ETF, Mayor Portia Cohen, and Mayor Pro Tempore Mitch Ward. The remaining positions were appointed by the MB Unified School District, including Amy Howorth School Board Member, and two student representatives.

The 19-member ETF had its first meeting on October 15, 2008, and divided into four subcommittees to tackle priority environmental issues identified by City Council: the Development of a Climate Action Plan; Water Conservation and Storm Water Management Issues; Waste Reduction and Recycling; and Sustainable ("Green") Design. Since this first meeting the ETF subcommittees have made significant progress on the goals and tasks identified so far.

Each group has made status report presentations to the entire ETF, and has begun presenting their recommendations on environmental solutions to the City's challenges for ETF approval. Once the ETF has approved a set of recommendations, they are presented to City Council for review

and approval. Council can then provide Staff with direction on how to carry out the recommendations.

**Solid Waste and Recycling Subcommittee (SWRS)**

The Solid Waste and Recycling Subcommittee (SWRS) is comprised of three members with varying backgrounds and a passion for waste reduction. As representatives of the residential and commercial sectors, the SWRS has provided a community point of view by offering helpful observations and insights regarding the solid waste programs in the City. City Staff has provided support to the subcommittee as well.

The SWRS was directed to focus its initial efforts on evaluating the programs in the current solid waste contract and to provide recommendations to City Council on improvements and/or additions for the next solid waste contract. This issue was given priority due to the expiration of the current contract on October 31, 2010. Ample time is needed for preparation of a new contract and evaluation of proposals from interested haulers. Once the SWRS finishes Phase I of its term by presenting contract recommendations to Council, Phase II will consist of goals including, but not limited to, creating a zero waste policy, refreshing solid waste public outreach materials, considering a mandatory recycling ordinance and pursuing a Styrofoam ban.

The SWRS' recommendations for the next solid waste contract introduce innovative programs that were not readily available in Southern California during the City's last contract such as food waste recycling and mobile household hazardous waste pick up. City staff has worked with the SWRS members to provide input and support, keeping in mind City protocols and operations. The Environmental Task Force approved the recommendations that are being presented for Council discussion and direction.

**DISCUSSION:**

The SWRS approached its task by first evaluating the following:

- What programs are successful?
- What programs are unsuccessful?
- What areas are holding the City back from increasing diversion and reducing the amount of landfill waste?
- What are the programs found in cities who are leading the way in waste reduction?
- What issues does Staff receive the most requests and complaints for?

After some research, the following comments and conclusions were made by the SWRS:

- Residential recycling is the City's most successful program. Residents have a good grasp of the general recycling program and what to place in the recycling container. Diversion rates are consistently over 50% in Residential areas.
- The commercial sector, which includes businesses, multi-family dwellings and public cans, is the greatest area of improvement. The commercial diversion rates are consistently below 20%. Multi-Family Dwellings and the business sector often face issues of contamination and lack of space for recycling containers. Although recycling bins and service are free to all commercial properties, the program is not succeeding in this sector.
- The Construction and Demolition (C & D) recycling program needs more accountability. The accountability of contractors to submit all landfill and recycling tickets is time

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consuming. Because this process is based on the honor system, and there is not enough Staff to physically audit each construction site consistently for proper waste tonnages sent to landfill vs. recycling facilities, greater accountability and easier reporting needs to be established to take the C & D program to the next level.

- To take Residential recycling to the next level, the SWRS sees great value in an organics (i.e.: food waste recycling) program, tiered rate structure (i.e.: "Pay as You Throw"), convenient hazardous waste collection, and increased accountability of construction and demolition waste.
- Staff receives frequent requests regarding Sand Section service (i.e.: automated service, hauler-provided trash containers (that have wheels), as well as the above mentioned programs such as food waste recycling and more convenient hazardous waste disposal.

Although other innovative programs were considered (such as anaerobic digestion), programs that are not yet conveniently offered by haulers can be quite expensive, if available at all.

With the above conclusions, the SWRS began evaluating current contract programs and practices and formulated improvements and additions for the next solid waste contract. The items City Council selects will be placed in a new contract as part of a Request for Proposal for interested, qualified haulers.

The following four charts (Residential, Commercial, MBUSD Schools, and Additional Items) list all of the improvements and additions the SWRS is recommending for the next solid waste contract. Within the chart the topic is stated, a brief explanation of the current practice in Manhattan Beach, the SWRS recommendation for Council to approve, and noted benefits to approving the SWRS recommendation.

A few topics have more than one option listed for Council consideration as both options could work in Manhattan Beach (i.e.: HHW Option #1, HHW Option #2). It is not necessary to decide which option is best at this point. Council may approve *both* options to be included in the draft RFP with no consequence. The decision of which options to choose can be deferred until the first professional draft of the Request for Proposal (RFP) is brought before Council. Once the draft RFP is presented, City Council can make a final decision on which options to include in the formal RFP.

**Residential Recommendations**

<b><u>TOPIC</u></b>	<b><u>CURRENTLY WHAT'S DONE</u></b>	<b><u>RECOMMENDATION</u></b>	<b><u>BENEFITS TO CHANGE</u></b>
<b><i>Residential Pricing Structure Option #1</i></b>	<p>Flat rate for trash and resident receives unlimited number of cans serviced 1 time per week.</p> <p>Recycling and green waste bins and services are free.</p>	<p>Aggressive tiered rate structure for trash.</p> <p>Free recycling and green waste services.</p>	<p>Incentive for reducing waste through increasing recycling, green waste, and composting by increasing the unit cost of trash as more trash is thrown out.</p>
<b><i>Residential Pricing Structure Option #2</i></b>	<p>Flat rate for trash and resident receives unlimited number of cans serviced 1 time per week.</p> <p>Recycling and green waste bins and services are free.</p>	<p>Aggressive tiered rate structure for trash.</p> <p>First recycling container free. Moderate tiered rate structure for additional recycling containers.</p>	<p>Incentive for reducing overall materials from the waste stream, including recyclable materials.</p>
<b><i>Curbside Food Waste Recycling</i></b>	<p>City subsidizes the cost of worm and compost bins for residents to assist with food waste recycling.</p>	<p>Begin curbside food waste recycling program - food waste would go into green waste container</p>	<p>Larger waste stream out of the landfill. Consistent resident request to begin this program.</p>
<b><i>Automated Service for entire city</i></b>	<p>Sand Section has manual collection and rest of city has automated</p>	<p>Automate in all areas possible (current hauler found a couple alleys will have to be manual)</p>	<p>More efficient service, major reduction on physical impact of refuse employee</p>

<p><b><i>Wheeled Toters in Sand Section</i></b></p>	<p>Current hauler is contracted to distribute non-wheeled recycling containers to Sand Section</p>	<p>Hauler to provide wheeled toters to residents in Sand Section. If it's deemed at the City's discretion that a street is too steep for wheeled toters, non-wheeled containers will be provided by hauler.</p>	<p>Greater ease and convenience for resident to bring trash and recycling to the curb for collection. Major request from residents over the years of the current contract.</p>
<p><b><i>Hauler Provide All Toters in Sand Section</i></b></p>	<p>Sand Section residents must purchase their own trash containers</p>	<p>Hauler to provide all residents with toters, including Sand Section residents</p>	<p>Containers in Sand Section will be consistent with the rest of the City. Major request from residents over the years of the current contract.</p>
<p><b><i>Green Waste Toters in Sand Section (upon request)</i></b></p>	<p>Free, unlimited curbside green waste recycling for automated section</p>	<p>Offer green waste toters to Sand Section residents</p>	<p>Helps in waste diversion. Some Sand Section homes have courtyards and small gardens.</p>
<p><b><i>Household Hazardous Waste Option #1</i></b></p>	<p>Resident takes HHW to Hyperion or LA County Round Up</p>	<p>HHW mobile pickup at residents home once or twice per year - collection route</p>	<p>Proper disposal; convenience; resident does not have to transport toxic materials.</p>
<p><b><i>Household Hazardous Waste Option #2</i></b></p>	<p>Resident takes HHW to Hyperion or LA County Round Up</p>	<p>Appointment based mobile co-pay program. Service visits home by appointment only.</p>	<p>Proper disposal; convenience; resident can call any time they have items to dispose - ultimate convenience for proper disposal. Frequent resident request.</p>



**Commercial Recommendations**

<b><u>TOPIC</u></b>	<b><u>CURRENTLY WHAT'S DONE</u></b>	<b><u>RECOMMENDATION</u></b>	<b><u>BENEFITS TO CHANGE</u></b>
<b><i>Aggressive Tiered Rate Structure Option #1</i></b>	Rate by bin size & collection frequency, recycling is free	Aggressive tiered rate structure for trash and recycling is free.	Commercial diversion is low, this will increase recycling. Force businesses to implement recycling programs & train employees.
<b><i>Aggressive Tiered Rate Structure Option #2</i></b>	Rate by bin size & collection frequency, recycling is free	Aggressive tiered rate structure for trash.  Trash is processed at a "dirty Material Recovery Facility."  Recycling is free.	Most comprehensive program. Recyclables removed from trash at MRF, provides additional collection of recyclables. Increased diversion in difficult sectors like Downtown and Multi-Family
<b><i>Commercial Food Waste Recycling</i></b>	No food waste recycling program is offered by the City at this time.	6 month pilot for 10 restaurants selected by City with option to implement full commercial program w/proposal provided by contractor at that time	Remove organics from the landfill. Higher waste diversion rate.
<b><i>Recognition for Commercial Recycling</i></b>	Businesses may apply for awards by the state and South Bay Business Environmental Coalition, but only a few businesses win. Santa Monica Bay Restaurant Certification Program rewards efforts with various storm water issues.	Hauler & City begin recognition program to reward all businesses with excellence in waste reduction. Maybe work with Santa Monica Bay Restaurant Certification Program.	Works toward increasing diversion, great PR for businesses, positive outreach. City, hauler and business will identify areas of growth. Provides education and auditing.

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<p><b>Construction &amp; Demolition (C &amp; D)</b></p>	<p>Construction community can take C&amp;D materials to any facility as long as the diversion is met; landfill and recycling tickets are submitted to City for approval.</p>	<p>Place clause in contract stating that the City may opt for hauler franchise of C &amp; D at any time during contract and hauler must meet 70% diversion.</p>	<p>Greater accountability with reporting; higher accuracy; guaranteed diversion percentage from contracted facility</p>
<p><b>Commercial Hazardous Waste (HW)</b></p>	<p>Businesses can participate in SAFE Collection Center (Hyperion) Small Waste Generator Program or hire a hazardous waste company to pick up their toxic materials.</p>	<p>HW service by appointment &amp; co-pay charge</p>	<p>Less contamination in trash and convenience</p>
<p><b>Trash Overage Charge Program</b></p>	<p>Trash cans/bins monitored for excessive capacity: pictures of overages placed on letter to business. 2 warning letters are sent, then 3rd offense an overage charge is applied.</p>	<p>Formally include overage program in contract &amp; expand program to monitor trash enclosure cleanliness.</p>	<p>Continued accountability. Improve storm water (NPDES) conditions by reducing overflowing debris. Improve appearance of business.</p>
<p><b>Free Bulky Item Pickup for Multi-Family Dwellings (MFD)</b></p>	<p>Multi-Family Dwellings are billed as commercial and are charged \$10 per bulky item</p>	<p>1 FREE visit per unit per building per year</p>	<p>Reduced "illegal dumping" when tenant moves out. Quicker clean up. (If it's free for single family should be free for multi-family)</p>
<p><b>Multi-Family Dwellings Outreach Plan</b></p>	<p>MFD outreach materials will begin distribution 2009</p>	<p>Staff to develop scope of MFD outreach plan for inclusion in contract</p>	<p>Increased recycling education &amp; efforts toward higher diversion rates. Assist property managers with training tenants.</p>

<p><b>"Recycle Ranger" Consultant</b></p>	<p>Hauler hires a consultant to perform commercial outreach, education.</p>	<p>Hauler to provide \$100,000 for City to contract a consultant to perform commercial and residential outreach.</p>	<p>Aggressive outreach to increase recycling accounts, educate commercial &amp; residential sector, provide commercial audits and school education.</p>
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**MBUSD Schools Recommendations:** All costs regarding MBUSD school recommendations will be distributed across residential and commercial rates.

<b><u>TOPIC</u></b>	<b><u>CURRENTLY WHAT'S DONE</u></b>	<b><u>RECOMMENDATION</u></b>	<b><u>BENEFITS TO CHANGE</u></b>
<p><b><i>Include Schools as City Facilities for Free Services</i></b></p>	<p>MBUSD is a state agency and are not required to use the City's hauler. Hauler categorizes MBUSD as a commercial account and billing is processed under commercial rates. City facilities and public containers are serviced without cost to the City's general fund.</p>	<p>Include MBUSD as City facilities to receive services without cost. If MBUSD chooses not to be serviced by the City's hauler, school district must go out to bid for all refuse services.</p>	<p>MBUSD will save upwards of \$60,000 per year on refuse costs. MBUSD budget will be slightly eased by the removal of refuse costs. Costs will be covered by rate payers.</p>
<p><b><i>School Outreach Option #1</i></b></p>	<p>Hauler is contracted to have someone available for assemblies, but no formal school outreach plan is documented in contract.</p>	<p>Hauler to provide \$100,000 recycling education grant annually to MBUSD for programs in 7 district schools. Funds accepted, and managed through PTA. Each school will be responsible for its own outreach plan.</p>	<p>School has greater control over outreach and programs implemented. Consistent programs for kids, improved outreach &amp; education, better effort toward higher diversion rates. Costs will be covered by rate payers.</p>

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<p><b>School Outreach Option #2</b></p>	<p>Hauler is contracted to have someone available for assemblies, but no formal school outreach plan is documented in contract.</p>	<p>Hauler to provide a suggested school outreach plan.</p>	<p>A formalized school outreach plan will provide great momentum with the kids. Costs will be covered by rate payers.</p>
<p><b>School classroom &amp; public area recycling containers</b></p>	<p>School is responsible for providing its own classroom and public area recycling containers (hauler awarded grant to MBUSD in 2008 &amp; donated containers to help some schools with classroom recycling).</p>	<p>Hauler to provide recycling containers for classrooms &amp; public areas as needed in the 7 MBUSD schools.</p>	<p>Opportunity for full recycling participation in every district school. Cost savings to school district. Costs will be covered by rate payers.</p>

Additional Items

<u>TOPIC</u>	<u>CURRENTLY WHAT'S DONE</u>	<u>RECOMMENDATION</u>	<u>BENEFITS TO CHANGE</u>
<p><b>Alternative Fuel Vehicles</b></p>	<p>Hauler upgraded collection fleet to Compressed Natural Gas (CNG) vehicles.</p>	<p>Hauler must use alternative fuel vehicles for collection if fleet is available at inception of the contract. If fleet is not available, the hauler has 5 years to upgrade the fleet to alternative fuel.</p>	<p>Lower carbon footprint from alternative fuel vehicles.</p>
<p><b>Hazardous Waste Pick Up for City Facilities</b></p>	<p>City facility Hazardous Waste disposal is coordinated through the Public Works Department using different vendors.</p>	<p>Include Hazardous Waste pick up services as part of the City collection.</p>	<p>Disposal will be more convenient.</p>

<p><b><i>Styrofoam Recycling</i></b></p>	<p>Styrofoam is placed in the trash container; it is not currently a part of the recycling program.</p>	<p>Include clause stating "When hauler is able to recycle Styrofoam, City reserves the right to add Styrofoam recycling into contracted list of recyclables without additional expense." *Phase II will address Styrofoam issue as well.</p>	<p>Styrofoam is non-biodegradable and will be prevented from entering the landfill.</p>
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**CONCLUSION:**

Staff recommends that City Council discuss and affirm which SWRS recommendations that Council would like to include in the draft of the next solid waste contract.

