



# City of Manhattan Beach

## Solid Waste RFP Overview

*January 15, 2019*

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# Agenda

- RFP Process Schedule
- Summary of Services Requested in RFP
- China's "Blue Sky" Policy on Recyclable Materials
- Proposer Snapshots
- Hauler Diversion
- Recyclables Revenue Sharing
- Proposed Rates and Revenues
- Summary
- Next Steps



# RFP Process Schedule

Activity	Target Date
1. Present RFP package to Council for Approval	May 15, 2018
2. Proposals Due	August 23, 2018
3. Proposal Evaluation, Interviews & Finalizing Contracts with all 3 Haulers	Aug. – Nov., 2018
4. Present Proposal Evaluation and Final Contracts to City Council	January 2019
5. Award to Hauler	January/February 2019
6. Order Equipment, distribute educational materials, conduct informational meetings and prepare for transition	January – May 2019
7. New contract begins	July 1, 2019 or July 1, 2020, pending Council decision



# Selected **RESIDENTIAL** Services

## Core Services

- Enhanced Automated Curbside collection
  - Manual assist to automated service
  - Trash, recycling, and organic waste (food/green)
  - 35, 65, and 95-gallon cart options
  - NEW 20-gal residential cart option (at same rate as 35-gal cart)
- Bulky item collection
  - (3 visits per year)
- Door-to-door HHW

## Other Services Offered

- Holiday tree collection
- Discount compost bins
- Compost classes
- Temporary bin rental
- Abandoned item pick-up
- Sharps mail-back program
- 2 Shred events
- Recycling of special materials (carpet, etc.)

## Discontinued

- Requirement to provide Facility Tours



# Selected **COMMERCIAL** Services

- Onsite collection
  - Trash, recycling & organics (food/green) waste
- Fee-based bulky collection
- Food waste containers at no additional charge
- Recycling containers at 50% of the trash rate
- Free recycling service for public and private schools
- Processing of mixed commercial waste
- Green business certification program
- Assist with mandatory compliance and outreach for State regulations (Commercial Recycling and Organics Waste Recycling)



# Selected CITY Services

- City facilities collection
- Street and park litter collection
- Abandoned item collection
- Downtown Maintenance Enhancements
  - Extra cleanups and/or working group meetings
- City owned/managed events
- School Support
  - Free school recycling
  - Free lunchboxes to incoming 1<sup>st</sup> graders
  - School assemblies; outreach



# Other Contract Enhancements

- Recyclables Revenue Rebate to Customers
- Mixed waste processing to recover recyclable materials from:
  - Scenario of Commercial/Multi-Family customers subject to Mandatory Commercial Recycling (MCR) requirements, but do not have recycling program
  - Special Events
  - Public Litter Containers



# Billing Arrangements

- City currently bills residential and commercial customers
- Consideration for hauler to take over billing



# Additional RFP Provisions

- 7-year contract term plus up to 36-month extension at City's option (aligns with Prop 218 process)
- Non-collection hours to alleviate traffic congestion between the hours of:
  - 7:30 a.m. to 9:00 a.m. along Northbound Highland Ave.
    - (15<sup>th</sup> St. to 45<sup>th</sup> St.)
  - 4:00 p.m. to 6:00 p.m. along Southbound Highland Ave.
    - (45<sup>th</sup> St. to 15<sup>th</sup> St.)



# China's "Blue Sky" Policy

- Limits the import of contaminated recyclable commodities from other countries and increases inspections of recyclable commodity imports (starting in 2018)



RECYCLING > PLASTICS

## Chinese Customs Authority Launches "Blue Sky 2018"

The customs authority will enact special action against foreign waste smuggling.



## China continues scrap scrutiny in 2018

Customs and environmental agencies continue to implement policies to curb the import of certain scrap shipments.

