



MARK PESTRELLA, Director

**COUNTY OF LOS ANGELES  
DEPARTMENT OF PUBLIC WORKS**

*"To Enrich Lives Through Effective and Caring Service"*

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**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

28 January 30, 2018

LORI GLASGOW  
EXECUTIVE OFFICER

January 30, 2018

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**SERVICES CONTRACTS  
ENVIRONMENTAL SERVICES CORE SERVICE AREA  
AWARD OF EXCLUSIVE RESIDENTIAL FRANCHISE CONTRACTS FOR THE  
UNINCORPORATED AREAS OF SOUTH WHITTIER, AVOCADO HEIGHTS,  
AND SANTA MONICA MOUNTAINS  
(SUPERVISORIAL DISTRICTS 1, 3, AND 4)  
(3 VOTES)**

**SUBJECT**

This action is to certify an Addendum to previously approved environmental documents and make necessary environmental findings, award exclusive residential franchise contracts for the unincorporated areas of South Whittier, Avocado Heights, and Santa Monica Mountains to provide Customer service (Task 1), consisting of refuse, green waste, recyclables, and manure collection services to residential properties; and County service (Task 2), consisting of collection of solid waste discarded in public rights of way within these unincorporated areas.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Acting as lead agency, certify that the Addendum to the previously adopted Negative Declarations for the Franchise Agreements for Residential Solid Waste Collection Services in Unincorporated Communities in the County of Los Angeles has been completed in compliance with the California Environmental Quality Act and reflects the independent judgment and analysis of the County; find that the Board has reviewed and considered the information contained in the Addendum to the Negative Declarations and the approved Negative

Declarations prior to approving the award of Exclusive Residential Franchise Contracts for the Unincorporated Areas of South Whittier, Avocado Heights, and Santa Monica Mountains and certify the Addendum.

2. Find that the award of the Exclusive Residential Franchise Contracts for the Unincorporated Areas of South Whittier, Avocado Heights, and Santa Monica Mountains is within the scope of the Negative Declaration for the Franchise Agreements for Residential Solid Waste Collection Services in Unincorporated Communities in the County of Los Angeles and Addendum.
3. Find that the public health, safety, and welfare require that the County award exclusive franchise contracts for residential solid waste handling services for the unincorporated areas of South Whittier, Avocado Heights, and Santa Monica Mountains.
4. Award an exclusive franchise contract for the unincorporated area of South Whittier to Ware Disposal, Inc., consisting of two separate tasks: Customer service (Task 1), to provide refuse, green waste, and recyclables collection services to residential properties; and County service (Task 2), consisting of collection of solid waste discarded in public rights of way, effective upon execution of the contract by both parties. The solid waste collection services will start on or after April 1, 2018, and will terminate seven years from the date of commencement of collection services, with two 2-year renewal options and month-to-month extensions up to 6 months, for a potential total contract period of 11 years and 6 months. The initial monthly rate per customer for the Customer service (Task 1) will be \$24.08, which includes a 10 percent franchise fee. County service (Task 2) will be for an initial annual contract sum not to exceed \$85,480 based on Public Works' annual utilization of the County services (at an initial rate of \$35 per incident of abandoned waste collected) with a potential maximum contract sum of \$983,020, plus rate adjustments authorized by the contract.
5. Award an exclusive franchise contract for the unincorporated area of Avocado Heights to Arakelian Enterprises, Inc. dba Athens Services, consisting of two separate tasks: Customer service (Task 1), to provide refuse, green waste, recyclables, and manure collection services to residential properties; and County service (Task 2), consisting of collection of solid waste discarded in public rights of way, effective upon execution of the contract by both parties. The solid waste collection services will start on or after April 1, 2018, and will terminate seven years from the date of commencement of collection services, with two 2-year renewal options and month-to-month extensions up to 6 months, for a potential total contract period of 11 years and 6 months. The initial monthly rate per customer for the Customer service (Task 1) will be \$21.20, which includes a ten percent franchise fee. County service (Task 2) will be for an initial annual contract sum not to exceed \$74,991 based on Public Works' annual utilization of the County services (at an initial rate of \$65 per incident of abandoned waste collected) with a potential maximum contract sum of \$862,397, plus rate adjustments authorized by the contract.
6. Award an exclusive franchise contract for the unincorporated area of Santa Monica Mountains to G.I. Industries dba Waste Management, a wholly owned subsidiary of Waste Management, Inc., consisting of two separate tasks: Customer service (Task 1), to provide refuse, green waste, recyclables, and manure collection services to residential properties; and County service (Task 2), consisting of collection of solid waste discarded in public rights of way, effective upon execution of the contract by both parties. The solid waste collection services will start on or after April 1, 2018, and will terminate seven years from the date of commencement of collection services, with two 2 year renewal options and month-to-month extensions up to 6 months, for a potential total contract period of 11 years and 6 months. The initial monthly rate per customer for the Customer service will be \$38.00, which includes a 10