**B) Request for Proposal**

**RECOMMENDATION:**

Staff recommends that City Council go out to bid for the City's next solid waste contract, that staff be directed to develop a Request for Proposal (RFP) and return to City Council for approval.

**FISCAL IMPLICATION:**

The Request for Proposal (RFP) process requires competitive proposals from interested haulers whereas a Contract Renegotiation calls for negotiating a revised contract with the current hauler to include new services. Although costs are expected to incur inflationary increases since last going out to bid, additional services added will increase the contract costs as well. These costs cannot be determined until pricing is received from haulers through the Request for Proposal process.

**BACKGROUND:**

On November 1, 2002 the City of Manhattan Beach entered into a seven year solid waste franchise agreement with Waste Management. Last year City Council approved the optional one-year extension, and the new expiration date of the Waste Management contract is October 31, 2010.

It is recommended by industry professionals to begin the RFP process 12-18 months in advance of the expiration date to allow ample time for contract review, revisions, approval and possible billing or operational changes. With the creation of the Environmental Task Force, evaluation of the City's current contract began in November 2008 with the SWRS comprised of three residents and Staff support. Now with approximately 18 months until the expiration of the current haulers contract, and several suggested changes and additions, formal preparation of the next solid waste contract should begin.

**DISCUSSION:**

The RFP process allows the City to select from qualified haulers proposals that would include evaluation of a combination of costs and ability of hauler to meet the service portions of the contract. Renegotiation of the contract with the existing hauler allows the City to continue a contractual relationship with a known hauler and their abilities are demonstrated by their past performance.

Below is a table of the methods used in local South Bay Cities for selection of a waste hauler. Nine cities used the Request for Proposal process and four renegotiated with their current contracted hauler.

**Solid Waste Contracting Method in South Bay Cities\***

City	Population	Waste Hauler	Waste Hauler Selection Process
Carson	98,000	Waste Management	RFP
Gardena	62,000	Phoenix	RFP
Inglewood	119,000	Waste Management	Negotiated
Hawthorne	89,000	Consolidated	RFP
Redondo Beach	67,000	Consolidated	RFP
Manhattan Beach	37,000	Waste Management	RFP
El Segundo	17,000	Consolidated	Negotiated
Rancho Palos Verdes	43,000	Waste Management & Universal Waste	RFP
Hermosa Beach	19,000	Consolidated	Negotiated
Lawndale	34,000	Consolidated	RFP
Lomita	21,000	Cal Met	Negotiated
Palos Verdes Estates	14,000	Athens	RFP
Rolling Hills Estates	8,000	Waste Management	RFP

\*As of 2008

There are pro's and con's for RFP and renegotiation. Below are some factors for City Council to consider:

	<b>Request for Proposal (RFP)</b>	<b>Renegotiation of Current Contract</b>
<b>Pro</b>	Guaranteed competitive pricing.	Allows City to work with hauler who has successfully provided services.
<b>Pro</b>	Best method if introducing programs new to the City or industry.	Existing contractor knows City's customers' needs and demands.
<b>Pro</b>	Assures public of most competitive cost proposal.	Transition to provide additional services would be minimal.
<b>Con</b>	New haulers abilities are only based on references.	Price for services established in non-competitive basis, while there would be comparisons to neighboring agencies it is very difficult due to different service levels.
<b>Con</b>	Selection process is more difficult and may include some subjective components in addition to service costs.	Cost basis for new programs established in non-competitive basis.

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**CONCLUSION:**

Staff recommends that City Council approve a Request for Proposal process for the next solid waste contract given that the total value of the contract may exceed twenty-five (25) million dollars and the RFP process offers the City the best opportunity to receive services on a competitive cost basis.



**C) Solid Waste Professional Services**

**RECOMMENDATION:**

Staff recommends that City Council authorize the City Manager to negotiate a solid waste professional services contract with Hilton, Farnkopf & Hobson, LLC.

**FISCAL IMPLICATION:**

In the FY 2008-2009 Adopted Budget, \$132,000 is specifically available to fund the professional services needs for the new solid waste contract and Staff anticipates this amount will cover the professional services with HF&H.

**BACKGROUND:**

Hilton, Farnkopf & Hobson, LLC (HF&H) was first contracted by the City of Manhattan Beach in 2001 to provide professional services for the City to develop a waste hauler contract and develop options by the Request for Proposal (RFP) process. HF&H helped create the current waste hauler contract by structuring programs and services to keep the City in compliance with AB 939, the States requirement for cities to recycle 50% of the municipalities' total waste. This contract has also benefited the City of Manhattan Beach residents and business owners with some of the lowest, competitive rates in the South Bay over the past seven years. Recycling bins distributed by the hauler became free for residents and commercial properties. Before this contract, there was no required age limit for the collection vehicles – the current contract caps the age of all collection trucks servicing Manhattan Beach at ten (10) years. The City's landfill disposal rate was locked in at a flat rate over the term of the contract, and no rate increases outside the annual July 1<sup>st</sup> increase may be given. Because of these clauses, Manhattan Beach residents and businesses maintained a steady rate increase over the last seven years, unaffected by fuel and operational changes.

**DISCUSSION:**

HF&H has a strong reputation as a leader in solid waste consulting services and provides contract development and analysis of hauler proposals. Their staff includes accountants, economists, engineers, and management consultants with both public sector and industry experience. HF&H has provided solid waste services to over 250 agencies including nine South Bay Cities, and are currently providing contracting assistance to the cities of Lawndale, Rancho Palos Verdes and Redondo Beach. This experience represents the impressive resources and technical expertise readily available to HF&H. Results from a third-party customer service survey spanning twelve years showed that 100% of responding cities would use HF&H again and would recommend their services to other cities.

IIF&II is familiar with the solid waste issues, efforts and goals of the City including the 2007 Green Book and the Environmental Task Force. Because of the current contract success and familiarity with Manhattan Beach, Staff is confident that Hilton, Farnkopf & Hobson, LLC will create a cost-effective, dynamic contract to meet the needs of the Manhattan Beach community.

The next solid waste contract may exceed twenty-five (25) million dollars. The expected costs for

HF&H's professional services calculate to roughly less than half of one percent of the estimated contract total. The accuracy, strength and cost-effectiveness of this contract are imperative. City Staff does not have the resources or expertise to develop complex solid waste contracts. With the changes in the economy as well as new trends in solid waste and recycling programs, HF&H's staff and resources equip them to create an appropriate contract for Manhattan Beach.

Attached is a sample scope of work from HF&H including an outline of tasks, descriptions and a work plan chart listing the number of hours and type of staff necessary to perform each task. It is representative of the work HF&H would perform for Manhattan Beach. The scope includes the following:

- Review all existing documents and meet with City staff to discuss key issues and confirm the detailed schedule for the procurement process.
- Prepare detailed project plan documenting the key issues, existing and alternative solid waste and recycling services, and schedule.
- Document and discuss the current contract terms versus the new proposed terms.
- Present new terms/services to City Council for feedback on all outstanding issues and provide HF&H direction in completing the RFP and agreement.
- Gather and review operating data so that haulers can properly calculate their pricing for services. HF&H has found that when proposers are confident about the accuracy of operating data contained in the RFP, they propose lower rates and include fewer contingency costs.
- Prepare draft RFP and agreement, submit to City Attorney, other staff and potential proposers for feedback. HF&H will then revise the RFP and agreement based on the feedback received.
- Attend City Council meeting to approve the RFP package.
- Prepare for and attend proposers' conference where haulers may ask questions on any part of the draft RFP package. HF&H will provide methods to control contact between City staff and proposers at the discretion of City Council's desired level.
- Prepare and make available an addenda from the proposers' conference.
- Review proposals for completeness.
- Evaluate complete proposals, prepare follow-up questions for proposers, review responses received from proposers, and clarify all unresolved issues.
- Interview proposers along with the City's evaluation team
- Contact references for recommended proposer.
- Prepare draft evaluation report.
- Review City comments and prepare final evaluation report.
- Participate in negotiating session.
- Prepare revised portions of agreement.
- Attend the City Council meeting when final agreement will be approved.

#### **CONCLUSION:**

Staff recommends that City Council authorize the City Manager to negotiate a solid waste professional services contract with Hilton, Farnkopf & Hobson, LLC, based on their reputation of services, experience and knowledge of solid waste hauler contracts. Their knowledge of the existing Manhattan Beach contract and needs ensure the City its best opportunity to craft the best

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possible hauler contract. Drafting a new or revised solid waste contract is very complex, especially when introducing new programs or billing procedures. HF&H has resources from assisting over 250 agencies with solid waste issues and contracts. This expertise is recommended for a contract that may exceed twenty-five (25) million dollars and is vital to the Environmental Task Force's goals and efforts as a "green" city.

**D) Letter of Notice**

**RECOMMENDATION:**

Staff recommends that City Council approve the letter of notice (attached) so that the City has the option to franchise a Construction and Demolition hauler in five years.

**FISCAL IMPACT:**

An initial fiscal implication of approximately \$1,200 will cover mailing costs for Five Year Noticing Rights letter to all contractors, subcontractors and construction haulers licensed in the City. If City Council chooses to franchise Construction and Demolition hauling after the five year waiting period, contractors and sub-contractors who currently self-haul will utilize the franchised hauler and pay for hauling services. At that time, Staff will perform special outreach to assist the Manhattan Beach construction community with the change. Costs and accuracy of meeting regulatory reporting requirements would be reduced.

**BACKGROUND:**

In 1989, the California State legislature passed Assembly Bill (AB) 939, which calls for local jurisdictions to divert 50% of solid waste disposal from landfills by January 1, 2000. The law made local jurisdictions responsible for developing and implementing programs to achieve the mandated diversion level and to report progress to the State. Achievement of the diversion goal is backed by the potential for penalties including fines of up to \$10,000 per day. One of the programs the City of Manhattan Beach created in 2004 to assist with the AB939 goal is Construction and Demolition recycling. Additional legislature has been submitted to the State over the years to increase the diversion requirement. The City of Manhattan Beach needs to prepare programs for a stronger requirement as this increase is inevitable with the changing climate.

The Construction and Demolition recycling program, adopted in 2004, requires contractors for all demolition and construction projects with a total value of \$100,000 or more to recycle at least 50% of its waste. Contractors are required to complete a "Waste Management Plan" (WMP) form before a permit can be issued. On this WMP, the contractor is required to provide the recycling facility information the materials will be taken to as well as complete a plan table to determine how much waste he/she will generate and need to create a diversion plan for.

One area of growth for this program is landfill and recycling receipt accountability, as the contractors turn in landfill and recycling receipts on an honor system. What this means is that as long as they meet their 50% diversion requirement and the tonnage is within reason of their guesstimated amount the tickets are signed off. What happens though, and the reason for consideration of this item, is that contractors sometimes do not turn in all the landfill and recycling receipts for the job. Staff finds this out when different packets of tickets with the same permit number are turned in, or when a contractor does not meet the diversion rate and must provide the more evidence of recycling (or risk a fine). When asked if any tickets were not turned in, most contractors are able to find additional tickets for the job. The consistent ease of finding more tickets is cause to doubt the effectiveness of the current honor system. The program needs to be more accountable to prepare for inevitable State diversion increases. Because the contractors can

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choose any hauler that is licensed in the City, or self-haul their waste, accountability is difficult. There are hundreds of pending permits awaiting tickets and approval and there is not enough staff to frequently visit all construction sites to manage the tonnage collected.

**DISCUSSION:**

With the volume of construction performed in Manhattan Beach, a successful Construction and Demolition program requires a higher level of monitoring. The City's current non-exclusive system for construction haulers makes it difficult to properly promote and monitor progress toward higher diversion goals within the sector and meet the ever increasing regulatory demands. Program consistency is challenging. The City has no authority at this time to reduce the number of haulers in the Construction and Demolition sector because haulers have "5-years continuation rights" by State law. The specific language of the Public Resources Code as it pertains to the continuation rights of the haulers is copied below.

"Public Resources Code – Section 49520. If a local agency has authorized, by franchise, contract, license, or permit, a solid waste enterprise to provide solid waste handling services and those services have been lawfully provided for more than three previous years, the solid waste enterprise may continue to provide those services up to five years after mailed notification to the solid waste enterprise by the local agency having jurisdiction that exclusive solid waste handling services are to be provided or authorized, unless the solid waste enterprise has an exclusive franchise or contract.

If the solid waste enterprise has an exclusive franchise or contract, the solid waste enterprise shall continue to provide those services and shall be limited to the unexpired term of this contract or franchise or five years, whichever, is less."

By giving the existing haulers (which includes contractors and sub-contractors since they can self-haul) a "Five-Year Notice" of the City's intent to grant an exclusive franchise, the City will have the option to grant an exclusive franchise for the City's waste hauler to gain firmer control of C & D recycling services. By creating an exclusive franchise system for C & D, the City Staff would be better able to promote and require recycling efforts, raise the City's diversion rate, and provide consistency in collection and disposal by one hauler.

**CONCLUSION:**

Staff recommends that City Council approve the letter of notice (attached) so that the City has the option to franchise a Construction and Demolition hauler in five years. Five years after the distribution of the letter, Staff will return to City Council for final approval of the franchise.

**Attachments:**

1. Sample scope of Request for Proposal process
2. Letter of Notice

Attachment 1

**SCOPE FOR CONDUCTING A  
REQUEST FOR PROPOSAL PROCESS  
FOR A SOLID WASTE COLLECTION AGREEMENT**

**SCOPE**

**TASK 1: Define Work Plan & Develop Procurement Strategy**

**Subtask 1A: Initiate Project**

Under Subtask 1A, HF&H will:

***Review existing background documents and prepare for kickoff meeting***

HF&H will review the existing solid waste collection franchise agreement and the City's solid waste and recycling ordinances to gain an understanding of the City's existing solid waste programs and service arrangements. Having drafted the current agreement and conducted the prior procurement process, and provided consulting services to the City's Environmental Task Force, HF&H already understands many of the City's programs and issues. HF&H will review the recommendations made by the Environmental Task Force to the City Council, and the Council's response.

***Meet with City staff***

HF&H will prepare for and conduct a meeting with City staff to discuss key issues relating to the procurement of a new franchise agreement, and confirm the detailed schedule for the procurement process.

***Prepare the project plan and analysis of the current agreement***

Based on discussions with City staff, HF&H will prepare a Project Plan that documents the key issues, existing and alternative solid waste and recycling services, and schedule. HF&H will provide a copy of the Project Plan to the City and use it as a tool to manage the procurement process.

**Subtask 1B: Define Scope of Services and Confirm with City**

The purpose of this task is to define the scope of the solid waste services to be proposed upon in the RFP package. HF&H will:

***Document recommended options for inclusion in RFP and agreement***

Prepare a document describing our recommended changes to existing services and contract terms, and compare the current and proposed conditions. This comparison facilitates an informed discussion and decision-making process.

***Present recommended services/terms to City***

HF&H will present the recommended services and agreement terms to either the City Council or, if appropriate, to a steering committee appointed to lead the procurement process. At this meeting, the City Council or steering committee is expected to make decisions regarding outstanding issues and provide HF&H with the direction to be followed in completing the RFP and agreement.

#### **Subtask 1C: Gather and Review Operating Data**

HF&H will collect any data available regarding the current services provided. HF&H will prepare data collection forms to assist the City and/or hauler in providing additional information in a user-friendly format. The City bills customers and, therefore, the City will be able to provide some of the necessary data.

