



## Legislation Text

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**File #:** 18-0014, **Version:** 1

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Interim City Manager

**FROM:**

Stephanie Katsouleas, Public Works Director

Anna Luke-Jones, Public Works Senior Management Analyst

**SUBJECT:**

Review of Current Services and Consideration of Future Services to be Included in the City's Upcoming Solid Waste Request for Proposals (RFP); and Consideration of Appointing Two Councilmembers to a Solid Waste Services Review Ad Hoc Subcommittee (Public Works Director Katsouleas).

**DISCUSS AND PROVIDE DIRECTION**

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**RECOMMENDATION:**

Staff recommends that City Council:

- a) Review the current waste hauling services offered and provide direction on which services should be included in the City's next Solid Waste Request for Proposals (RFP); and
- b) Consider appointing two Councilmembers to an Ad Hoc Subcommittee to help facilitate the Solid Waste RFP development, selection and negotiation process.

**FISCAL IMPLICATIONS:**

The fiscal implications associated with securing new solid waste hauling services are currently unknown and will depend on the bids received for the suite of solid waste services requested in the next solid waste Request for Proposal (RFP) process.

**BACKGROUND:**

The City's current seven-year solid waste Franchise Agreement with Waste Management (WM), which began on June 1, 2011, expires on June 30, 2018, and it includes a 24-month extension of services at the City's discretion. The Agreement (Attachment 1) provides service to both residential and commercial parcels within the entire City. The following summaries highlight the steps that have been taken to-date to secure a new solid waste franchise agreement, as well as past and recent legislation applicable to trash collection, recycling and diversion from landfills.

*New Franchise Agreement Process Begins*

On July 18, 2017, City Council directed staff to begin preparing for a new Franchise Agreement, which included: 1) conducting a residential and commercial survey about the quality and types of

waste hauling services currently provided and what other services may be desired; 2) retaining a consultant to help with development of the RFP and bidding/selection process; and 3) exercising the optional 24-month extension clause for the length of time needed to secure a new franchise agreement for solid waste hauling services. While the survey was underway, staff solicited proposals from consulting firms who specialize in helping municipalities procure waste hauling services due to its many service nuances and legislative requirements. On November 7, 2017, City Council awarded a professional services agreement to HF&H Consultants, LLC to assist the City with the entire procurement process, from preparing the RFP and developing contract language to reviewing proposals, negotiating an award and assisting with transition services.

#### *Community Outreach: September 28 - November 3, 2017*

In preparation of the City's next solid waste RFP process, City Staff created and promoted, through a variety of outlets, two solid waste surveys from September 28 through November 3, 2017 - one for residential users and one for commercial users. The surveys were available as paper copies or through the City's online engagement platform, Open City Hall. The results were as follows:

- The residential survey received 259 total views and 190 completed survey responses (64 were registered with Open City Hall, 126 were unregistered "anonymous"). The responses equal 9.5 hours of public comment at three minutes per response.
- The commercial survey received 36 total views and 15 completed survey responses (3 were registered with Open City Hall, 12 were unregistered "anonymous"). The responses equal 45 minutes of public comment at three minutes per response.

The residential survey results indicated that a large majority of people were happy or extremely happy with the City's current waste hauler, and they rated "quality of service" as the most liked and most important service to them. Although not quite as strong, results were similar for commercial services. A summary of the outlets used to conduct the surveys and their results is included in Memorandum sent to City Council on December 19, 2017 (Attachment 2).

A few key findings from the **residential** solid waste survey are as follows:

- 78% are Happy or Extremely Happy with Waste Management service, with "quality" of service ranking as the "most liked" aspect of the service provided.
- Curbside Trash/Recycling and Bulky Item Collection are Extremely Important (86% and 80%, respectively)
- Many residents surveyed indicated that these services are *Neutral, Not Important* or *Not Used*:
  - ✓ Household Hazardous Waste Collection (HHW) (56%)
  - ✓ Temporary Bin Rental (57%)
  - ✓ Shredding Events (57%)
  - ✓ Backyard Composting Classes (68%)
  - ✓ Collection Drives (76%)
  - ✓ Facility Tours and Contests (77% and 81%, respectively)
- Email is the preferred option for communication about solid waste information, although it is not widely used today.
- 85% of residents are motivated to reduce waste because "It's the right thing to do."

The results of the solid waste survey for commercial businesses are similar to the residential survey

results for most of the questions asked.

#### *Role of the Ad Hoc Subcommittee in 2010/2011 RFP Process*

During the City's last solid waste RFP process in 2010/2011, the two Councilmembers on the Finance Subcommittee were tasked with providing additional input and recommendations to the solid waste services selection process. Their feedback and many of the suggested recommendations were ultimately included in the final RFP presented to City Council and, once approved, released for bid. This approach provided valuable direction to staff as it ushered the solid waste hauling process through the various stages of procurement. Therefore, staff recommends that City Council again appoint two Councilmembers to an ad hoc subcommittee to provide additional direction to staff during the RFP development, selection and negotiation stages.

