



COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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GAIL FARBER, Director

December 17, 2013

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:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

40 December 17, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**AWARD OF CONTRACT FOR AN EXCLUSIVE RESIDENTIAL FRANCHISE
AGREEMENT FOR THE UNINCORPORATED AREA OF
LA CRESCENTA/MONTROSE
(SUPERVISORIAL DISTRICT 5)
(3 VOTES)**

SUBJECT

This action is to award an Exclusive Residential Franchise Agreement for the Unincorporated Area of La Crescenta/Montrose to provide franchise service (Task 1), consisting of 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 within this unincorporated County area.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that County service (Task 2) is categorically exempt from the California Environmental Quality Act for the reasons stated in this letter and in the record of the project.
2. Find that the public health, safety, and welfare require that the County award an exclusive franchise agreement for residential solid waste handling services for the unincorporated areas of La Crescenta/Montrose.
3. Award an exclusive franchise agreement for the unincorporated area of La Crescenta/Montrose to Burrtec Waste Industries, Inc., consisting of two separate tasks: franchise 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, commencing upon execution of the agreement by both parties. The solid waste collection services consisting of franchise service (Task 1) and County service (Task 2) will start on or after April 1,

2014, and will terminate seven years from the date of commencement of collection services, with three 1-year renewal options and month-to-month extensions up to six months, for a potential total contract period of ten years and six months, subject to compliance with all terms and conditions contained in the franchise agreement. The initial monthly rate per customer for the franchise service will be \$20.92, which includes 10 percent franchise fee. County service (Task 2) will be for an annual contract sum of \$7,200 based on Public Works' annual utilization of the contractor's services (at \$60 per ton of abandoned waste collected) with a potential maximum contract sum of \$75,600.

4. Authorize the Director of Public Works or her designee to annually increase the contract amount for County service (Task 2) up to an additional 10 percent of the annual sum for unforeseen, additional work within the scope of the contract, if required.

5. Authorize the Director of Public Works or her designee to execute the franchise agreement with Burrtec Waste Industries, Inc., substantially similar to the enclosed franchise agreement; to take all the necessary and appropriate steps to carry out the agreement; to renew the agreement for each additional renewal option if, in the opinion of the Director of Public Works or her designee, Burrtec Waste Industries, Inc., has successfully performed during the previous agreement period; to approve and execute amendments to incorporate necessary changes within the franchisee services and specifications; and to suspend work if, in the opinion of the Director of Public Works or her designee, it is in the best interest of the County of Los Angeles to do so.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to award an exclusive franchise agreement to Burrtec Waste Industries, Inc., to provide franchise service (Task 1), consisting of weekly, fully automated, separate collection in carts, processing, disposal of refuse, commingled recyclable materials, and green waste generated by single-family residences and duplexes; and County service (Task 2), consisting of collection of abandoned waste discarded in public rights of way within this unincorporated County area. The franchise agreement also requires the franchisee to provide franchise cart services to multifamily and commercial properties upon request.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provisions of Operational Effectiveness (Goal 1) and Integrated Services Delivery (Goal 3) by providing County residents with responsive, high-quality waste collection, recycling, disposal services, and the funding necessary to administer the franchise.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund.

The proposed monthly rate per customer for Task 1 is \$20.92, which includes a 10 percent franchise fee for the unincorporated area of La Crescenta/Montrose. Upon approval by the Board, the franchise fee resulting from the collection services in the La Crescenta/Montrose area will generate an estimated \$30,252 for Fiscal Year 2013-14 dependent on the commencement of service by April 1, 2014, and an estimated \$121,408 per year for the remaining contract years. The franchise fee will provide the necessary funds to administer the franchise and enhance waste collection services for the La Crescenta/Montrose unincorporated area. This revenue is included in the Fiscal Year 2013-14 Solid Waste Management Fund Budget and will be included in the recommended Solid Waste Management Fund Budget for the remaining contract years.

This agreement allows annual rate adjustments based on annual changes in the Consumer Price Index, fuel adjustments, and/or solid waste facility fees for Task 1. There is no annual rate adjustment for Task 2 consisting of street and alley cleanup in these unincorporated areas. The Director of Public Works or her designee may annually increase the contract amount for Task 2 up to an additional 10 percent of the annual sum for unforeseen, additional work within the scope of the contract, if required.

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 and will be deposited into the Road Fund. Funding for Task 2 is included in the Fiscal Year 2013-14 Road Fund Budget. Funds for the contracts' optional years and 10 percent additional funding for contingencies 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 franchisee 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 franchisee arising from the use, operation, or possession of the franchise.