It has been HF&H's experience that when proposers are confident about the accuracy of operating data contained in the RFP, they propose lower rates and include fewer contingency costs. Collecting data in this manner also may uncover additional issues, such as poor reporting or service issues that we would address in the new agreement. HF&H will analyze the data gathered for overall reasonableness.

### **TASK 2: Prepare and Issue Request for Proposals**

#### **Subtask 2A: Prepare draft RFP and agreement**

Based on the information and direction received in prior tasks, HF&H will prepare the draft RFP, agreement, and criteria to be used in evaluating the proposals received.

#### **Subtask 2B: Upon review by the City Attorney, other City staff and potential proposers, revise RFP and agreement**

HF&H will submit the draft RFP and agreement to City staff, the City Attorney, and potential proposers for review. HF&H will provide a list of potential proposers to the City. After City staff and the potential proposers have reviewed the documents and provided HF&H with their written comments, HF&H will confer with City staff and make appropriate revisions once to these documents. The draft agreement is included in the RFP as an attachment. The City Attorney is requested to make any changes directly to the documents in a strike-and-replace format.

#### **Subtask 2C: Attend Council meeting to approve RFP package**

HF&H will attend one City Council meeting at which the City Council will approve the RFP and draft agreement. Once the RFP and draft agreement have been approved by the City Council, they can be distributed to potential proposers. HF&H will provide the City with a recommended list of potential proposers.

#### **Subtask 2D: Prepare for and attend proposers' conference**

HF&H will schedule, along with City staff, a proposers' conference to be conducted shortly after release of the RFP. Potential proposers will have an opportunity to receive clarification of any issues and ask questions at this conference. HF&H will also accept written requests for clarification until a set deadline. HF&H recommends that contact between proposers and the City be controlled and will suggest methods to do so, based on City staff and City Council's desired level of interaction with proposers.

#### **Subtask 2E: Prepare addenda**

HF&H will prepare written responses to questions posed at the proposers' conference, or submitted in writing, and prepare any necessary addenda arising from issues posed at the proposers' conference. All questions and responses shall be made available to all proposers in attendance at the conference.

### **TASK 3: Review and Evaluate Proposals**

#### **Subtask 3A: Review proposals for completeness**

HF&H will perform an initial review of each proposal submitted for compliance with the City's RFP requirements and disregard incomplete proposals.

#### **Subtask 3B: Evaluate complete proposals**

The specific criteria for which HF&H evaluates the complete proposals will be developed using input received from City staff and the City Council. Based on our experience in other cities, HF&H anticipates evaluating the proposals based on the following criteria:

- Exceptions taken to the terms and conditions of the draft agreement;
- Proposed total compensation (rate revenue) over the term of the agreement, based on the rates included in the financial section of the proposal;
- Experience of the proposers in providing the requested services in other jurisdictions, based on information contained in their proposals;
- Financial resources of the proposers, based on information in their proposals; and,
- Unique proposal features that exceed the RFP's minimum requirements.

#### **Subtask 3C: Prepare follow-up questions for proposers**

After performing an initial review and evaluation, HF&H will provide each proposer with a summary evaluation of the company's individual proposal in order to confirm our understanding of the information presented in the proposal.

#### **Subtask 3D: Review responses and clarify unresolved issues**



HF&H will review responses received from proposers and resolve any open issues to help ensure that proposers are satisfied with the representation of their proposals.

**Subtask 3E: Interview proposers**

At this stage in the process, usually one, two, or three proposals are clearly more likely to be selected. Along with the City's evaluation team, HF&H will interview up to four proposers, scheduling all interviews on one day.

**Subtask 3F: Contact references for recommended proposer**

HF&H will contact references provided for the proposer to be recommended to the City Council for award of the agreement. HF&H will summarize the results of the reference checks within the evaluation report.

**Subtask 3G: Prepare draft evaluation report**

All proposals receive a preliminary evaluation. A detailed evaluation is performed of the one or two proposals that appear to offer the most value for the services and costs proposed. Additionally, HF&H will review the overall reasonableness of the operational and financial assumptions contained in the technical section of the proposals selected for detailed evaluation. After the evaluation is complete, HF&H will provide the City with a report describing the evaluation results.

**Subtask 3H: Review City comments and prepare final evaluation report**

HF&H will review and incorporate City comments into the evaluation report and provide a final evaluation report

**TASK 4: Negotiate With Top Ranked Contractors, and Prepare a New Agreement with Selected Contractor for City Council Approval**

**Subtask 4A: Participate in negotiating session**

HF&H will participate in a negotiation session with one or more haulers. Based on prior experience, final negotiations can usually be completed during one session per proposer, and the fee estimate includes costs for one session with one proposer. However, the City may prefer to negotiate with multiple proposers at this time, as multiple proposals may appear attractive prior to finalizing the agreement(s). Proposers are most cooperative when they are still in competition. After finalizing negotiations, HF&H would then assist the City's evaluation team in its determination of a final selection. If the City desires to negotiate further with the final selection, HF&H would assist in those negotiations as well.

**Subtask 4B: Prepare revised portions of agreement**

Based upon the negotiations, HF&H will make one set of revisions to the final agreement negotiated with each proposer and ask each proposer to sign the agreement. The City can then make a decision based on clearly defined contract terms, verses general promises often made in proposals and during negotiations. Also, at award, neither the successful nor unsuccessful proposers can debate what was or was not the final offer to the City.

**Subtask 4C: Attend one City Council meeting for approval of final agreement**

HF&H will attend the City Council meeting at which the final agreement is expected to be approved.

**WORKPLAN**

TASK DESCRIPTION	Sr. Vice President	Director	Senior Associates	Associate	Total Hours
<b>1. Define Scope of Services &amp; Prepare Procurement Strategy</b>					
<b>A. Initiate Project</b>					
1 Review existing documents and prepare for kickoff meeting	6	0	12	0	18
2 Meet with City staff (meeting #1)	4	0	4	0	8
3 Prepare Project Plan	2	0	6	2	10
<b>B. Define Scope of Services and Confirm with City</b>					
1 Review current service methods	8	0	8	0	16
2 Document recommended options for inclusion in RFP	4	0	4	1	9
3 Present recommended services/terms to Council (meeting #2)	6	0	6	0	12
<b>C. Gather and Review Operating Data</b>	4	16	16	12	48
<b>2. Prepare and Issue Request for Proposals</b>					
<b>A. Prepare draft RFP and Contract</b>	12	8	60	50	130
<b>B. Revise documents once after review by City Attorney, other City staff, and potential proposers</b>	8	0	8	0	16
<b>C. Attend Council meeting to approve RFP package (meeting #3)</b>	6	0	6	0	12
<b>D. Prepare for and attend proposers' conference (meeting #4)</b>	4	0	8	0	10
<b>E. Prepare addenda</b>	4	2	12	2	20
<b>3. Review and Evaluate Proposals</b>					
<b>A. Review proposals for completeness</b>	1	0	4	0	5
<b>B. Evaluate complete proposals (maximum of four)</b>	12	0	40	16	68
<b>C. Prepare follow-up questions for proposers</b>	4	0	8	0	12
<b>D. Review responses and clarify unresolved issues</b>	4	0	8	0	12
<b>E. Meet with City staff to discuss preliminary evaluation (meeting #5)</b>	5	0	5	0	10
<b>F. Interview proposers (meeting #6)</b>	8	8	8	0	24
<b>G. Contact references for recommended contractor</b>	1	0	1	6	8
<b>H. Prepare evaluation report</b>	12	0	24	16	52
<b>I. Review City comments and prepare final evaluation report</b>	4	0	8	0	12
<b>4. Negotiate Final Agreement and Prepare a New Agreement</b>					
<b>A. Participate in one negotiating session (meeting #7)</b>	8	0	8	0	16
<b>B. Prepare revised portions of Agreement</b>	8	0	16	0	24
<b>C. Attend Council meeting for approval of final Agreement (meeting #8)</b>	6	0	6	0	12
<b>5. Manage Project and Prepare Workpapers</b>	4	2	4	2	12
<b>Total Hours</b>	<b>145</b>	<b>36</b>	<b>288</b>	<b>107</b>	<b>578</b>

Attachment 2



City Hall 1400 Highland Avenue Manhattan Beach, CA 90266-4795  
Telephone (310) 802-5000 FAX (310) 802-5001 TDD (310) 546-3501

<DATE>

<Hauler>  
<Address>  
<City, State, Zip>

Re: Five (5) Year Notice of City's Intention to Grant an Exclusive Franchise

Dear Sir or Madam,

This letter is to notify you of the City of Manhattan Beach's intention to grant a franchise for the collection, handling and disposal of construction and demolition waste in five (5) years. This notice is provided pursuant to Public Resources Code Section 49520.

"Public Resources Code – Section 49520. If a local agency has authorized, by franchise, contract, license, or permit, a solid waste enterprise to provide solid waste handling services and those services have been lawfully provided for more than three previous years, the solid waste enterprise may continue to provide those services up to five years after mailed notification to the solid waste enterprise by the local agency having jurisdiction that exclusive solid waste handling services are to be provided or authorized, unless the solid waste enterprise has an exclusive franchise or contract.

If the solid waste enterprise has an exclusive franchise or contract, the solid waste enterprise shall continue to provide those services and shall be limited to the unexpired term of this contract or franchise for five years, whichever, is less."

If there are any questions please contact the Public Works Department at (310) 802-5313.

Sincerely,

Jim A. Arndt  
Director of Public Works

Fire Department Address: 400 15TH Street, Manhattan Beach, CA 90266 FAX (310) 802-5201  
Police Department Address: 420 15TH Street, Manhattan Beach, CA 90266 FAX (310) 802-5101  
Public Works Department Address: 3621 Bell Avenue, Manhattan Beach, CA 90266 FAX (310) 802-5301  
Visit the City of Manhattan Beach Web Site at [www.citymb.info](http://www.citymb.info)



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, Director of Public Works  
Anna Luke, Management Analyst

**DATE:** July 7, 2009

**SUBJECT:** Consideration of Solid Waste Issues Including:  
a) Process for Obtaining a New Solid Waste Hauling Contract  
b) Discussion of Professional Services to Assist with Developing an RFP,  
Reviewing Proposals and Writing a Waste Hauling Contract

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### RECOMMENDATION:

Staff recommends that City Council review and recommend the process for obtaining a new solid waste hauling contract (Request for Proposal (RFP) process recommended) including service enhancements, and direct the City Manager to negotiate a professional service contract with HF&H Consulting for assistance in preparation of a new waste hauling contract.

### BACKGROUND:

At their May 5, 2009 City Council meeting, Council considered service enhancements to the current solid waste hauling contract as recommended by the Environmental Task Force (ETF) Solid Waste and Recycling Subcommittee (SWRS). The Council had questions regarding costs for recycling and service enhancements that cannot be answered until the iterative process of discussion with waste haulers begins. Through this process, Council will learn what services haulers can provide. Ultimately available services and their costs will be presented to Council for determination of what they wish to include in the new contract.

The recommendations (listed in the May 5<sup>th</sup> Council Agenda Staff Report, attachment #2); if approved by the Council, will be included in the discussion items with prospective haulers during the RFP or Negotiated contract process. Any items on the list the Council does not wish to be included for discussion with prospective haulers should be removed.

The Council also discussed the process for pursuing the next contract (RFP versus Renegotiate) and procuring professional services to assist the City in preparation of the new contract.

### DISCUSSION:

In order that the Council may have a new solid waste hauling contract in place by October, 2010

(expiration month of existing contract), the Council must determine the method of procurement of the contract, either by conducting an RFP process whereby the City seeks competitive proposals from prospective haulers, or renegotiation of a new contract with current hauler, Waste Management. Staff recommends the RFP process to ensure the most competitive response for this multi-year, multi-million dollar contract. Waste Management provided a proposal letter requesting the opportunity to renegotiate with the City (attachment #1), as well as letters of support for their service (attachment #8).

Second, the Council is being asked to obtain professional services from Hilton, Farnkopf and Hobson, LLC (HF&H) to assist the City in developing the next contract and work with the Council in reviewing RFP's for selection.

Previously detailed information about both contract procurement methodology and advantages of professional services may be reviewed in the Council agenda item of May 5, 2009 (attachment #2). Additional literature from HF&H are attached regarding the contract procurement process (attachment #3), procurement schedules for RFP (attachment #4) and negotiation (attachment #6), and sample scopes of work for either the RFP (attachment #5) or negotiation process (attachment #7).

#### **CONCLUSION:**

It is recommended that Council direct staff regarding:

- Select contract procurement method (RFP versus Renegotiation).
- Authorize the City Manager to negotiate a contract with HF&H to develop an RFP, with recommendations from the ETF Subcommittee for consideration by the Council.

Laith Ezzet of HF&H will be available at the July 7 Council meeting to answer questions about the contract procurement process and service enhancements recommended by the ETF subcommittee.

#### **Attachments:**

1. WM letter
2. May 5, 2009 City Council Agenda Staff Report
3. Memorandum from HF&H: RFP vs. Renegotiation
4. Competitive Procurement (RFP) Schedule
5. Competitive Procurement (RFP) Scope of Work (includes hours)
6. Renegotiation Schedule
7. Renegotiation Scope of Work (includes hours)
8. WM letters of support



June 29, 2009

Mr. Geoff Dolan  
City of Manhattan Beach  
1500 Highland Avenue  
Manhattan Beach, CA 90266

Re: Proposal for to commence negotiations for a new Exclusive Franchise Services Agreement

Dear Mr. Dolan:

The purpose of this letter is to request an opportunity to renegotiate the current waste contract with the City of Manhattan Beach. Waste Management is proud of our service and community involvement in Manhattan Beach over the last 15 years, and we believe that renegotiating, rather than placing the contract out to bid, will provide significant value and savings to the City of Manhattan Beach. It will also ensure that residents and businesses continue to enjoy the same excellent service and unparalleled commitment to the environment.

Waste Management is the only company that can offer the City of Management the following benefits and advantages:

**Risk Free "Win-Win" Opportunity**

Typically, the bidding process for a new solid waste agreement takes a year from start to finish. This includes hiring a consultant, determining the scope of the contract, releasing the RFP, and accepting and evaluating the responses. Because the current contract expires in October 2010, the City has enough time to renegotiate with Waste Management and will still have adequate time to put the contract out to bid if the City and Waste Management do not reach an agreement. It is a no-risk opportunity to work together towards our mutual goal of serving Manhattan Beach businesses and residents.

**Financial Benefits**

**Phase in Rates** - The rates Manhattan Beach residents currently pay are well below market rates. For example, in the 2009-10 rate year, residential rates will decrease .06/month, an approximately 1% decrease. Rates are low because adjustments are based on a percentage of the changes in PPI, and the disposal rate per ton was fixed for the term of the existing agreement. The disposal rates alone have increased over 40% since the inception of the contract (based on the Puente Hills gate rate) with no correlated rate adjustment.

No matter who the provider is in the next contract, residents will experience an increase to their monthly rate. If the City chooses to renegotiate, Waste Management can phase in the increase

over a period of time to ease the burden on residents and bring rates to current market while implementing new programs and services.

**Reduced Consultant Fees-** Waste Management has extensive experience renegotiating contracts with cities and can work directly with city staff to determine a mutually beneficial portfolio of services and rate survey. Our staff has the operational, industry, and legal experience to negotiate services and rates that are “win-win.” Waste Management is willing to work in conjunction with consultants for the entire process. Alternatively, if the City would like to save more funds, a consultant can come in towards the end of the process, after programs and services have been negotiated, to validate rates and ensure that the rates bring value to customers and environmental solutions of the City.

**Capital Costs –** Waste Management has already invested in an alternative fuel service fleet that currently serves the city. Additionally, Waste Management has the majority of the automated carts that the City will require in the next contract. WM proactively made the investment into alternative fuel vehicles and, based on the depreciation schedule can provide financial benefit to the City. WM has already capitalized the investment of its LNG fleet, meaning that there is a far reduced financial burden placed on customers for the implementation of LNG fleet.