# Proposer #1: Athens Services

- Arakelian Enterprises, Inc., dba Athens Services (Athens), a family-owned business, has been providing waste collection and recycling services in Southern California for over 60 years
- Cites 30 exclusive municipal agreements throughout the greater Los Angeles area
- Proposed two significant exceptions to agreement
  - Requests flexibility to request an extraordinary rate adjustment due to a change in the market value of recyclables, change in processing costs for recyclables and organic waste, the values assumed by hauler, or the implementation or discontinuation of mandatory recycling requirements.
  - No split commercial bins (half trash/half recyclables)



# Proposer #2: Waste Management

- Largest solid waste service provider in North America.
- Served the City for over 30 years
- Cites 18 exclusive municipal agreements throughout the greater Los Angeles area, and an additional 34 exclusive municipal agreements within Southern California
- Added a full-time Recycling Coach
- 13 Exceptions added to agreement, of which two were significant:
  - Requests flexibility to request an extraordinary rate adjustment due to a change in the market value of recyclables, change in processing costs for recyclables and organic waste, and/or from the values assumed by hauler.
  - Relief of mixed waste processing for public litter trash containers due to contamination of dog feces



# Proposer #3: Waste Resource Technologies

- Privately held corporation, with subsidiaries operating since 2002
- Provides exclusive franchise solid waste collection services to the cities of Gardena (since 2004) Lynwood (since 2013), and Carson (residential service since 2018)
- No significant exceptions to agreement
- Proposes use of two electric recycling collection vehicles



# Proposers

Proposer	Company Ownership	# of Exclusive Contracts in Greater Los Angeles Area	First-Year Rate Revenue as Percentage of Annual Company Revenue
1. Athens	Private – Family-owned	30	3%
2. Waste Management	Publicly Traded	18	Less than 1%
3. Waste Resource Technologies	Private	3	13%



# Hauler Diversion

Proposer	Guaranteed Hauler-Collected Diversion Rate
1. Athens	50%
2. Waste Resource Tech	48%
3. Waste Management	46%
<b>4. Existing Diversion Achieved by Current Contractor in CY 2017</b>	<b>46% (Contract Requirement: 62%)</b>



# Recyclables Revenue Sharing at Current Commodity Prices

Row	Proposer	Rebates Remitted Annually or Quarterly	Annual Recyclables Revenue to City	Estimated Annual Residential Rebate (per customer)	Estimated Annual Commercial Rebate (per cubic yard)
1	Waste Management	Quarterly	\$109,000	\$8.60	\$0.68
2	Waste Resource Tech	Annually	\$33,000	\$1.99	\$4.88
3	Athens	Annually	\$0 <sup>(1)</sup>	N/A	N/A

(1) Under current market conditions, Athens estimates a negative net recycling revenue of -\$30.04 per ton.



# Proposed FY 2019/20 Single-Family Residential Rates

Row	Proposer	Single-Family Residential Rate per month			Percentage Increase for 65-Gallon Rate
		20 or 35-Gallon	65-Gallon	95-Gallon	
1	<b>Current Rates (2018/19)</b>	\$9.55	\$13.95	\$18.36	-
2	Waste Management	\$13.40	\$17.40	\$21.40	25%
3	Waste Resource Tech	\$18.00	\$22.00	\$26.00	58%
4	Athens	\$22.00	\$26.00	\$30.00	86%



# Total SFR Rate Comparison

Single Family Resident Rate  
For FY 2019/20  
assuming a 13.22% CRC\*

65-Gal. Comparison	Rate	CRC	Total
<b>Current (18/19)</b>	<b>\$13.95</b>	<b>\$1.84</b>	<b>\$15.79</b>
Waste Management	\$17.40	\$2.30	\$19.70
WRT	\$22.00	\$2.90	\$24.90
Athens	\$26.00	\$3.43	\$29.43