The recommended franchisee is Burrtec Waste Industries, Inc., located in Fontana, California, for the area of La Crescenta/Montrose. This franchise agreement will commence upon execution by the respective parties. The solid waste collection service is anticipated to start on or after April 1, 2014, and will terminate seven years from the commencement of collection service, with three 1-year renewal and month-to-month extensions up to six months, for a potential total contract period of ten years and six months. The commencement date for solid waste collection services for the franchise area may be delayed depending on operational needs, such as the availability of carts and alternative fuel trucks. If necessary, Public Works may extend the County's existing franchise agreement on a month-to-month basis for up to three months if delays occur with respect to commencement of the franchise agreement with Burrtec.

Prior to the Director or her designee executing the residential franchise agreement, which will be substantially similar to Enclosure A, the franchisee will sign, and County Counsel will review and approve the agreement as to form.

The award of this agreement will not result in unauthorized disclosure of confidential information and will be in full compliance with Federal, State, and County regulations. The agreement contains terms and conditions supporting the Board's ordinances, policies, and programs including, but not limited to: the County's Greater Avenues for Independence and General Relief Opportunities for Work Programs (GAIN and GROW), Board Policy No. 5.050; Contract Language to Assist in Placement of Displaced County Workers, Board Policy No. 5.110; Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Notice to Employees Regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015); Contractor Responsibility and Debarment, Los Angeles County Code, Chapter 2.202; the Los Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; and Defaulted Property Tax

Reduction Program Ordinance, Los Angeles County Code, Chapter 2.206. Contractor Employee Jury Service Program, Los Angeles County Code, Chapter 2.203 and the standard Board-directed clauses that provide for contract termination or renegotiation apply only to Task 2.

Data regarding the proposer's minority participation is on file with Public Works. Burrtec Waste Industries, Inc., was selected upon final analysis and consideration without regard to race, creed, gender, or color.

Proof of bonding, the required Comprehensive General and Automobile Liability insurance policies, naming the County as additional insured, and evidence of Workers' Compensation insurance will be obtained from the franchisees before any work is assigned.

Pursuant to the applicable memorandum of understanding, the Request for Proposals (RFP) for the contracted area was submitted on May 22, 2013, to the appropriate union for review. The union has not asked to meet with Public Works regarding this solicitation.

Public Works has evaluated and determined that the Living Wage Program (Los Angeles County Code, Chapter 2.201) does not apply to this recommended franchise agreement. Task 1 is not subject to Proposition A, as authority to award the franchise agreements for solid waste handling services is expressly provided by statute. Task 2 is required on an as-needed and intermittent basis; hence, this agreement is not subject to Proposition A (Los Angeles County Code, Chapter 2.121). County Counsel concurs with this determination.

This franchise agreement contains provisions for cost-of-living adjustment in accordance with County policy, fuel, and disposal fee adjustments for Task 1 in accordance with the terms of the agreement.

ENVIRONMENTAL DOCUMENTATION

An Initial Study was prepared for the award of exclusive franchise agreements for Task 1 to provide residential solid waste collection services in the unincorporated areas of La Crescenta/Montrose in compliance with the California Environmental Quality Act (CEQA). The Initial Study showed that there is no substantial evidence that the project may have a significant effect on the environment. Based on the Initial Study, a Negative Declaration was prepared and was adopted by the Board on October 3, 2006. The recommended action is within the scope of the project in the previously adopted Negative Declaration, which determined that the award of the exclusive franchise agreement to provide residential solid waste collection services (Task 1) in the La Crescenta/Montrose area will not have a significant effect on the environment.

Task 2 is categorically exempt from provisions of CEQA. These services, the collection of solid waste and street sweeping in public rights of way, and activities aimed at improving storm water quality such as reducing litter that enters waterways through streets, sidewalks, and gutters, are within a class of projects that have been determined not to have significant effect on the environment in that they meet the criteria set forth in Section 15301 (c) of CEQA.

CONTRACTING PROCESS

On May 22, 2013, Public Works solicited proposals from 203 independent contractors and community business enterprises to accomplish this work. Also, a notice of the RFP was placed on the County's "Doing Business With Us" website (Enclosure B), and an advertisement was placed in

the Los Angeles Times.

On July 10, 2013, seven proposals were received. The proposals were first reviewed to ensure they met the minimum requirements in the RFP. All proposals having met the minimum requirements were then evaluated by an evaluation committee consisting of Public Works staff. The committee's evaluation was based on criteria described in the RFP, which included the price; experience; work plan; references; and disputes, actions, contests, debarments, and environmental history utilizing the informed averaging methodology. Based on this evaluation, it is recommended that this contract be awarded to the highest-rated, responsive, and responsible proposer, Burrtec Waste Industries, Inc.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The franchise agreement will provide improved waste collection services for the community.

CONCLUSION

Please return one adopted copy of this letter to Public Works, Administrative Services Division.

Respectfully submitted,



GAIL FARBER

Director

GF:GZ:cg

Enclosures

c: Chief Executive Office (Rita Robinson)
County Counsel
Executive Office