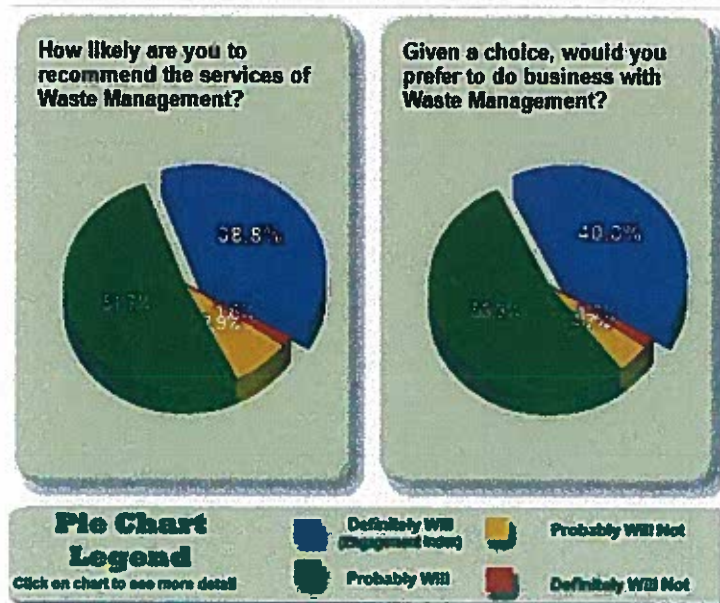
**Value Pricing -** At the May 5, 2009 City Council Meeting the City of Manhattan Beach's Environmental Task Force presented and outlined for council at the May 5, 2009 meeting approximately 50 different options for new and enhanced waste, recycling, and sustainability programs that to consider in the new franchise agreement. Each new service or program has a different associated cost, and should the City choose to discuss renegotiation with Waste Management, we can discuss the pros, cons, costs, and operational challenges and benefits associated with each option based on budget, routing, and other concerns. This opportunity for dialogue does not exist in the RFP process, and the City would otherwise be wholly dependent on the opinion of the Consultant, who may not have the street level experience and decades of experience working in the city to provide first hand expertise on services and programs.

Included in this letter is a chart outlining some of the programs the Environmental Task Force discussed to give Council an idea of program and service feasibility and costing (Please refer to the Section labeled “Program Elements, Benefits, and Feasibility at a Glance”). It is also important to note that renegotiating would allow the City to roll out new programs, such as automated collection in the Strand this year, rather than waiting for the new contract in October 2010.

This has been a frequent request by residents that live in the Sand Section that currently receives manual service and do not have automated containers.

### **Customer Service and Satisfaction**

If the City chooses to renegotiate with Waste Management, it will continue to enjoy these high customer satisfaction levels, and





not risk receiving diminished service from another hauler.

Simply put, Manhattan Beach customers love Waste Management and the world-class service they receive. It does not happen by accident- it comes from years of experience in the community and each employee's personal commitment to customer satisfaction.

Council does not have to take our word for it. Our customer service is measured and tracked by J.D. Powers and Associates, who provides statistics on customer satisfaction from this market area. The numbers speak for themselves: *93.6% of Customers would prefer to do business with Waste Management if given the choice.*

Attachment A provides a sampling of the letters of support Waste Management has received from members of the community over the last 12 months, thanking us for our service, community contributions, and expressing the desire that we remain the franchised hauler in the City of Manhattan Beach. The letters were written by residents, businesses, and community stakeholders, demonstrating that Waste Management has support from all sectors of the community.

### **Community Involvement**

At Waste Management, we care about each individual we serve- this commitment extends far beyond trash collection. As a valued community partner, we have committed our resources and resourcefulness to programs that benefit Manhattan Beach, and contribute to its vibrancy, vitality, and growth. We are dedicated to maintaining, in our own small way, the quality of life for which the City is so well known.

Our contributions can be seen in our participation in community events, and involvement in local agencies and groups. It can also be seen in our clear leadership as an environmental partner to Manhattan Beach's schools, businesses, and residents.

Though it is hard to put a value on these intangibles, Waste Management would like to remind stakeholders of our contributions and involvement in Manhattan Beach. Below is a partial list of what we accomplished just in the last year:

#### *Environmental Protection*

Waste Management has been an active participant in the City's green movement. From our innovative businesses recycling solutions to our school district-wide waste audit (including cost-saving measures), we have been able to prove our "Think Green" motto.

- Sponsored three composting classes per year at Polliwog Park and discounted composting bins to residents.
- Sponsored MB Employee Middle Management Team Composting Class and Beach Clean Up.
- Offered ongoing consultative services on recycling and composting to schools, residents and businesses.
- Participated at an environmental symposium hosted by a Manhattan Beach Temple.
- Coordinated and hosted five recycling center tours for Manhattan Beach residents and members of the business community.
- Regular attendance at Environmental Task Force meetings to stay current on topics important to the community.

- Sponsored the Annual VOICE Earth Day event and hosted a booth along with the City to provide information on recycling and the environment.
- Led Recycling Center tours for over 100 residents in the past year to increase resident understanding of the recycling process.

#### *School Partnership and Support*

Waste Management understands the challenges faced by schools in the current economic crisis. We also understand that today's students are tomorrow's leaders and we have an ongoing commitment to environmental outreach and education as well as support of school programs and athletics. Outlined below are some highlights of our efforts over the last year:

- Provided a district wide waste audit and report for all seven public schools in the district as well as American Martyr's private school to improve waste reduction and recycling efforts. This resulted in a 23% increase in diversion.
- Donated a variety of interior recycling receptacles to schools in the City, including 200 18-gallon bins, 20 64-gallon bins, and 2 composters. The schools did not have the funding to purchase these containers.
- Conducted extensive training to all cafeteria staff in the district to encourage and facilitate recycling.
- Sponsored the Mira Costa High School girls' basketball and boys' volleyball teams.
- Provided outreach district wide offering recycling assemblies and trainings to parents, teachers, and staff.
- Sponsored composting classes and consultation for school site lunchtime composting programs.
- Collaborated with Del Sol School on a student-led denim recycling drive. WM Staff collected over 800 pounds of denim at the WM recycling center, nearly doubling the overall collection efforts.
- Participated in the Mira Costa High School career fair to talk to students about careers in the field of environmental services.
- Created an end-of-year recycling program to allow teachers and staff to recycle as much as possible at the end of the school year.
- Applied for and was awarded a grant from Waste Management-Keep America Beautiful to underwrite a portion of the production costs of the PBS show "Curiosity Quest" which highlighted Grand View Elementary School's green programs. This show was aired nationally.

#### *Commitment to Businesses*

Waste Management understands the challenges and needs of the City's commercial sector and is committed to providing Manhattan Beach businesses with high quality trash and recycling services. We are also uniquely qualified to support commercial sustainability goals and initiatives.

- Provided a comprehensive 14-floor audit and report to Manhattan Tower to create individualized recycling plans for each company and overall plan for the Property Management company to dramatically increase recycling and achieve LEED certification.
- Provided a commercial recycling presentation to Manhattan Towers to increase office recycling.

- Sponsored the Chamber of Commerce Women in Business conference. In 2008, WM Corporate Vice President David Aardsma also participated on the Women in Business speaking panel to provide information on recycling and the environment.
- Continue to promote Waste Management's free commercial recycling program to assist businesses with their environmental goals and their bottom line.
- Provide individualized recycling programs for businesses to meet their disposal and spacing needs.
- Sponsored the Manhattan Beach Chamber of Commerce's 2008 golf tournament.
- Created information and tips on how to create a green work place that was distributed to all Chamber of Commerce members.
- Door-to-Door outreach in the downtown business district to promote recycling and assist with issues or concerns that inhibit businesses' recycling efforts

#### *Value Add Community Programs*

Waste Management understands the importance of its role as partner to the community and non-profit sector. We are proud to support the worthwhile causes that are important to the community, and are continually seeking out ways to give back.

- Rolled out Waste Watch - a driver-training program that gives truck operators information and tools to identify potentially dangerous or criminal activities and report them to authorities. This is at no additional cost to the community.
- Rolled out a free Sharps mail back program for home generated Sharps (needles, etc.) at no additional cost to residents or the City. This program provides safe disposal for Sharps materials and helps keep the community safe.
- Sponsored The Richstone Family Center Pier-to-Pier Walk to support child abuse prevention.
- Contributed to the Manhattan Beach Youth Recognition Scholarship Award.
- Provided event boxes and temporary trash and recycling disposal services for all city events.
- Contributed storage containers and toy donations for the annual Manhattan Beach Holiday Toy Drive.
- Participated in Home Town Fair by providing recycling boxes, giveaways and outreach materials, as well as having staff at the booth at both events.
- Donated 5 roll-off trash and recycling bins for the May 2009 American Martyr's "Save the Teachers" rummage sale.

#### *Award Winning Service and Programs*

WM is a leader in environmental protection as well as every day collection. In 2008, we received quite a bit of recognition for these efforts.

- Awarded US Conference of Mayor's 2008 "Outstanding" Award for Public-Private Partnership for our joint efforts in school-site sustainability programs.
- Successfully nominated Planet Pals and the City of Manhattan Beach for the 2008 South Bay Business Environmental Coalition award.
- Worked with the City to complete a successful grant application through the Department of Conservation for a multi-family recycling program.
- Successfully nominated the City for the 2008 Waste Management- Keep America Beautiful grant that assisted each school in the District with their sustainability goals.

Waste Management is the only hauler that is so involved in the local community that provides such a high level of support and value added services.

### **Meeting Environmental Goals**

We aren't a trash company - we are an environmental solutions company. It will take a committed and experienced team to help the City reach its sustainability goals in a fiscally sound manner, and Waste Management has the personnel, resources, and expertise to help Manhattan Beach meet the goals outlined by the Environmental Task Force.

Waste Management continues to invest in projects that reduce greenhouse gas emissions and other environmental impacts associated with the solid waste industry. From alternative energy production to improved recycling collection, our role continues to grow and expand as we invest in research and development projects throughout the country. Our commitment to these projects far outstrips those of our competitors, but we are confident that this is the path to a sustainable future. The City of Manhattan Beach can continue to benefit from our large, and ever growing, portfolio of service offerings to help Manhattan Beach meet its own sustainability goals.

### **Program Elements, Benefits & Feasibility at a Glance**

Waste Management can work with the City to determine environmental programs that will provide the best results at the least cost. Although it is difficult at this time to determine actual program or service costs due to the many variables yet to be determined, the chart below provides general costing and feasibility ratings based on programs suggested by the Environmental Task Force.

The chart rating system is based on the method employed by the Manhattan Beach Green Team in its 2008 Green Report. Please note that the ratings systems refer to the costs to Waste Management for the service or program as well as how feasible it will be for our company to implement the new program or service.

If the City decides to discuss these or other options for new programs, we will be happy to talk openly and accurately about costs associated with each service and other considerations as we work towards a mutually beneficial contract that best meets the needs of the City. In addition, of course, any program is open for discussion, as this is only a sampling of opportunities available to the City for new and improved service offerings.

#### **Rating System**

##### **Cost Rating**

\$ Little or No Cost

\$\$ Low Cost

\$\$\$ Moderate Cost

\$\$\$\$ Costly

##### **Feasibility Rating**

1 Very easy to implement

2 Somewhat easy to implement

3 Challenging to Implement

4 Difficult to Implement

Proposal	Benefits	Cost	Feasibility
<b>Change Residential Rate Structure to "Pay as You Throw," Variable Rate</b>	Offer three size carts (32, 64, or 96 gallon) to all residents, who would pay according to the size of cart they use. Recycling and green waste would be free. Based on our experience, this will result in a diversion increase of 10-15%.  WM will manage public education, including implementation and transition.	\$\$\$	2
<b>Implement Greenwaste Program in the Strand</b>	Provide green waste collection, on an as-requested/needed basis to Strand residents.  Reduce the amount of waste currently sent to landfills. It will also encourage all residents become more fully engaged in the City's green efforts.	\$	1
<b>Cart Standardization to the Strand</b>	Provide standardized greenwaste and recycling carts to the Strand, including green waste and recycling carts.  Neighborhood beautification.	\$	1
<b>Assist the City to enhance its current C&amp;D ordinance</b>	WM has assisted other cities, to establish new processes and regulations to create stronger C&D ordinances that require construction and demolition projects to divert 50-75% of their construction-related waste. We can help Manhattan Beach implement a similar program.  C&D provides a significant opportunity to increase diversion in the City and is a requirement for most certified green buildings (i.e. LEED).  New ordinance will improve accuracy in annual reporting.	\$	2
<b>Improve Multi-family Complex Recycling</b>	The multi-family sector is one of the more difficult sectors to drive diversion and participation due to the transient population.  Waste Management has developed a Multi-family recycling toolbox specifically designed to address the unique needs of this waste sector.  WM will continue to support the City in applying for grants for Multi-family recycling to improve diversion in this sector.	\$\$\$	2
<b>Improve Downtown Commercial Recycling</b>	WM understands firsthand the issues and complications faced by downtown residents and businesses regarding trash and recycling services.  WM will continue develop "Out of the Box" solutions to increase downtown recycling and will consider providing grant funding/ or matching grant with the city for businesses to build or improve recycling enclosures.	\$	2
<b>Expand Composting and Pilot a Food Waste Program</b>	Increase the number of composting classes provided annually and add advanced level classes.  Consider developing a commercial food waste recycling program with the City and MB restaurants.	\$\$\$	3
<b>Provide Home-based HHW Solutions for Residents</b>	Provide total-care approach (storage, handling, transport and recycling, and education) for residential HHW disposal to significantly increase diversion rates of these products.  Reduce city liability and keep it in compliance with increased state mandates and legislation.  Can also provide convenient CFL and battery drop-off and collection at City-sponsored events.	\$\$	1

**Additional Benefits**

Additionally, Waste Management offers the City of Manhattan Beach:

**Transition of Services**

Waste Management understands the complexities involved in changes of service and can ensure a smooth transition to any new service to avoid service disruption or confusion for customers.

**Seasoned Professional Drivers**

Our team of dedicated professionals offer the City of Manhattan Beach unparalleled resources and experience. Other haulers would need years to establish themselves, understand the routes, and hard to service areas, and begin to understand the needs of the community.

**Processing/Disposal Guarantee**

Based on our infrastructure and network of landfills and processing facilities, Waste Management can guarantee the City long-term capacity. While other companies may struggle to find capacity when Puente Hills Landfill closes in 2013, Waste Management has facilities throughout the LA Market Area to meet the needs of Manhattan Beach well into the future.

**Summary**

Waste Management is the only company that has consistently proven its ability to meet the City's service expectations on an ongoing basis. While any company can promise results, we have a proven record of serving the community for many years and have continually provided service far beyond our contractual obligations. Our experience, resources, and commitment to both the community and environment cannot be duplicated.

More now than ever, Waste Management can help the City of Manhattan Beach retain world class waste management solutions and innovative sustainability programs at competitive rates.

We respectfully request that the City consider negotiating a new agreement with Waste Management. We look forward to continuing to work together to well into the future.

Sincerely,



Susan Modilton  
Director of Public Services



Darrell Kato  
Director of Operations



Vickie Wippel  
Community Relations Manager



Michael Grim  
Senior District Manager

For distribution at the 7/7/09 Council Mtg.

05/05/09-18.