percent franchise fee. County service (Task 2) will be for an initial annual contract sum not to exceed \$293,330 based on Public Works' annual utilization of the County services (at an initial rate of \$150 per incident of abandoned waste collected) with a potential maximum contract sum of \$3,373,295, plus rate adjustments authorized by the contract.

7. Authorize the Director of Public Works or his designee to allow the contractor to increase the customer's monthly rate for each area for Customer and County services (Task 1 and Task 2) subject to the terms of the contract for increased contractor expenses related to Cost of Living Adjustment, fuel costs, diversion/disposal fees, and for increases by up to 10 percent annually for applicable changes in law.

8. Authorize the Director of Public Works or his designee to increase the contract amount for each area for Customer and County services (Task 1 and Task 2) by up to 10 percent of the annual contract sum for Task 1 and Task 2 services for unforeseen, additional work within the scope of the contract, if required.

9. Authorize the Director of Public Works or his designee to execute a franchise contract with Ware Disposal, Inc., for the area of South Whittier; one franchise contract with Arakelian Enterprises, Inc. dba Athens Services, for the area of Avocado Heights; and one franchise contract with G.I. Industries dba Waste Management, a wholly owned subsidiary of Waste Management, Inc., for the area of Santa Monica Mountains; to take all the necessary and appropriate steps to carry out these contracts; to renew these contracts for each additional renewal option if, in the opinion of the Director of Public Works or his designee, the contractors have successfully performed during the previous contract period; to approve and execute amendments to incorporate necessary changes within the Customer services and specifications; and to suspend work if, in the opinion of the Director of Public Works or his designee, it is in the best interest of the County of Los Angeles to do so.

10. Authorize the Director of Public Works or his designee to extend the existing franchise contracts for South Whittier (Contract No. 001824), Avocado Heights (Contract No. 001823), North East Bay and Mountain (Contract No. 001821), or North West Bay and Mountain (Contract No. 001822) by up to 6 months should delays occur due to unforeseen circumstances with respect to commencement of the new franchise contracts, such as the late delivery of new trucks or refuse containers.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to certify the Addendum to the previously adopted Negative Declarations for the Franchise Agreements for Residential Solid Waste Collection Services in Unincorporated Communities in the County of Los Angeles prepared under the California Environmental Quality Act (CEQA) and find that the award of three exclusive franchise contracts for the unincorporated areas of South Whittier, Avocado Heights, and Santa Monica Mountains to provide Customer service (Task 1), consisting of weekly, fully automated, separate collection in carts, processing, disposal of refuse, commingled recyclable materials, green waste, and manure generated by single-family residences, duplexes, and multifamily and commercial properties upon request; and County service (Task 2), consisting of collection of abandoned waste discarded in public rights of way are within the scope of the Addendum and previously adopted Negative Declarations and award the exclusive franchise contracts.

The existing franchise contracts for South Whittier, Avocado Heights, North East Bay and Mountain, and North West Bay and Mountain are set to expire on March 30, 2018. They were all 7-year contracts with three 1-year extensions for a total of 10 years. The North East Bay and Mountain and the North West Bay and Mountain areas were combined into one service area now called Santa Monica Mountains due to similar service needs and small contract sizes.

These existing franchise contracts are currently set to expire on March 31, 2018. The new franchise contracts will start upon execution with solid waste services set to begin April 1, 2018. The commencement date for solid waste collection services for each area may be delayed depending on equipment availability, such as the manufacturing of thousands of plastic carts and the building of alternative fuel trucks. These items are not readily available and must be ordered and manufactured specifically for these franchise contracts. Their availability is dependent on a third party that may not be able to meet desired deadlines set forth in the franchise contracts. Therefore, the Department of Public Works may need to extend one or more of the County's existing franchise agreements on a month-to-month basis for up to 6 months if delays occur with respect to commencement of the new franchise contracts.