#### **Solid Waste Law**

Manhattan Beach's solid waste collection services have evolved over time, due in part to the adoption of new applicable legislation at the state level. The list below includes a brief summary of the relevant state laws that have and/or will influence the services called for in the City's franchise agreement. Several of these laws address organic (food and yard waste) recycling and commercial sector recycling requirements to help the State of California achieve a 75% waste diversion rate from landfills by 2020. It is worth noting that each individual city is not required to divert 75%, but rather all waste combined within California should collectively achieve the 75% diversion goal.

The key regulations adopted by the State of California are as follows:

- AB 939**      Adopted in 1989; requires all California cities to divert at least 50% of their waste by January 1, 2000 and report solid waste program activities to the State's solid waste agency. Manhattan Beach is in compliance with this regulation.
  
- AB 341**      Adopted in 2012, requires mandatory commercial recycling and sets forth a state diversion goal of 75% by 2020 based on data that suggests that the commercial sector generates nearly 75% of the solid waste in California.
  
- AB 1826**     Adopted in 2014, requires mandatory commercial organics (food & green waste) recycling from businesses, and green waste recycling from multi-family units (5 or more units) by April 2016. Cities were also required to offer a food scrap recycling program (Manhattan Beach complied early in September 2015).
  
- SB 1383**     Adopted in 2016, establishes goals to reduce short lived climate pollutants (e.g. methane gas) in various sectors. While the specific program criteria are still under development, CalRecycle is exploring utilization of edible food recovery programs, such as food donations, to help reduce food (organic) waste and associated emissions.
  
- AB 1594**     Eliminates allowing the use of green (yard) waste for alternative daily cover at landfills as a diversion credit in state reporting, starting in January 2020. Manhattan Beach is already in compliance with this regulation.

#### **Green Fence (2013) & National Sword (2017)**

China has adopted new standards related to the cleanliness, acceptance and marketability of the recyclable material it receives from other countries, most notably

concerning plastics. The definition of “contamination” has broadened considerably along with a list of waste materials that are no longer accepted. These more stringent standards and the rejection of loads that were previously accepted have adversely affected the United States and California recycling industries, making recyclables either more expensive to dispose of or redirected to landfills.

## **DISCUSSION:**

Under its current Franchise Agreement with Waste Management, the City of Manhattan Beach provides a comprehensive package of solid waste services to the residential, commercial, multi-family, school, community organization (events) and government sector communities. In providing these services, the waste diversion rates and programs required by state statute are being fully met by the City of Manhattan Beach. However, as solid waste legislation continues to become more stringent and as our community needs evolve, it is imperative that the City’s next solid waste hauling franchise agreement change accordingly to ensure that we are providing the best possible services at the best price, while also ensuring compliance with state mandates. Included herein are the current services provided by Manhattan Beach as a starting point for discussion.

### **1. Current Residential Services**

The City provides its residential sector with several program offerings. Core services are those required by law and/or essential to achieve waste reduction or compliance with solid waste law. The remaining secondary collection programs are not required by law but provide additional conveniences to residents.

#### **A. Current Core Residential Services**

- 1) **Curbside Collection** (35, 65, and 95 gallon cart options)
  - Gray cart for landfill trash.
  - Blue cart for commingled recycling of glass, plastic, paper and metal at the curb, which is further separated at a recycling facility.
  - Green cart for organics, both food and yard waste. Food is bagged and placed in cart, sorted at a facility and converted to an engineered bioslurry, which is then placed in an anaerobic digester and converted to energy.
  
- 2) **Bulky Item Collection** (available to single and multi-family residents at no additional charge)
  - Includes those items that are too large to place inside one of the curbside carts; common items include mattresses, furniture and appliances.
  - E-waste collection.
  - Requires a scheduled pick-up.
  - The current agreement allows for three pick-ups from each home per year (3 items per pick-up).
  
- 3) **Door-to-Door Household Hazardous Waste (HHW) Collection**
  - The “At-Your-Door” program provides hazardous waste collection by appointment from a resident or multi-family dwelling’s property.
  - An unlimited number of appointments is allowed.
  - For collection, a resident is sent a kit with very large, thick bag, zip ties, extra labels,

instructions and a comment card.

- Full, zip-tied bag are placed adjacent to front or garage door for collection.
- The technician removes the materials, separates them in the At-Your-Door truck at the collection site, and leaves a manifest for resident.
- WM conducted a case study of Manhattan Beach's HHW collection program after receiving positive feedback from users (Attachment 3).