Agenda Item #:



## Staff Report City of Manhattan Beach

Amended &  
handed out at  
7/7/09 CC mtg

**TO:** Honorable Mayor Cohen and Members of the City Council

**THROUGH:** Geoff Dolan, City Manager *GD*

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

**DATE:** May 5, 2009

**SUBJECT:** Environmental Task Force Solid Waste and Recycling Subcommittee (SWRS) recommendations for the next solid waste contract and discussion of the expiring contract.

- A) Discuss and provide direction on the ETF Solid Waste and Recycling Subcommittee (SWRS) recommendations.
- B) Approve a Request for Proposal Process for a New Solid Waste Contract.
- C) Authorize the City Manager to negotiate a Solid Waste Professional Services contract with Hilton, Farnkopf & Hobson, LLC.
- D) Approve the letter of notice so the City has the option to franchise a Construction and Demolition hauler in five years.

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### RECOMMENDATION SUMMARY:

- A) Staff recommends that City Council discuss and affirm which SWRS recommendations that Council would like to include in the draft of the next solid waste contract.
- B) Staff recommends that City Council go out to bid for the City's next solid waste contract, that staff be directed to develop an Request for Proposal (RFP) and return to City Council for approval.
- C) Staff recommends that City Council authorize the City Manager to negotiate a solid waste professional services contract with Hilton, Farnkopf & Hobson, LLC.
- D) Staff recommends that City Council approve the letter of notice so that the City has the option to franchise a Construction and Demolition hauler in five years.

**A) SWRS Recommendations**

**RECOMMENDATION:**

Staff recommends that City Council discuss and affirm which SWRS recommendations that Council would like to include in the draft of the next solid waste contract.

**FISCAL IMPLICATION:**

Council is selecting a "menu" of program changes/additions for consideration in the next solid waste contract. Based on the SWRS recommendation, Council should select what program additions should be in the draft of the new contract. Staff will include Council's chosen program additions in the new contract for proposals submitted by interested haulers. Because of the private nature of pricing in a competitive market, Staff is not able to provide cost estimates for each program recommended.

**BACKGROUND:**

**Solid Waste in California**

In 1989, the State approved AB939 which required each city in California to divert 50% of its waste from the landfill. Cities across the state evaluated programs and practices, and made changes to meet the diversion rate. The City of Manhattan Beach is in compliance with AB939, with a diversion rate above 50%. With each new solid waste contract, an evaluation of programs and practices is necessary to formulate possible changes as the City works toward an increased diversion of waste from the landfill. With the expiration of the City's current solid waste contract on October 31, 2010, this stage has begun. The addition of the Environmental Task Force Solid Waste and Recycling Subcommittee provided Staff with an insightful resident and commercial perspective as suggestions were discussed and formulated for the next contract.

**Environmental Task Force (ETF)**

In June, 2008 City Council decided to form a resident-based Environmental Task Force (ETF) to study environmental issues of priority to the community. Staff solicited applications and on September 2, 2008 Council reviewed these applications and selected 14 residents to serve on the ETF. Council then appointed two representatives to the ETF, Mayor Portia Cohen, and Mayor Pro Tempore Mitch Ward. The remaining positions were appointed by the MB Unified School District, including Amy Howorth School Board Member, and two student representatives.

The 19-member ETF had its first meeting on October 15, 2008, and divided into four subcommittees to tackle priority environmental issues identified by City Council: the Development of a Climate Action Plan; Water Conservation and Storm Water Management Issues; Waste Reduction and Recycling; and Sustainable ("Green") Design. Since this first meeting the ETF subcommittees have made significant progress on the goals and tasks identified so far.

Each group has made status report presentations to the entire ETF, and has begun presenting their recommendations on environmental solutions to the City's challenges for ETF approval. Once the ETF has approved a set of recommendations, they are presented to City Council for review



and approval. Council can then provide Staff with direction on how to carry out the recommendations.

**Solid Waste and Recycling Subcommittee (SWRS)**

The Solid Waste and Recycling Subcommittee (SWRS) is comprised of three members with varying backgrounds and a passion for waste reduction. As representatives of the residential and commercial sectors, the SWRS has provided a community point of view by offering helpful observations and insights regarding the solid waste programs in the City. City Staff has provided support to the subcommittee as well.

The SWRS was directed to focus its initial efforts on evaluating the programs in the current solid waste contract and to provide recommendations to City Council on improvements and/or additions for the next solid waste contract. This issue was given priority due to the expiration of the current contract on October 31, 2010. Ample time is needed for preparation of a new contract and evaluation of proposals from interested haulers. Once the SWRS finishes Phase I of its term by presenting contract recommendations to Council, Phase II will consist of goals including, but not limited to, creating a zero waste policy, refreshing solid waste public outreach materials, considering a mandatory recycling ordinance and pursuing a Styrofoam ban.

The SWRS' recommendations for the next solid waste contract introduce innovative programs that were not readily available in Southern California during the City's last contract such as food waste recycling and mobile household hazardous waste pick up. City staff has worked with the SWRS members to provide input and support, keeping in mind City protocols and operations. The Environmental Task Force approved the recommendations that are being presented for Council discussion and direction.

**DISCUSSION:**

The SWRS approached its task by first evaluating the following:

- What programs are successful?
- What programs are unsuccessful?
- What areas are holding the City back from increasing diversion and reducing the amount of landfill waste?
- What are the programs found in cities who are leading the way in waste reduction?
- What issues does Staff receive the most requests and complaints for?

After some research, the following comments and conclusions were made by the SWRS:

- Residential recycling is the City's most successful program. Residents have a good grasp of the general recycling program and what to place in the recycling container. Diversion rates are consistently over 50% in Residential areas.
- The commercial sector, which includes businesses, multi-family dwellings and public cans, is the greatest area of improvement. The commercial diversion rates are consistently below 20%. Multi-Family Dwellings and the business sector often face issues of contamination and lack of space for recycling containers. Although recycling bins and service are free to all commercial properties, the program is not succeeding in this sector.
- The Construction and Demolition (C & D) recycling program needs more accountability. The accountability of contractors to submit all landfill and recycling tickets is time

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consuming. Because this process is based on the honor system, and there is not enough Staff to physically audit each construction site consistently for proper waste tonnages sent to landfill vs. recycling facilities, greater accountability and easier reporting needs to be established to take the C & D program to the next level.

- To take Residential recycling to the next level, the SWRS sees great value in an organics (i.e.: food waste recycling) program, tiered rate structure (i.e.: "Pay as You Throw"), convenient hazardous waste collection, and increased accountability of construction and demolition waste.
- Staff receives frequent requests regarding Sand Section service (i.e.: automated service, hauler-provided trash containers (that have wheels), as well as the above mentioned programs such as food waste recycling and more convenient hazardous waste disposal.

Although other innovative programs were considered (such as anaerobic digestion), programs that are not yet conveniently offered by haulers can be quite expensive, if available at all.

With the above conclusions, the SWRS began evaluating current contract programs and practices and formulated improvements and additions for the next solid waste contract. The items City Council selects will be placed in a new contract as part of a Request for Proposal for interested, qualified haulers.

The following four charts (Residential, Commercial, MBUSD Schools, and Additional Items) list all of the improvements and additions the SWRS is recommending for the next solid waste contract. Within the chart the topic is stated, a brief explanation of the current practice in Manhattan Beach, the SWRS recommendation for Council to approve, and noted benefits to approving the SWRS recommendation.

A few topics have more than one option listed for Council consideration as both options could work in Manhattan Beach (i.e.: HHW Option #1, HHW Option #2). It is not necessary to decide which option is best at this point. Council may approve *both* options to be included in the draft RFP with no consequence. The decision of which options to choose can be deferred until the first professional draft of the Request for Proposal (RFP) is brought before Council. Once the draft RFP is presented, City Council can make a final decision on which options to include in the formal RFP.

**Residential Recommendations**

<b><u>TOPIC</u></b>	<b><u>CURRENTLY WHAT'S DONE</u></b>	<b><u>RECOMMENDATION</u></b>	<b><u>BENEFITS TO CHANGE</u></b>
<b><i>Residential Pricing Structure Option #1</i></b>	<p>Flat rate for trash and resident receives unlimited number of cans serviced 1 time per week.</p> <p>Recycling and green waste bins and services are free.</p>	<p>Aggressive tiered rate structure for trash.</p> <p>Free recycling and green waste services.</p>	<p>Incentive for reducing waste through increasing recycling, green waste, and composting by increasing the unit cost of trash as more trash is thrown out.</p>
<b><i>Residential Pricing Structure Option #2</i></b>	<p>Flat rate for trash and resident receives unlimited number of cans serviced 1 time per week.</p> <p>Recycling and green waste bins and services are free.</p>	<p>Aggressive tiered rate structure for trash.</p> <p>First recycling container free. Moderate tiered rate structure for additional recycling containers.</p>	<p>Incentive for reducing overall materials from the waste stream, including recyclable materials.</p>
<b><i>Curbside Food Waste Recycling</i></b>	<p>City subsidizes the cost of worm and compost bins for residents to assist with food waste recycling.</p>	<p>Begin curbside food waste recycling program - food waste would go into green waste container</p>	<p>Larger waste stream out of the landfill. Consistent resident request to begin this program.</p>
<b><i>Automated Service for entire city</i></b>	<p>Sand Section has manual collection and rest of city has automated</p>	<p>Automate in all areas possible (current hauler found a couple alleys will have to be manual)</p>	<p>More efficient service, major reduction on physical impact of refuse employee</p>

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<p><b><i>Wheeled Toters in Sand Section</i></b></p>	<p>Current hauler is contracted to distribute non-wheeled recycling containers to Sand Section</p>	<p>Hauler to provide wheeled toters to residents in Sand Section. If it's deemed at the City's discretion that a street is too steep for wheeled toters, non-wheeled containers will be provided by hauler.</p>	<p>Greater ease and convenience for resident to bring trash and recycling to the curb for collection. Major request from residents over the years of the current contract.</p>
<p><b><i>Hauler Provide All Toters in Sand Section</i></b></p>	<p>Sand Section residents must purchase their own trash containers</p>	<p>Hauler to provide all residents with toters, including Sand Section residents</p>	<p>Containers in Sand Section will be consistent with the rest of the City. Major request from residents over the years of the current contract.</p>
<p><b><i>Green Waste Toters in Sand Section (upon request)</i></b></p>	<p>Free, unlimited curbside green waste recycling for automated section</p>	<p>Offer green waste toters to Sand Section residents</p>	<p>Helps in waste diversion. Some Sand Section homes have courtyards and small gardens.</p>
<p><b><i>Household Hazardous Waste Option #1</i></b></p>	<p>Resident takes HHW to Hyperion or LA County Round Up</p>	<p>HHW mobile pickup at residents home once or twice per year - collection route</p>	<p>Proper disposal; convenience; resident does not have to transport toxic materials.</p>
<p><b><i>Household Hazardous Waste Option #2</i></b></p>	<p>Resident takes HHW to Hyperion or LA County Round Up</p>	<p>Appointment based mobile co-pay program. Service visits home by appointment only.</p>	<p>Proper disposal; convenience; resident can call any time they have items to dispose - ultimate convenience for proper disposal. Frequent resident request.</p>

Commercial Recommendations

<u>TOPIC</u>	<u>CURRENTLY WHAT'S DONE</u>	<u>RECOMMENDATION</u>	<u>BENEFITS TO CHANGE</u>
<b>Aggressive Tiered Rate Structure Option #1</b>	Rate by bin size & collection frequency, recycling is free	Aggressive tiered rate structure for trash and recycling is free.	Commercial diversion is low, this will increase recycling. Force businesses to implement recycling programs & train employees.
<b>Aggressive Tiered Rate Structure Option #2</b>	Rate by bin size & collection frequency, recycling is free	Aggressive tiered rate structure for trash.  Trash is processed at a "dirty Material Recovery Facility."  Recycling is free.	Most comprehensive program. Recyclables removed from trash at MRF, provides additional collection of recyclables. Increased diversion in difficult sectors like Downtown and Multi-Family
<b>Commercial Food Waste Recycling</b>	No food waste recycling program is offered by the City at this time.	6 month pilot for 10 restaurants selected by City with option to implement full commercial program w/proposal provided by contractor at that time	Remove organics from the landfill. Higher waste diversion rate.
<b>Recognition for Commercial Recycling</b>	Businesses may apply for awards by the state and South Bay Business Environmental Coalition, but only a few businesses win. Santa Monica Bay Restaurant Certification Program rewards efforts with various storm water issues.	Hauler & City begin recognition program to reward all businesses with excellence in waste reduction. Maybe work with Santa Monica Bay Restaurant Certification Program.	Works toward increasing diversion, great PR for businesses, positive outreach. City, hauler and business will identify areas of growth. Provides education and auditing.

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<p><b>Construction &amp; Demolition (C &amp; D)</b></p>	<p>Construction community can take C&amp;D materials to any facility as long as the diversion is met; landfill and recycling tickets are submitted to City for approval.</p>	<p>Place clause in contract stating that the City may opt for hauler franchise of C &amp; D at any time during contract and hauler must meet 70% diversion.</p>	<p>Greater accountability with reporting; higher accuracy; guaranteed diversion percentage from contracted facility</p>
<p><b>Commercial Hazardous Waste (HW)</b></p>	<p>Businesses can participate in SAFE Collection Center (Hyperion) Small Waste Generator Program or hire a hazardous waste company to pick up their toxic materials.</p>	<p>HW service by appointment &amp; co-pay charge</p>	<p>Less contamination in trash and convenience</p>
<p><b>Trash Overage Charge Program</b></p>	<p>Trash cans/bins monitored for excessive capacity: pictures of overages placed on letter to business. 2 warning letters are sent, then 3rd offense an overage charge is applied.</p>	<p>Formally include overage program in contract &amp; expand program to monitor trash enclosure cleanliness.</p>	<p>Continued accountability. Improve storm water (NPDES) conditions by reducing overflowing debris. Improve appearance of business.</p>
<p><b>Free Bulky Item Pickup for Multi-Family Dwellings (MFD)</b></p>	<p>Multi-Family Dwellings are billed as commercial and are charged \$10 per bulky item</p>	<p>1 FREE visit per unit per building per year</p>	<p>Reduced "illegal dumping" when tenant moves out. Quicker clean up. (If it's free for single family should be free for multi-family)</p>
<p><b>Multi-Family Dwellings Outreach Plan</b></p>	<p>MFD outreach materials will begin distribution 2009</p>	<p>Staff to develop scope of MFD outreach plan for inclusion in contract</p>	<p>Increased recycling education &amp; efforts toward higher diversion rates. Assist property managers with training tenants.</p>

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<p><b>"Recycle Ranger" Consultant</b></p>	<p>Hauler hires a consultant to perform commercial outreach, education.</p>	<p>Hauler to provide \$100,000 for City to contract a consultant to perform commercial and residential outreach.</p>	<p>Aggressive outreach to increase recycling accounts, educate commercial &amp; residential sector, provide commercial audits and school education.</p>
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**MBUSD Schools Recommendations:** All costs regarding MBUSD school recommendations will be distributed across residential and commercial rates.