### **Implementation of Strategic Plan Goals**

The County Strategic Plan directs the provisions of Strategy II.3, Make Environmental Sustainability our Daily Reality, and Strategy III.2. Embrace Digital Government for the Benefit of our Internal Customers and Communities. The recommended actions will address global climate change and encourage a reduction in waste generation while promoting recycling and waste reduction practices and the actions will also use technology to share solid waste related data.

### **FISCAL IMPACT/FINANCING**

There will be no impact to the County General Fund.

Upon approval by the Board, the franchise fee resulting from Task 1 will generate an estimated \$162,134 in combined revenue from the three contracts for Fiscal Year 2017-18 based on the commencement of service by April 1, 2018. The franchise fee will provide the necessary funds to administer the franchise and provide enhanced services for the unincorporated areas of South Whittier, Avocado Heights, and Santa Monica Mountains. Administration includes the release and award of the contract, complaint resolution, outreach material creation and review, and contractor compliance monitoring. Enhanced services include abandoned waste collection, expanded educational outreach, site visits to increase diversion, and increased enforcement of illegal dumping violations. This revenue is included in the Solid Waste Management Fund Fiscal Year 2017-18 Budget and will be included through the annual budget process for the remaining contract years.

The proposed monthly rate per customer for Task 1, which includes a 10 percent franchise fee, and the annual contract amounts for Task 2 for all three areas are listed in Enclosure A, Franchise Contracts Fiscal Impact.

Task 1 and Task 2 rate adjustments authorized by the contract are as follows. First, an increase on the second July 1 and annually thereafter is allowed based on annual changes in the Consumer Price Index, fuel adjustments, and/or solid waste facility fees, up to 55 percent over 11 years. Second, an increase of the maximum contract amount is allowed due to unforeseen, additional work within the scope of the contract, up to 10 percent per year. Third, an

increase of the maximum contract amount is allowed due to applicable changes in law, up to 10 percent per year.

Funding for Task 2 is included in the Road Fund Fiscal Year 2017-18 Budget. The Road Fund will be reimbursed by the Solid Waste Management Fund. Funds from the Solid Waste Management Fund to pay for Task 2 are not to exceed 30 percent of franchise fee payments received during the fiscal year. Funds for the contracts' future years and 10 percent additional funding for unforeseen, additional work within the scope of the contract, if required, will be requested through the annual budget process.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Title 20 – Utilities, of the Los Angeles Code, Section 20.70.020, authorizes the Board to award a nonexclusive, partially exclusive, or wholly exclusive franchise for certain solid waste handling services for any given geographic area of the unincorporated territory of the County.

As consideration for the grant of a franchise awarded as provided in Section 20.70.020, the contractor shall pay a franchise fee to the County in such amount as may be determined by the Board, expressed as a percentage of the monthly gross receipts of the contractor arising from the use, operation, or possession of the franchise.

The recommended contractors are Ware Disposal, Inc, located in Santa Ana, California; Arakelian Enterprises, Inc. dba Athens Services, located in City of Industry, California; and G.I. Industries dba Waste Management, a wholly owned subsidiary of Waste Management, Inc., located in Houston, Texas. These franchise contracts will commence upon execution by the respective parties. The solid waste collection services are anticipated to start on or after April 1, 2018, and will terminate seven years from the commencement of collection services, with two 2-year renewal and month-to-month extensions up to 6 months, for a potential total contract period of 11 years and 6 months.

The franchise contracts will be in the form substantially similar to the form previously reviewed and approved by County Counsel (Enclosure B). Prior to the Director of Public Works or his designee executing the franchise contracts, the contractor will sign and County Counsel will review it as to form. The recommended contracts with Ware Disposal, Inc; Arakelian Enterprises, Inc. dba Athens Services; and G.I. Industries dba Waste Management, a wholly owned subsidiary of Waste Management, Inc., were solicited on an open-competitive basis and are in accordance with applicable Federal, State, and County requirements.

The franchise contracts contain terms and conditions in compliance with the Board's ordinances, policies, and programs. The standard Board directed clauses that provide for contract termination or renegotiation apply only to Task 2. Enclosure C reflects the contractors' minority participation. Data regarding the proposers' minority participation is on file with Public Works. The contractors were selected upon final analysis and consideration without regard to race, creed, gender, or color.