## B. Current Secondary Residential Services

- 1) **Holiday tree collection and recycling** for three weeks following Christmas Day.
- 2) **Discount Composting Bin Program:** Residents pay \$35 and the City subsidizes the rest. Waste Management oversees program and delivery.
- 3) **Free Composting Classes:** Five classes are offered each year (three at the Botanical Garden and two at schools/community events).
- 4) **Temporary Bin Rental:** Discounted rental rates for bins which are useful for major clean-outs, garage clean-outs, and small non-permit remodel projects.
- 5) **Abandoned Item Pick-up:** Waste Management is required to remove items that are abandoned in the public right-of-way within 24 hours' notice to the hauler.
- 6) **Sharps-by-Mail Program:** Residents (single and multi-family) can order unlimited sharps containers that come with a postage-paid return box.
- 7) **Shred Event:** Waste Management is required to provide one shredding event annually, which is open to residents and commercial businesses. The first three boxes are free and there is a \$5 charge for each additional box shredded.
- 8) **Facility Tours:** Waste Management offers at least three facility tours annually. Locations include the Carson Transfer Station, Material Recovery Facilities, and the CORE Facility which processes food waste. Additional tours are provided to interested community groups and schools.
- 9) **Collection Drives:** Waste Management conducts a shoe drive and a Halloween costume drive annually. The drop-off/collection sites are typically located at local schools and City Hall.
- 10) **Recycling Contest:** Waste Management conducts the "Clean Cart Challenge" annually, training high school volunteers to do recycling audits. Students audit a section of recycling carts during one week and log the best residential recyclers. The Top 20 recyclers win a free month of refuse service.

## 2. **Current Commercial/Business Services**

The City provides solid waste and recycling collection services for all businesses and commercial establishments in the City. Rates, schedules and program offerings vary according to each business' unique needs. The collection services available include:

- A. Onsite collection of trash, recycling and organic/green waste.
- B. Fee-based bulky item collection.
- C. Recycling containers, provided at no additional charge.

- D. Food waste carts, provided at no additional charge.
- E. Processing of mixed commercial waste, provided at no extra charge.
- F. Free commercial/local organization waste audits.
- G. Green Business Certification program, available upon request.

### 3. Current City Services

Waste Management provides solid waste collection services for all City facilities and for various city events. The suite of services provided includes:

- A. Onsite collection of trash, recycling, hazardous waste, inert material and green waste at all City facilities, including buildings, plazas and parks.
- B. Street and park litter container collection.
- C. Abandoned item collection.
- D. Trash and recycling collection at City-sponsored events.
- E. City partnership support, such as free school recycling collection, free lunchboxes to incoming 1st graders and support for Grades of Green, school assemblies and miscellaneous outreach.

In addition to the services offered above, Waste Management offers fee-based roll-off box and temporary bin service to residential, multi-family and commercial customers.

### Changes and Additions for City Council Consideration

In consideration of potential service enhancements desired or changes needed to the next waste hauling franchise agreement, staff recommends that two (2) current services be eliminated and that ten (10) additional enhancements be considered for inclusion in the next franchise agreement. Those changes would include:

#### Eliminate two (2) Proposed Residential Services

1. **Eliminate Collection Drives.** This service can instead be incorporated into the curbside collection reuse/donation program proposed below.
2. **Eliminate Facility Tours and Contests:** These two services are not widely used by Manhattan Beach residents. Facility tours are already available to the general public and special interest groups. Thus, it is not necessary to include tours as a performance measure in the City's next franchise agreement. Additionally, the participation rate in the recycling audit contest is approximately 10-15 students annually, most of whom participate only in order to meet their school volunteer requirements.

#### Four (4) Proposed RESIDENTIAL Enhancements

1. **Add a 20-gallon residential cart option.** With the goal of reducing the actual amount of landfill trash generated, the City should consider providing residents with a 20 gallon trash cart option. Residents have told staff over the years that for some, even a 35 gallon cart is too big. With the tiered rate structure, the smaller cart and lower price may incentivize some residents to right-size their cart and save money, while also reducing waste.
2. **Enhance automated residential collection** (e.g., provide manual assist to automated service). The most common complaint received by City staff about the current collection

service is that the automated collection is not as organized as manual collection. Carts are often left in a different location than they were set out, or the driver does not get out of the vehicle to move carts back to their original location because collection is 100% automated. In some cases, it affects parking availability and/or driveway access. Enhanced automated collection would require the hauler to exit the vehicle or provide an assistant driver to assure carts are properly placed after collection.

3. **Provide curbside collection reuse/donation program** (e.g., clothes, shoes, household items). Textiles are one of the biggest contamination factors in Manhattan Beach recycling. A curbside donation option offered through the hauler would reduce improper recycling and load contamination and simplify the clothing/household donation process for residents.
4. **Expand recycling collection** to include carpet, mattresses and other unique recyclable items. Currently these items are collected through the bulky item process but are not necessarily recycled by the hauler. This change would formally require recycling of specialty items, such as carpet and mattresses.