<b><u>TOPIC</u></b>	<b><u>CURRENTLY WHAT'S DONE</u></b>	<b><u>RECOMMENDATION</u></b>	<b><u>BENEFITS TO CHANGE</u></b>
<p><b><i>Include Schools as City Facilities for Free Services</i></b></p>	<p>MBUSD is a state agency and are not required to use the City's hauler. Hauler categorizes MBUSD as a commercial account and billing is processed under commercial rates. City facilities and public containers are serviced without cost to the City's general fund.</p>	<p>Include MBUSD as City facilities to receive services without cost. If MBUSD chooses not to be serviced by the City's hauler, school district must go out to bid for all refuse services.</p>	<p>MBUSD will save upwards of \$60,000 per year on refuse costs. MBUSD budget will be slightly eased by the removal of refuse costs. Costs will be covered by rate payers.</p>
<p><b><i>School Outreach Option #1</i></b></p>	<p>Hauler is contracted to have someone available for assemblies, but no formal school outreach plan is documented in contract.</p>	<p>Hauler to provide \$100,000 recycling education grant annually to MBUSD for programs in 7 district schools. Funds accepted, and managed through PTA. Each school will be responsible for its own outreach plan.</p>	<p>School has greater control over outreach and programs implemented. Consistent programs for kids, improved outreach &amp; education, better effort toward higher diversion rates. Costs will be covered by rate payers.</p>

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<p><b>School Outreach Option #2</b></p>	<p>Hauler is contracted to have someone available for assemblies, but no formal school outreach plan is documented in contract.</p>	<p>Hauler to provide a suggested school outreach plan.</p>	<p>A formalized school outreach plan will provide great momentum with the kids. Costs will be covered by rate payers.</p>
<p><b>School classroom &amp; public area recycling containers</b></p>	<p>School is responsible for providing its own classroom and public area recycling containers (hauler awarded grant to MBUSD in 2008 &amp; donated containers to help some schools with classroom recycling).</p>	<p>Hauler to provide recycling containers for classrooms &amp; public areas as needed in the 7 MBUSD schools.</p>	<p>Opportunity for full recycling participation in every district school. Cost savings to school district. Costs will be covered by rate payers.</p>

**Additional Items**

<u><b>TOPIC</b></u>	<u><b>CURRENTLY WHAT'S DONE</b></u>	<u><b>RECOMMENDATION</b></u>	<u><b>BENEFITS TO CHANGE</b></u>
<p><b>Alternative Fuel Vehicles</b></p>	<p>Hauler upgraded collection fleet to Compressed Natural Gas (CNG) vehicles.</p>	<p>Hauler must use alternative fuel vehicles for collection if fleet is available at inception of the contract. If fleet is not available, the hauler has 5 years to upgrade the fleet to alternative fuel.</p>	<p>Lower carbon footprint from alternative fuel vehicles.</p>
<p><b>Hazardous Waste Pick Up for City Facilities</b></p>	<p>City facility Hazardous Waste disposal is coordinated through the Public Works Department using different vendors.</p>	<p>Include Hazardous Waste pick up services as part of the City collection.</p>	<p>Disposal will be more convenient.</p>



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<b><i>Styrofoam Recycling</i></b>	Styrofoam is placed in the trash container; it is not currently a part of the recycling program.	Include clause stating "When hauler is able to recycle Styrofoam, City reserves the right to add Styrofoam recycling into contracted list of recyclables without additional expense." *Phase II will address Styrofoam issue as well.	Styrofoam is non-biodegradable and will be prevented from entering the landfill.
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**CONCLUSION:**

Staff recommends that City Council discuss and affirm which SWRS recommendations that Council would like to include in the draft of the next solid waste contract.

**B) Request for Proposal**

**RECOMMENDATION:**

Staff recommends that City Council go out to bid for the City's next solid waste contract, that staff be directed to develop a Request for Proposal (RFP) and return to City Council for approval.

**FISCAL IMPLICATION:**

The Request for Proposal (RFP) process requires competitive proposals from interested haulers whereas a Contract Renegotiation calls for negotiating a revised contract with the current hauler to include new services. Although costs are expected to incur inflationary increases since last going out to bid, additional services added will increase the contract costs as well. These costs cannot be determined until pricing is received from haulers through the Request for Proposal process.

**BACKGROUND:**

On November 1, 2002 the City of Manhattan Beach entered into a seven year solid waste franchise agreement with Waste Management. Last year City Council approved the optional one-year extension, and the new expiration date of the Waste Management contract is October 31, 2010.

It is recommended by industry professionals to begin the RFP process 12-18 months in advance of the expiration date to allow ample time for contract review, revisions, approval and possible billing or operational changes. With the creation of the Environmental Task Force, evaluation of the City's current contract began in November 2008 with the SWRS comprised of three residents and Staff support. Now with approximately 18 months until the expiration of the current haulers contract, and several suggested changes and additions, formal preparation of the next solid waste contract should begin.

**DISCUSSION:**

The RFP process allows the City to select from qualified haulers proposals that would include evaluation of a combination of costs and ability of hauler to meet the service portions of the contract. Renegotiation of the contract with the existing hauler allows the City to continue a contractual relationship with a known hauler and their abilities are demonstrated by their past performance.

Below is a table of the methods used in local South Bay Cities for selection of a waste hauler. Nine cities used the Request for Proposal process and four renegotiated with their current contracted hauler.

**Solid Waste Contracting Method in South Bay Cities\***

City	Population	Waste Hauler	Waste Hauler Selection Process
Carson	98,000	Waste Management	RFP
Gardena	62,000	Phoenix	RFP
Inglewood	119,000	Waste Management	Negotiated
Hawthorne	89,000	Consolidated	RFP
Redondo Beach	67,000	Consolidated	RFP
Manhattan Beach	37,000	Waste Management	RFP
El Segundo	17,000	Consolidated	Negotiated
Rancho Palos Verdes	43,000	Waste Management & Universal Waste	RFP
Hermosa Beach	19,000	Consolidated	Negotiated
Lawndale	34,000	Consolidated	RFP
Lomita	21,000	Cal Met	Negotiated
Palos Verdes Estates	14,000	Athens	RFP
Rolling Hills Estates	8,000	Waste Management	RFP

\*As of 2008

There are pro's and con's for RFP and renegotiation. Below are some factors for City Council to consider:

	<b>Request for Proposal (RFP)</b>	<b>Renegotiation of Current Contract</b>
<b>Pro</b>	Guaranteed competitive pricing.	Allows City to work with hauler who has successfully provided services.
<b>Pro</b>	Best method if introducing programs new to the City or industry.	Existing contractor knows City's customers' needs and demands.
<b>Pro</b>	Assures public of most competitive cost proposal.	Transition to provide additional services would be minimal.
<b>Con</b>	New haulers abilities are only based on references.	Price for services established in non-competitive basis, while there would be comparisons to neighboring agencies it is very difficult due to different service levels.
<b>Con</b>	Selection process is more difficult and may include some subjective components in addition to service costs.	Cost basis for new programs established in non-competitive basis.

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**CONCLUSION:**

Staff recommends that City Council approve a Request for Proposal process for the next solid waste contract given that the total value of the contract may exceed twenty-five (25) million dollars and the RFP process offers the City the best opportunity to receive services on a competitive cost basis.

**C) Solid Waste Professional Services**

**RECOMMENDATION:**

Staff recommends that City Council authorize the City Manager to negotiate a solid waste professional services contract with Hilton, Farnkopf & Hobson, LLC.

**FISCAL IMPLICATION:**

In the FY 2008-2009 Adopted Budget, \$132,000 is specifically available to fund the professional services needs for the new solid waste contract and Staff anticipates this amount will cover the professional services with HF&H.

**BACKGROUND:**

Hilton, Farnkopf & Hobson, LLC (HF&H) was first contracted by the City of Manhattan Beach in 2001 to provide professional services for the City to develop a waste hauler contract and develop options by the Request for Proposal (RFP) process. HF&H helped create the current waste hauler contract by structuring programs and services to keep the City in compliance with AB 939, the States requirement for cities to recycle 50% of the municipalities' total waste. This contract has also benefited the City of Manhattan Beach residents and business owners with some of the lowest, competitive rates in the South Bay over the past seven years. Recycling bins distributed by the hauler became free for residents and commercial properties. Before this contract, there was no required age limit for the collection vehicles – the current contract caps the age of all collection trucks servicing Manhattan Beach at ten (10) years. The City's landfill disposal rate was locked in at a flat rate over the term of the contract, and no rate increases outside the annual July 1<sup>st</sup> increase may be given. Because of these clauses, Manhattan Beach residents and businesses maintained a steady rate increase over the last seven years, unaffected by fuel and operational changes.

**DISCUSSION:**

HF&H has a strong reputation as a leader in solid waste consulting services and provides contract development and analysis of hauler proposals. Their staff includes accountants, economists, engineers, and management consultants with both public sector and industry experience. HF&H has provided solid waste services to over 250 agencies including nine South Bay Cities, and are currently providing contracting assistance to the cities of Lawndale, Rancho Palos Verdes and Redondo Beach. This experience represents the impressive resources and technical expertise readily available to HF&H. Results from a third-party customer service survey spanning twelve years showed that 100% of responding cities would use HF&H again and would recommend their services to other cities.

HF&H is familiar with the solid waste issues, efforts and goals of the City including the 2007 Green Book and the Environmental Task Force. Because of the current contract success and familiarity with Manhattan Beach, Staff is confident that Hilton, Farnkopf & Hobson, LLC will create a cost-effective, dynamic contract to meet the needs of the Manhattan Beach community.

The next solid waste contract may exceed twenty-five (25) million dollars. The expected costs for

HF&H's professional services calculate to roughly less than half of one percent of the estimated contract total. The accuracy, strength and cost-effectiveness of this contract are imperative. City Staff does not have the resources or expertise to develop complex solid waste contracts. With the changes in the economy as well as new trends in solid waste and recycling programs, HF&H's staff and resources equip them to create an appropriate contract for Manhattan Beach.

Attached is a sample scope of work from HF&H including an outline of tasks, descriptions and a work plan chart listing the number of hours and type of staff necessary to perform each task. It is representative of the work HF&H would perform for Manhattan Beach. The scope includes the following:

- Review all existing documents and meet with City staff to discuss key issues and confirm the detailed schedule for the procurement process.
- Prepare detailed project plan documenting the key issues, existing and alternative solid waste and recycling services, and schedule.
- Document and discuss the current contract terms versus the new proposed terms.
- Present new terms/services to City Council for feedback on all outstanding issues and provide HF&H direction in completing the RFP and agreement.
- Gather and review operating data so that haulers can properly calculate their pricing for services. HF&H has found that when proposers are confident about the accuracy of operating data contained in the RFP, they propose lower rates and include fewer contingency costs.
- Prepare draft RFP and agreement, submit to City Attorney, other staff and potential proposers for feedback. HF&H will then revise the RFP and agreement based on the feedback received.
- Attend City Council meeting to approve the RFP package.
- Prepare for and attend proposers' conference where haulers may ask questions on any part of the draft RFP package. HF&H will provide methods to control contact between City staff and proposers at the discretion of City Council's desired level.
- Prepare and make available an addenda from the proposers' conference.
- Review proposals for completeness.
- Evaluate complete proposals, prepare follow-up questions for proposers, review responses received from proposers, and clarify all unresolved issues.
- Interview proposers along with the City's evaluation team
- Contact references for recommended proposer.
- Prepare draft evaluation report.
- Review City comments and prepare final evaluation report.
- Participate in negotiating session.
- Prepare revised portions of agreement.
- Attend the City Council meeting when final agreement will be approved.

#### **CONCLUSION:**

Staff recommends that City Council authorize the City Manager to negotiate a solid waste professional services contract with Hilton, Farnkopf & Hobson, LLC, based on their reputation of services, experience and knowledge of solid waste hauler contracts. Their knowledge of the existing Manhattan Beach contract and needs ensure the City its best opportunity to craft the best

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possible hauler contract. Drafting a new or revised solid waste contract is very complex, especially when introducing new programs or billing procedures. HF&H has resources from assisting over 250 agencies with solid waste issues and contracts. This expertise is recommended for a contract that may exceed twenty-five (25) million dollars and is vital to the Environmental Task Force's goals and efforts as a "green" city.

**D) Letter of Notice**

**RECOMMENDATION:**

Staff recommends that City Council approve the letter of notice (attached) so that the City has the option to franchise a Construction and Demolition hauler in five years.

**FISCAL IMPACT:**

An initial fiscal implication of approximately \$1,200 will cover mailing costs for Five Year Noticing Rights letter to all contractors, subcontractors and construction haulers licensed in the City. If City Council chooses to franchise Construction and Demolition hauling after the five year waiting period, contractors and sub-contractors who currently self-haul will utilize the franchised hauler and pay for hauling services. At that time, Staff will perform special outreach to assist the Manhattan Beach construction community with the change. Costs and accuracy of meeting regulatory reporting requirements would be reduced.

**BACKGROUND:**

In 1989, the California State legislature passed Assembly Bill (AB) 939, which calls for local jurisdictions to divert 50% of solid waste disposal from landfills by January 1, 2000. The law made local jurisdictions responsible for developing and implementing programs to achieve the mandated diversion level and to report progress to the State. Achievement of the diversion goal is backed by the potential for penalties including fines of up to \$10,000 per day. One of the programs the City of Manhattan Beach created in 2004 to assist with the AB939 goal is Construction and Demolition recycling. Additional legislature has been submitted to the State over the years to increase the diversion requirement. The City of Manhattan Beach needs to prepare programs for a stronger requirement as this increase is inevitable with the changing climate.

The Construction and Demolition recycling program, adopted in 2004, requires contractors for all demolition and construction projects with a total value of \$100,000 or more to recycle at least 50% of its waste. Contractors are required to complete a "Waste Management Plan" (WMP) form before a permit can be issued. On this WMP, the contractor is required to provide the recycling facility information the materials will be taken to as well as complete a plan table to determine how much waste he/she will generate and need to create a diversion plan for.

One area of growth for this program is landfill and recycling receipt accountability, as the contractors turn in landfill and recycling receipts on an honor system. What this means is that as long as they meet their 50% diversion requirement and the tonnage is within reason of their guesstimated amount the tickets are signed off. What happens though, and the reason for consideration of this item, is that contractors sometimes do not turn in all the landfill and recycling receipts for the job. Staff finds this out when different packets of tickets with the same permit number are turned in, or when a contractor does not meet the diversion rate and must provide the more evidence of recycling (or risk a fine). When asked if any tickets were not turned in, most contractors are able to find additional tickets for the job. The consistent ease of finding more tickets is cause to doubt the effectiveness of the current honor system. The program needs to be more accountable to prepare for inevitable State diversion increases. Because the contractors can



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choose any hauler that is licensed in the City, or self-haul their waste, accountability is difficult. There are hundreds of pending permits awaiting tickets and approval and there is not enough staff to frequently visit all construction sites to manage the tonnage collected.

**DISCUSSION:**

With the volume of construction performed in Manhattan Beach, a successful Construction and Demolition program requires a higher level of monitoring. The City's current non-exclusive system for construction haulers makes it difficult to properly promote and monitor progress toward higher diversion goals within the sector and meet the ever increasing regulatory demands. Program consistency is challenging. The City has no authority at this time to reduce the number of haulers in the Construction and Demolition sector because haulers have "5-years continuation rights" by State law. The specific language of the Public Resources Code as it pertains to the continuation rights of the haulers is copied below.

"Public Resources Code – Section 49520. If a local agency has authorized, by franchise, contract, license, or permit, a solid waste enterprise to provide solid waste handling services and those services have been lawfully provided for more than three previous years, the solid waste enterprise may continue to provide those services up to five years after mailed notification to the solid waste enterprise by the local agency having jurisdiction that exclusive solid waste handling services are to be provided or authorized, unless the solid waste enterprise has an exclusive franchise or contract.

If the solid waste enterprise has an exclusive franchise or contract, the solid waste enterprise shall continue to provide those services and shall be limited to the unexpired term of this contract or franchise or five years, whichever, is less."

By giving the existing haulers (which includes contractors and sub-contractors since they can self-haul) a "Five-Year Notice" of the City's intent to grant an exclusive franchise, the City will have the option to grant an exclusive franchise for the City's waste hauler to gain firmer control of C & D recycling services. By creating an exclusive franchise system for C & D, the City Staff would be better able to promote and require recycling efforts, raise the City's diversion rate, and provide consistency in collection and disposal by one hauler.