The Request for Proposals (RFP) for this contracted service was not submitted to any union for review since no Public Works classifications were impacted. Public Works has evaluated and determined that the Living Wage Program (Los Angeles County Code, Chapter 2.201) does not apply to these recommended contracts. Task 1 is not subject to Proposition A, as authority to award the franchise contracts for solid waste handling services is expressly provided by statute. Task 2 is

required on an as-needed and intermittent basis; hence, these contracts are not subject to Proposition A contracts (Los Angeles County Code, Chapter 2.121). County Counsel concurs with this determination.

## **ENVIRONMENTAL DOCUMENTATION**

Between 2006 and 2011, Initial Studies were prepared for the award of the exclusive franchise contracts to provide residential solid waste collection services in specific unincorporated areas, which were prepared in compliance with CEQA. Those Initial Studies showed that there is no substantial evidence that the project may have a significant effect on the environment. Based on the Initial Studies, Negative Declarations were prepared and adopted by the Board on October 3, 2006, May 29, 2007, November 20, 2007, March 18, 2008, April 1, 2008, May 11, 2010, and May 10, 2011. Table 1.2-1 within the attached addendum contains a summary of the previous environmental documents.

In accordance with Sections 15162 and 15164(b) of the CEQA Guidelines, an Addendum to the previously adopted NDs was prepared, since there are only minor changes to the franchise contracts that do not result in any significant effect on the environment and there have been no substantial changes to the previously approved project or to the circumstances under which they will be undertaken. The Addendum concluded that there are no new significant impacts as a result of the award of the three new exclusive residential franchise agreements and that no further documentation is required under CEQA. The purpose of this Addendum is to address the potential environmental impacts due to the proposed changes to the previously-approved Residential Franchise Agreements and Garbage Disposal District's (GDDs) Contracts. The recommended action is within the scope of the project in the previously adopted Negative Declarations, which determined that to award exclusive franchise agreements and GDD contracts to provide solid waste collection services will not have a significant effect on the environment as well as the Addendum. A copy of the Addendum is attached hereto as Enclosure D.

The location of the documents and other materials constituting the record of the proceedings upon which the Board's decision is based in this matter is with the County of Los Angeles Department of Public Works, Programs Development Division, 900 South Fremont Avenue, 11th Floor, Alhambra, CA 91803. The custodian of such documents and materials is Ms. Reyna Soriano.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Determination with the County Clerk in accordance with section 21152 of the California Public Resources Code.

## **CONTRACTING PROCESS**

On October 25, 2017, a notice of the RFP was placed on the County's "Doing Business With Us" website (Enclosure E), Public Works' "Business Opportunities" website, Twitter, and an advertisement was placed in the Los Angeles Daily Journal, Los Angeles Sentinel, and La Opinion Advertisement. Also, Public Works informed 1,377 Local Small Business Enterprises, 127 Disabled Veteran Business Enterprises, 55 Social Enterprises, and 158 independent contractors and community business enterprises about this business opportunity.

On December 4, 2017, 5 proposals were received for the South Whittier area, 6 proposals were received for the Avocado Heights area, and 3 proposals were received for the Santa Monica Mountains area. The proposals were first reviewed to ensure they met the minimum requirements in the RFP. All proposals having met these requirements were then evaluated by an evaluation committee consisting of Public Works staff. The evaluation was based on criteria described in the RFP, which included proposed net rate for Task 1; proposed annual price for Task 2; experience; work plan; references; and disputes, actions, contests, debarments, and environmental history; utilizing the Informed Averaging methodology for applicable criteria. Based on these evaluations, it is recommended that franchise contracts be awarded to the highest-rated, apparent responsive and responsible proposers: Ware Disposal, Inc., located in Santa Ana, California, for the unincorporated area of South Whittier; Athens Services, located in City of Industry, California, for the unincorporated area of Avocado Heights; and Waste Management, located in Houston, Texas, for the unincorporated area of Santa Monica Mountains.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

These franchise contracts will provide improved waste collection services for these communities.

**CONCLUSION**

Please return one adopted copy of this Board letter to the Department of Public Works, Environmental Programs Division.

Respectfully submitted,



MARK PESTRELLA

Director

MP:PD:td

Enclosures

c: Chief Executive Office (Chia-Ann Yen)  
County Counsel  
Executive Office