\* Assumes City performs billing



# Proposed FY 2019/20 Commercial Rates

Row	Proposer	Monthly rate for 3 Cubic Yard Trash Bin, collected 1x per week	Percentage Increase
1	<b>Current Rate (2018/19)</b>	\$111.83	-
2	Waste Management	\$148.29	33%
3	Waste Resource Tech	\$174.30	56%
4	Athens	\$247.47	121%



# Total Commercial Rate Comparison

Commercial Rate (3yd<sup>3</sup> bin, 1x week)

For FY 2019/20

assuming a 13.22% CRC\*

3yd <sup>3</sup> Comparison	Rate	CRC	Total
<b>Current (18/19)</b>	<b>\$111.83</b>	<b>\$14.76</b>	<b>\$126.61</b>
Waste Management	\$148.29	\$19.60	\$167.89
WRT	\$174.30	\$23.04	\$197.34
Athens	\$247.47	\$32.72	\$280.19

\* Assumes City performs billing



# Proposed FY 2019/20 Commercial Rates for 3-Yard Trash Bin and 3-Yard Recycling Bin

Row	Proposer	Monthly rate for 3 Cubic Yard Trash Bin, collected 1x per week	Monthly rate for 3 Cubic Yard Recycling Bin, Collected 1x per week	Total	Percentage Increase
1	<b>Current Rate (2018/19)</b>	\$111.83	-	\$111.83	-
2	Waste Management	\$148.29	\$74.15	\$222.44	99%
3	Waste Resource Tech	\$174.30	\$87.15	\$261.45	134%
4	Athens	\$247.47	\$123.74	\$371.21	232%



# Year 1 and Total

Proposer	Proposed Annual Rate Revenue (1)	Increase Over Current Rates		Projected 7-Year Costs at 2% Annual Increase
		Dollars	Percent	
<b>1 Current Contract (2018/19)</b>	<b>\$ 3,845,000</b>	-	-	<b>N/A</b>
2 Waste Management (2019/20)	\$ 5,657,000	\$ 1,812,000	47%	\$ 42,055,741
3 Waste Resources Tech (2019/20)	\$ 6,547,000	\$ 2,702,000	70%	\$ 48,672,256
4 Athens (2019/20)	\$ 8,226,000	\$ 4,381,000	114%	\$ 61,154,415



# Summary of Final Negotiated Contracts

Row	Proposer	FY 2019/20 Costs Based on Final Negotiated Rates	Percent Increase to Current Rates	Minimum Waste Diversion Guaranty	Estimated Recyclables Revenue Sharing to Customers at Current Commodity Prices	Key Contract Exceptions
1	Current	\$3,845,000	-	46%	N/A	N/A
2	Waste Management	\$5,657,000	47%	46%	\$109,000	<ul style="list-style-type: none"> <li>• Requests flexibility to request an extraordinary rate adjustment due to a change in the market value of recyclables, change in processing costs for recyclables and organic waste, and/or from the values assumed by the hauler.</li> <li>• No mixed waste processing for public litter trash containers</li> </ul>
3	Waste Resource Tech	\$6,547,000	70%	48%	\$33,000	None.
4	Athens	\$8,226,000	114%	50%	\$0	<ul style="list-style-type: none"> <li>• Requests flexibility to request an extraordinary rate adjustment due to a change in the market value of recyclables, change in processing costs for recyclables and organic waste, the values assumed by the hauler, or the implementation or discontinuation of mandatory recycling requirements.</li> <li>• No split commercial bins (half trash/half recyclables)</li> </ul>



# Next Steps

Staff is seeking direction from City Council on whether to:

1. Adopt Resolution 19-0007 awarding the contract to one specific company;
2. Return with more information and continue deliberations; or
3. Continue negotiations with one or more haulers; and

Whether to:

4. Select an effective start date of July 1, 2019 or July 1, 2020; and
5. Transfer billing functions to the hauler for the term of the contract, which will need to be determined prior to initiating the Proposition 218 process for the solid waste collection rate increases.