**CONCLUSION:**

Staff recommends that City Council approve the letter of notice (attached) so that the City has the option to franchise a Construction and Demolition hauler in five years. Five years after the distribution of the letter, Staff will return to City Council for final approval of the franchise.

**Attachments:**

1. Sample scope of Request for Proposal process
2. Letter of Notice

**SCOPE FOR CONDUCTING A  
REQUEST FOR PROPOSAL PROCESS  
FOR A SOLID WASTE COLLECTION AGREEMENT**

**SCOPE**

**TASK 1: Define Work Plan & Develop Procurement Strategy**

**Subtask 1A: Initiate Project**

Under Subtask 1A, HF&H will:

***Review existing background documents and prepare for kickoff meeting***

HF&H will review the existing solid waste collection franchise agreement and the City's solid waste and recycling ordinances to gain an understanding of the City's existing solid waste programs and service arrangements. Having drafted the current agreement and conducted the prior procurement process, and provided consulting services to the City's Environmental Task Force, HF&H already understands many of the City's programs and issues. HF&H will review the recommendations made by the Environmental Task Force to the City Council, and the Council's response.

***Meet with City staff***

HF&H will prepare for and conduct a meeting with City staff to discuss key issues relating to the procurement of a new franchise agreement, and confirm the detailed schedule for the procurement process.

***Prepare the project plan and analysis of the current agreement***

Based on discussions with City staff, HF&H will prepare a Project Plan that documents the key issues, existing and alternative solid waste and recycling services, and schedule. HF&H will provide a copy of the Project Plan to the City and use it as a tool to manage the procurement process.

**Subtask 1B: Define Scope of Services and Confirm with City**

The purpose of this task is to define the scope of the solid waste services to be proposed upon in the RFP package. HF&H will:

***Document recommended options for inclusion in RFP and agreement***

Prepare a document describing our recommended changes to existing services and contract terms, and compare the current and proposed conditions. This comparison facilitates an informed discussion and decision-making process.

***Present recommended services/terms to City***

HF&H will present the recommended services and agreement terms to either the City Council or, if appropriate, to a steering committee appointed to lead the procurement process. At this meeting, the City Council or steering committee is expected to make decisions regarding outstanding issues and provide HF&H with the direction to be followed in completing the RFP and agreement.

#### **Subtask 1C: Gather and Review Operating Data**

HF&H will collect any data available regarding the current services provided. HF&H will prepare data collection forms to assist the City and/or hauler in providing additional information in a user-friendly format. The City bills customers and, therefore, the City will be able to provide some of the necessary data.

It has been HF&H's experience that when proposers are confident about the accuracy of operating data contained in the RFP, they propose lower rates and include fewer contingency costs. Collecting data in this manner also may uncover additional issues, such as poor reporting or service issues that we would address in the new agreement. HF&H will analyze the data gathered for overall reasonableness.

### **TASK 2: Prepare and Issue Request for Proposals**

#### **Subtask 2A: Prepare draft RFP and agreement**

Based on the information and direction received in prior tasks, HF&H will prepare the draft RFP, agreement, and criteria to be used in evaluating the proposals received.

#### **Subtask 2B: Upon review by the City Attorney, other City staff and potential proposers, revise RFP and agreement**

HF&H will submit the draft RFP and agreement to City staff, the City Attorney, and potential proposers for review. HF&H will provide a list of potential proposers to the City. After City staff and the potential proposers have reviewed the documents and provided HF&H with their written comments, HF&H will confer with City staff and make appropriate revisions once to these documents. The draft agreement is included in the RFP as an attachment. The City Attorney is requested to make any changes directly to the documents in a strike-and-replace format.

#### **Subtask 2C: Attend Council meeting to approve RFP package**

HF&H will attend one City Council meeting at which the City Council will approve the RFP and draft agreement. Once the RFP and draft agreement have been approved by the City Council, they can be distributed to potential proposers. HF&H will provide the City with a recommended list of potential proposers.

#### **Subtask 2D: Prepare for and attend proposers' conference**

HF&H will schedule, along with City staff, a proposers' conference to be conducted shortly after release of the RFP. Potential proposers will have an opportunity to receive clarification of any issues and ask questions at this conference. HF&H will also accept written requests for clarification until a set deadline. HF&H recommends that contact between proposers and the City be controlled and will suggest methods to do so, based on City staff and City Council's desired level of interaction with proposers.

#### **Subtask 2E: Prepare addenda**

HF&H will prepare written responses to questions posed at the proposers' conference, or submitted in writing, and prepare any necessary addenda arising from issues posed at the proposers' conference. All questions and responses shall be made available to all proposers in attendance at the conference.

### **TASK 3: Review and Evaluate Proposals**

#### **Subtask 3A: Review proposals for completeness**

HF&H will perform an initial review of each proposal submitted for compliance with the City's RFP requirements and disregard incomplete proposals.

#### **Subtask 3B: Evaluate complete proposals**

The specific criteria for which HF&H evaluates the complete proposals will be developed using input received from City staff and the City Council. Based on our experience in other cities, HF&H anticipates evaluating the proposals based on the following criteria:

- Exceptions taken to the terms and conditions of the draft agreement;
- Proposed total compensation (rate revenue) over the term of the agreement, based on the rates included in the financial section of the proposal;
- Experience of the proposers in providing the requested services in other jurisdictions, based on information contained in their proposals;
- Financial resources of the proposers, based on information in their proposals; and,
- Unique proposal features that exceed the RFP's minimum requirements.

#### **Subtask 3C: Prepare follow-up questions for proposers**

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**Subtask 3E: Interview proposers**

At this stage in the process, usually one, two, or three proposals are clearly more likely to be selected. Along with the City's evaluation team, HF&H will interview up to four proposers, scheduling all interviews on one day.

**Subtask 3F: Contact references for recommended proposer**

HF&H will contact references provided for the proposer to be recommended to the City Council for award of the agreement. HF&H will summarize the results of the reference checks within the evaluation report.

**Subtask 3G: Prepare draft evaluation report**

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**Subtask 3H: Review City comments and prepare final evaluation report**

HF&H will review and incorporate City comments into the evaluation report and provide a final evaluation report

**TASK 4: Negotiate With Top Ranked Contractors, and Prepare a New Agreement with Selected Contractor for City Council Approval**

**Subtask 4A: Participate in negotiating session**

HF&H will participate in a negotiation session with one or more haulers. Based on prior experience, final negotiations can usually be completed during one session per proposer, and the fee estimate includes costs for one session with one proposer. However, the City may prefer to negotiate with multiple proposers at this time, as multiple proposals may appear attractive prior to finalizing the agreement(s). Proposers are most cooperative when they are still in competition. After finalizing negotiations, HF&H would then assist the City's evaluation team in its determination of a final selection. If the City desires to negotiate further with the final selection, HF&H would assist in those negotiations as well.

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Based upon the negotiations, HF&H will make one set of revisions to the final agreement negotiated with each proposer and ask each proposer to sign the agreement. The City can then make a decision based on clearly defined contract terms, verses general promises often made in proposals and during negotiations. Also, at award, neither the successful nor unsuccessful proposers can debate what was or was not the final offer to the City.

**Subtask 4C: Attend one City Council meeting for approval of final agreement**

HF&H will attend the City Council meeting at which the final agreement is expected to be approved.

**WORKPLAN**

TASK DESCRIPTION	Sr. Vice President	Director	Senior Associates	Associate	Total Hours
<b>1. Define Scope of Services &amp; Prepare Procurement Strategy</b>					
<b>A. Initiate Project</b>					
1 Review existing documents and prepare for kickoff meeting	6	0	12	0	18
2 Meet with City staff (meeting #1)	4	0	4	0	8
3 Prepare Project Plan	2	0	6	2	10
<b>B. Define Scope of Services and Confirm with City</b>					
1 Review current service methods	8	0	8	0	16
2 Document recommended options for inclusion in RFP	4	0	4	1	9
3 Present recommended services/terms to Council (meeting #2)	6	0	6	0	12
<b>C. Gather and Review Operating Data</b>	4	16	16	12	48
<b>2. Prepare and Issue Request for Proposals</b>					
<b>A. Prepare draft RFP and Contract</b>	12	8	60	50	130
<b>B. Revise documents once after review by City Attorney, other City staff, and potential proposers</b>	8	0	8	0	16
<b>C. Attend Council meeting to approve RFP package (meeting #3)</b>	6	0	6	0	12
<b>D. Prepare for and attend proposers' conference (meeting #4)</b>	4	0	8	0	10
<b>E. Prepare addenda</b>	4	2	12	2	20
<b>3. Review and Evaluate Proposals</b>					
<b>A. Review proposals for completeness</b>	1	0	4	0	5
<b>B. Evaluate complete proposals (maximum of four)</b>	12	0	40	16	68
<b>C. Prepare follow-up questions for proposers</b>	4	0	8	0	12
<b>D. Review responses and clarify unresolved issues</b>	4	0	8	0	12
<b>E. Meet with City staff to discuss preliminary evaluation (meeting #5)</b>	5	0	5	0	10
<b>F. Interview proposers (meeting #6)</b>	8	8	8	0	24
<b>G. Contact references for recommended contractor</b>	1	0	1	6	8
<b>H. Prepare evaluation report</b>	12	0	24	16	52
<b>I. Review City comments and prepare final evaluation report</b>	4	0	8	0	12
<b>4. Negotiate Final Agreement and Prepare a New Agreement</b>					
<b>A. Participate in one negotiating session (meeting #7)</b>	8	0	8	0	16
<b>B. Prepare revised portions of Agreement</b>	8	0	16	0	24
<b>C. Attend Council meeting for approval of final Agreement (meeting #8)</b>	6	0	6	0	12
<b>5. Manage Project and Prepare Workpapers</b>	4	2	4	2	12
<b>Total Hours</b>	<b>145</b>	<b>36</b>	<b>288</b>	<b>107</b>	<b>576</b>

Attachment 2



City Hall 1400 Highland Avenue Manhattan Beach, CA 90266-4795  
Telephone (310) 802-5000 FAX (310) 802-5001 TDD (310) 546-3501

<DATE>

<Hauler>  
<Address>  
<City, State, Zip>

Re: **Five (5) Year Notice of City's Intention to Grant an Exclusive Franchise**

Dear Sir or Madam,

This letter is to notify you of the City of Manhattan Beach's intention to grant a franchise for the collection, handling and disposal of construction and demolition waste in five (5) years. This notice is provided pursuant to Public Resources Code Section 49520.

"Public Resources Code – Section 49520. If a local agency has authorized, by franchise, contract, license, or permit, a solid waste enterprise to provide solid waste handling services and those services have been lawfully provided for more than three previous years, the solid waste enterprise may continue to provide those services up to five years after mailed notification to the solid waste enterprise by the local agency having jurisdiction that exclusive solid waste handling services are to be provided or authorized, unless the solid waste enterprise has an exclusive franchise or contract.

If the solid waste enterprise has an exclusive franchise or contract, the solid waste enterprise shall continue to provide those services and shall be limited to the unexpired term of this contract or franchise for five years, whichever, is less."

If there are any questions please contact the Public Works Department at (310) 802-5313.

Sincerely,

Jim A. Arndt  
Director of Public Works

**To: Anna Luke, City of Manhattan Beach**  
**From: Laith Ezzet, HF&H Consultants**  
**Date: June 29, 2009**  
**Re: Competitive RFP Process vs. Renegotiation of Solid Waste Contract**

This memorandum describes the relative advantages of seeking competitive proposals or renegotiating the City's solid waste franchise agreement.

Potential Proposers Operating in the South Bay

There are six companies currently providing residential franchise services to South Bay cities:

- Republic Services, Inc. (including its subsidiary Consolidated and the recently merged Allied Waste Services)
- Athens
- CalMet
- Phoenix
- Universal Waste Services
- Waste Management

See Exhibit 1 at the end of this report for a list of these haulers, and Exhibit 3 for profiles.

Waste Management is the largest solid waste company in North America. Republic is the second largest. These companies are both multi-billion dollar companies and publicly traded. The other companies in Exhibit 1 are smaller, privately owned companies.

Two of the potential proposers (Waste Management and Republic) own landfills, and as a result may be able to offer the City long-term disposal capacity guarantees. This is a significant issue, since the Puente Hills landfill (operated by the Los Angeles County Sanitation Districts), the largest landfill in the region, will close in 2013.

Other Possible Proposers

There are two significant privately owned regional companies providing services in Southern California that are not currently providing exclusive residential



franchise services in the South Bay, CR&R and EDCO. These companies might be interested in proposing. EDCO has permits to provide non-exclusive commercial solid waste services in the cities of Lawndale, Los Angeles and Torrance. CR&R is permitted to haul commercial waste in the City of Los Angeles and has significant operations in Southern California.

There are many other smaller companies operating in other areas of Los Angeles County. One or more of these other companies might be willing to expand their business base by proposing in the City of Manhattan Beach.

#### Contracting Methods Used by South Bay Cities

Besides the City of Manhattan Beach, there are 13 other cities in the South Bay that contract for residential or for both residential and commercial collection services. (The City of Torrance has municipal residential service). We contacted the thirteen other cities with contracted service and asked them whether their last contract was renegotiated or selected through an RFP process. Excluding Manhattan Beach, five cities renegotiated their contracts, and eight cities reported using a competitive process (see Exhibit 2).

#### Summary of Advantages of Alternative Contracting Methods

##### *Advantages of soliciting competitive proposals:*

1. Public appearance of fairness in awarding large contracts.
2. Competitive process allows the market to determine rates (and if rates increase through an RFP process, the City is less likely to be criticized than if it negotiates higher rates).
3. Maximize the likelihood of obtaining a contract with favorable terms (fewer contract issues are usually raised for negotiation by the proposer).
4. Allows all interested companies to propose on the City's contract.

##### *Advantages of Renegotiation:*

1. Ensures continued service from a "known entity."
2. Avoids potential transition issues associated with a change of service providers and fewer adjustments for customers.

3. Cost of service audit could validate current and proposed rates (audit would verify Waste Management's current rate revenues, costs, and profits and compare profitability to industry averages).
4. Typically, reduced contracting time and reduced use of City resources in the contracting process.

## Exhibit 1

### Residential Solid Waste Haulers in South Bay Cities

#### Republic

- Hawthorne
- El Segundo
- Hermosa Beach
- Lawndale
- Redondo Beach
- Rolling Hills

#### Waste Management

- Carson
- Inglewood
- Manhattan Beach
- Rolling Hills Estates
- Rancho Palos Verdes (1)

#### Athens Services

- Palos Verdes Estates

#### Cal Met

- Lomita

#### Phoenix

- Gardena

#### Universal Waste Systems

- Rancho Palos Verdes (1)

#### Municipal Service

- City of Torrance

(1) Rancho Palos Verdes has two franchised haulers, Waste Management and Universal Waste Systems.

## Exhibit 2

### Solid Waste Contracting Method in South Bay Cities

City	Population	Residential Service Provider	Contractor Selection Process
Carson	98,000	Waste Management	RFP
Gardena	62,000	Phoenix	RFP
Inglewood	119,000	Waste Management	Negotiated
Hawthorne	89,000	Republic (as Consolidated)	RFP
Redondo Beach	67,000	Republic (as Consolidated)	RFP
Manhattan Beach	37,000	Waste Management	RFP
El Segundo	17,000	Republic (as Consolidated)	Negotiated
Rancho Palos Verdes	43,000	Waste Management & Universal Waste	RFP*
Hermosa Beach	19,000	Republic (as Consolidated)	Negotiated
Lawndale	34,000	Republic (as Consolidated)	RFP
Lomita	21,000	Cal Met	Negotiated
Palos Verdes Estates	14,000	Athens	RFP
Rolling Hills Estates	8,000	Waste Management	RFP
Rolling Hills	2,000	Republic (as Allied)	Negotiated

\* RFP process is currently underway for the Waste Management service area representing 95% of the City. Contract with Universal Waste Systems for 5% of the City was renegotiated in 2009.

Exhibit 3

Residential Franchised Haulers in South Bay Cities

Company	Waste Management	Republic Services	Alberus Services	CalMet	Phoenix	Universal Waste Systems
South Bay Cities Served for Residential	<ul style="list-style-type: none"> <li>Rancho Palos Verdes</li> <li>Carson</li> <li>Inglewood</li> <li>Manhattan Beach</li> <li>Rolling Hills Estates</li> </ul>	<ul style="list-style-type: none"> <li>Hawthorne</li> <li>El Segundo</li> <li>Hermosa Beach</li> <li>Lavmdale</li> <li>Redondo Beach</li> <li>Rolling Hills</li> </ul>	<ul style="list-style-type: none"> <li>Palos Verdes Estates</li> </ul>	<ul style="list-style-type: none"> <li>Lomita</li> </ul>	<ul style="list-style-type: none"> <li>Gardena</li> </ul>	<ul style="list-style-type: none"> <li>Rancho Palos Verdes</li> </ul>
Sum of Population of South Bay Cities Served (1)	302,000 (4)	230,000	14,000	21,000	62,000	2,000 (4)
Parent Company Annual Revenues	\$13.3 Billion (2)	Republic: \$3.2 Billion (2) Allied: \$6.1 Billion (2) Total: \$9.3 Billion	\$173 Million (3)	\$40 Million (5)	N/A	N/A
Headquarters	Houston, Texas	Fort Lauderdale, FL (Republic) Phoenix, AZ (Allied)	Industry, CA	Paramount, CA	Pico Rivera, CA	Santa Fe Springs, CA
Local Operating Yard	Long Beach	Santa Fe Springs	Industry	Paramount	Pico Rivera	Santa Fe Springs
Owns a Landfill?	Yes	Yes	No	No	No	No
Notes	Services 95% of Rancho Palos Verdes Homes.	Recently merged with Allied. Subsidiary Consolidated services many of these South Bay cities.	Significant presence in the San Gabriel Valley.	Currently negotiating its current contract with Lomita.	Smallest company of franchisees in other South Bay cities.	Services 5% of Rancho Palos Verdes' homes.

(1) Source: California Department of Finance as of January 1, 2008

(2) 2007 Data

(3) 2008 Data

(4) Rancho Palos Verdes Population: 42,964. 95% of population was allocated to Waste Management; 5% to Universal Waste Systems

(5) 2008 Data

# Competitive Procurement Schedule

Activity	Performed By	Target Date
1. Profile current agreement	HF&H	July 2009
2. Review key services, terms & conditions with City Staff	HF&H	July 2009
3. Interview current hauler on key service issues	HF&H	July 2009
4. Prepare data request, send to hauler and City	HF&H	August 2009
5. Prepare draft RFP and agreement	HF&H	August 2009
6. Review draft RFP and agreement	City Staff, City Attorney	September 2009
7. Circulate draft RFP and agreement to potential proposers for comment	HF&H/Potential Proposers	October 2009
8. Approve RFP package	City Council	November 2009

# Competitive Procurement Schedule

(continued)

Activity	Performed By	Target Date
8. Prepare proposals	Proposers	December 2009
9. Conduct pre-proposal conference	HF&H & City Staff	December 2009
10. Prepare addenda	HF&H	December 2009
11. Submit Proposals	Proposers	January 2010
12. Evaluate Proposals	HF&H & City	February 2010
13. Contact proposer references	HF&H	March 2010
14. Negotiate Agreement	HF&H & City Staff	April 2010
15. Consider Agreements for Approval	City Council	May 2010
16. Initiate New Services	Successful Proposer	November 1, 2010

**SCOPE FOR CONDUCTING A  
REQUEST FOR PROPOSAL PROCESS  
FOR A SOLID WASTE COLLECTION AGREEMENT**

**SCOPE**

TASK 1: Define Work Plan & Develop Procurement Strategy

**Subtask 1A: Initiate Project**

Under Subtask 1A, HF&H will:

***Review existing background documents and prepare for kickoff meeting***

HF&H will review the existing solid waste collection franchise agreement and the City's solid waste and recycling ordinances to gain an understanding of the City's existing solid waste programs and service arrangements. Having drafted the current agreement and conducted the prior procurement process, and provided consulting services to the City's Environmental Task Force, HF&H already understands many of the City's programs and issues. HF&H will review the recommendations made by the Environmental Task Force to the City Council, and the Council's response.

***Meet with City staff***

HF&H will prepare for and conduct a meeting with City staff to discuss key issues relating to the procurement of a new franchise agreement, and confirm the detailed schedule for the procurement process.

***Prepare the project plan and analysis of the current agreement***

Based on discussions with City staff, HF&H will prepare a Project Plan that documents the key issues, existing and alternative solid waste and recycling services, and schedule. HF&H will provide a copy of the Project Plan to the City and use it as a tool to manage the procurement process.

**Subtask 1B: Define Scope of Services and Confirm with City**

The purpose of this task is to define the scope of the solid waste services to be proposed upon in the RFP package. HF&H will:

***Document recommended options for inclusion in RFP and agreement***

Prepare a document describing our recommended changes to existing services and contract terms, and compare the current and proposed conditions. This comparison facilitates an informed discussion and decision-making process.

***Present recommended services/terms to City***



HF&H will present the recommended services and agreement terms to either the City Council or, if appropriate, to a steering committee appointed to lead the procurement process. At this meeting, the City Council or steering committee is expected to make decisions regarding outstanding issues and provide HF&H with the direction to be followed in completing the RFP and agreement.

**Subtask 1C: Gather and Review Operating Data**

HF&H will collect any data available regarding the current services provided. HF&H will prepare data collection forms to assist the City and/or hauler in providing additional information in a user-friendly format. The City bills customers and, therefore, the City will be able to provide some of the necessary data.

It has been HF&H's experience that when proposers are confident about the accuracy of operating data contained in the RFP, they propose lower rates and include fewer contingency costs. Collecting data in this manner also may uncover additional issues, such as poor reporting or service issues that we would address in the new agreement. HF&H will analyze the data gathered for overall reasonableness.

**TASK 2: Prepare and Issue Request for Proposals**

**Subtask 2A: Prepare draft RFP and agreement**

Based on the information and direction received in prior tasks, HF&H will prepare the draft RFP, agreement, and criteria to be used in evaluating the proposals received.

**Subtask 2B: Upon review by the City Attorney, other City staff and potential proposers, revise RFP and agreement**

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HF&H will review and incorporate City comments into the evaluation report and provide a final evaluation report

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1 Review current service methods	8	0	8	0	16
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<b>C. Gather and Review Operating Data</b>	4	16	16	12	48
<b>2. Prepare and Issue Request for Proposals</b>					
<b>A. Prepare draft RFP and Contract</b>	12	8	60	50	130
<b>B. Revise documents once after review by City Attorney, other City staff, and potential proposers</b>	8	0	8	0	16
<b>C. Attend Council meeting to approve RFP package (meeting #3)</b>	6	0	6	0	12
<b>D. Prepare for and attend proposers' conference (meeting #4)</b>	4	0	6	0	10
<b>E. Prepare addenda</b>	4	2	12	2	20
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<b>A. Review proposals for completeness</b>	1	0	4	0	5
<b>B. Evaluate complete proposals (maximum of four)</b>	12	0	40	16	68
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<b>E. Meet with City staff to discuss preliminary evaluation (meeting #5)</b>	5	0	5	0	10
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<b>G. Contact references for recommended contractor</b>	1	0	1	6	8
<b>H. Prepare evaluation report</b>	12	0	24	16	52
<b>I. Review City comments and prepare final evaluation report</b>	4	0	8	0	12
<b>4. Negotiate Final Agreement and Prepare a New Agreement</b>					
<b>A. Participate in one negotiating session (meeting #7)</b>	8	0	8	0	16
<b>B. Prepare revised portions of Agreement</b>	8	0	16	0	24
<b>C. Attend Council meeting for approval of final Agreement (meeting #8)</b>	6	0	6	0	12
<b>5. Manage Project and Prepare Workpapers</b>	4	2	4	2	12
<b>Total Hours</b>	<b>145</b>	<b>36</b>	<b>288</b>	<b>107</b>	<b>576</b>

# Negotiations Schedule

Activity	Performed By	Target Date/Notes
1. Profile current agreement	HF&H	July 2009
2. Review key services, terms & conditions with City Staff	HF&H	July 2009
3. Interview current hauler on key service issues	HF&H	July 2009
4. Prepare data request, send to hauler and City	HF&H	August 2009
5. Prepare draft agreement	HF&H	August 2009
6. Review draft agreement	City Staff, City Attorney	September 2009
7. Finalize draft agreements and provide to hauler	HF&H	September 2009

# Negotiations Schedule (continued)

Activity	Performed By	Target Date/Notes
8. Submit Proposed Rates and Contract Exceptions	Hauler	October 2009
9. Evaluate Rates in Comparable Jurisdictions	HF&H	October 2009
10. Negotiate Rates and Terms	City Staff, HF&H, Hauler	October 2009
11. Finalize Agreement	HF&H, City Attorney	November 2009
12. Consider Agreement for Approval	City Council	November/ December 2009
13. Start Service Under the New Agreement	Hauler	November 1, 2010

Note that if negotiations are not successful, the City will have limited time in which to conduct a competitive contracting process.

**CITY OF MANHATTAN BEACH**  
**SCOPE FOR NEGOTIATION OF A**  
**SOLID WASTE COLLECTION AGREEMENT**

**SCOPE**

**TASK 1: Define Work Plan & Develop Negotiation Strategy**

HF&H will review relevant existing documents, identify issues and terms for the new collection agreement, and discuss issues with the City. Task 1 will result in direction for the development of the City's new agreement.

**Subtask 1A: Review existing background documents, prepare meeting document**

HF&H will review the existing solid waste collection franchise agreement and the City's solid waste and recycling ordinances to gain an understanding of the City's existing solid waste programs and service arrangements. HF&H will review the recommendations made by the Environmental Task Force to the City Council, and the Council's response.

HF&H will prepare a discussion document for the kickoff meeting with the City that will include a list of contract terms and services. Based upon review of the current agreement, City ordinance and other relevant documents, HF&H will not only include the City's current terms, but also state-of-the-art options, and initial recommendations. This meeting document will facilitate the review of franchise agreement topics and issues.

**Subtask 1B: Meet With City Staff**

HF&H will prepare for and conduct a meeting with City staff to discuss key issues relating to the negotiation of a new franchise agreement, and confirm the detailed schedule for the procurement process. HF&H will meet with City staff to discuss each issue and further define preferred agreement terms.

**Subtask 1C: Prepare the Project Plan**

Based on discussions with City staff, HF&H will prepare a Project Plan that documents key issues, existing and alternative solid waste and recycling services, and schedule. HF&H will provide a copy of the Project Plan to the City and use it as a tool to manage the negotiation process.

**TASK 2: Draft and Revise Franchise Agreement and Data**

**Subtask 2A: Draft franchise agreement and rate proposal forms**

HF&H will draft the City's new franchise agreement, based upon direction established under Task 1 for negotiating with Waste Management. HF&H will submit this draft

agreement to City staff and City Attorney for review and make one round of updates based upon City feedback. Comments from the City Attorney should be made directly to the franchise agreement file using the strike and replace mechanism to reflect the changes. Other City comments should be compiled into one list to avoid conflict among comments.

This draft will be submitted to Waste Management; along with rate proposal forms to be developed by HF&H. Waste Management will be instructed to propose rates based upon the provided agreement.

**Subtask 2B: Gather and review hauler operating data to evaluate the reasonableness of proposed rates.**

In order to better evaluate the reasonableness of the proposed rates, HF&H will prepare data request forms to obtain operational data from the hauler. Based upon HF&H's industry knowledge, and data obtained from our having reviewed rates and operational data for dozens hauler operations, HF&H will inform the City as to whether the rates are reasonable, or if there is additional room to negotiate.

**Subtask 2C: Gather and compare rates and services in nearby and comparable cities**

HF&H has a method by which to compare proposed rates and rate revenues as a whole versus other cities that are nearby, have similar services, and/or share the same hauler. HF&H will look at selected cities' rates and revenues as applied to the City Manhattan Beach's service levels and statistics. This comparison will help determine the reasonableness of the proposed rates.

TASK 3: Negotiate rates, terms, and conditions of desired services with contractor.

**Subtask 3A: Meet and negotiate with contractor, advise City as to value and reasonableness of requested contract change and proposed rates**

Once the hauler has sent its response to the City, HF&H will meet with the City and the hauler to negotiate outstanding issues. HF&H anticipate that the hauler may request changes to the agreement. HF&H will evaluate the hauler's response for reasonableness, informing the City as to the value of any requested changes to both the City and the hauler. HF&H will then assist in negotiating to retain the terms and conditions most important to the City, while obtaining fair value in exchange for terms important to the hauler.

**Subtask 3B: Prepare revised portions of agreement**

After finalizing terms and negotiating rates, HF&H will revise the agreement to reflect the results of negotiations. HF&H will submit the updated agreement to Waste Management for signing prior to bring forth to the City Council for approval of the final agreement.



**Subtask 3C: Attend one City Council meeting for approval of final agreement, finalize agreement**

HF&H will attend the City Council meeting at which the final agreement is expected to be approved. At this point, the City Attorney should be able to finalize the contract, overseeing its signing and the attachment of documents, such as the performance bond. However, should additional terms need to be updated; HF&H will assist with contract revisions as needed.

**WORKPLAN**

TASK DESCRIPTION	Sr. Vice President	Director	Senior Associates	Associate	Total Hours
<b>1. Define Scope of Services &amp; Prepare Negotiation Strategy</b>					
A. Review existing background documents	6	0	12	0	18
B. Meet with City staff	4	0	4	0	8
C. Prepare Project Plan	4	0	8	4	16
<b>2. Draft and Revise Franchise Agreement and Data</b>					
A. Draft franchise agreement and rate proposal forms	12	8	50	30	100
B. Gather and review hauler operating data to evaluate the reasonableness of proposed rates	8	8	16	16	48
C. Gather and compare rates and services in nearby and comparable cities	8	8	16	24	56
<b>3. Negotiate rates, terms and conditions of desired services with Contractor</b>					
A. Meet and negotiate with contractor, advise City as to value and reasonableness of requested contract changes and proposed rates	36	0	32	0	68
B. Prepare revised portions of agreement	6	0	8	2	16
C. Attend one City Council meeting for approval of final agreement, finalize agreement	6	0	6	0	12
<b>4. Manage Project and Prepare Workpapers</b>					
	2	4	2	4	12
<b>Total Hours</b>	<b>92</b>	<b>28</b>	<b>154</b>	<b>80</b>	<b>354</b>

**ATTACHMENT 3: DECEMBER 1,  
2009 STAFF REPORT**



# 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

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**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.***

<b>RESIDENTIAL PROGRAMS</b>	<b>ANNUAL TOTAL PROGRAM COST (PRELIMINARY)</b>	<b>ANNUAL PERCENTAGE RATE IMPACT (PRELIMINARY)</b>
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%

<b>COMMERCIAL PROGRAMS</b>	<b>ANNUAL TOTAL PROGRAM COST (PRELIMINARY)</b>	<b>ANNUAL PERCENTAGE RATE IMPACT (PRELIMINARY)</b>
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 1<sup>st</sup> 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