### **One (1) Proposed COMMERCIAL Enhancement**

5. **Solicit creative ideas from haulers to address unique solid waste challenges** in the Downtown/Pier area due to the lack of available container storage areas. Ask haulers to propose creative ideas to handle spatial constraints, older buildings and limited enclosures.

### **Five (5) OTHER Proposed Contract Considerations**

6. **Allow the City to choose the reusable lunch box vendor** that distributes annually to schools. This will help ensure high product quality and allow the City to prioritize the purchase of locally made goods.
7. **Require hauler to assist with mandatory compliance and outreach** for AB 341, AB 1826, and SB 1383. Hauler assistance is key to achieving compliance with State solid waste laws. The laws listed above are specifically crucial for the timeframe of this new franchise agreement.
8. **Approve terms for a 7-year contract term AND up to a 36-month extension** at the City's option. This timeline better aligns with the Proposition 218 process (5-year increments) for rate increases, as well as the lifespan of waste hauling equipment for new capital investments.
9. **Consider hauler-managed customer billing or a hybrid approach.** Transfer billing responsibilities to the hauler for residential and/or commercial users. This will help relieve the City's workload associated with customer billing administration and monthly reconciliation for solid waste hauling services.
10. **Clarify and reaffirm integrity guidelines during RFP solicitation process.** During the RFP process, specifically prohibit potential haulers from soliciting or contacting City Council, staff or other affiliate organizations with sales tactics or other commentary related to procuring a new contract, and make such contacts subject to disqualification of the hauler from consideration.

All of the service enhancements and changes to the current solid waste hauling franchise agreement that are recommended and approved by City Council will be incorporated into the upcoming solid

waste hauler RFP.

Therefore, City Staff recommends that City Council approve elimination of the two services identified above (donations and tours/contests) and provide direction on which of the 10 recommended service enhancements to include in the upcoming RFP bid package. Staff also seeks direction from City Council on whether to continue offering the core and secondary services currently provided to residents and businesses, as well as other City services currently provided. Alternatively, Council may wish to defer making these recommendations to the ad hoc subcommittee (if appointed) to assist in the development of the RFP.

### Council Ad Hoc Subcommittee

As mentioned in the Background section of this report, the City Council Finance Subcommittee members held a participatory role in the development and selection process for last solid waste franchise agreement. Staff found their insights very valuable and recommends that City Council again appoint two Councilmembers to help facilitate the RFP development, selection and negotiation process. City Staff envisions that their participation would focus on fine tuning recommendations to City Council during three core decision periods:

- 1) services to be included in the RFP and associated contract language in the next franchise agreement,
- 2) evaluation of initial proposals received, and
- 3) final hauler selection and evaluation prior to awarding the contract.

### Solid Waste Rate Comparison

The City of Manhattan Beach's residents currently enjoy solid waste collection rates that are lower than many surrounding and regional cities. Attachment 4 provides FY 2017/18 residential solid waste rate information for seventeen (17) local jurisdictions, as well as commercial rates for eleven (11) local jurisdictions in Los Angeles County. The other cities surveyed include Carson, El Segundo, Gardena, Glendora, Inglewood, Hawthorne, Hermosa Beach, Lawndale, Los Angeles, Pomona, Monrovia, Redondo Beach, Rancho Palos Verdes, Santa Monica, Sierra Madre and Torrance. As the attachment shows, there are only three of the 17 cities surveyed that enjoy residential rates lower than Manhattan Beach. Please note that El Segundo residents do not pay for trash collection, but the bid rate is provided.

### Next Steps

The tentative timeline for the remainder of the RFP process is as follows:

<b>Target Date Activity (Council dates in Bold)</b>	
January - April, 2018	RFP Development, Review, Finalizing and Approval
<b>May 15, 2018</b>	<b>Present RFP package to Council for approval</b>
May - Aug., 2018	RFP Bidding, Addenda and Due Date (3 months)
Aug. - Nov., 2018	Evaluation and Interviews (3 months)
<b>November 2018</b>	<b>Present to City Council; select contractor(s), negotiations</b>
<b>December 4, 2018</b>	<b>Finalize Contract and Award to Hauler</b>
January - May 2019	Order equipment, distribute educational

materials, conduct informational meetings and prepare for transition (5 months)

June 1, 2019      New contract begins

### **PUBLIC OUTREACH/INTEREST:**

A significant amount of public outreach was conducted to gain a comprehensive understanding of residential and commercial satisfaction with the current solid waste collection service levels provided and to ascertain what new and/or existing services should be included in next contract. Those efforts included printed materials, web-based marketing, email, public presentations and other direct outreach avenues (Attachment 2).

### **ENVIRONMENTAL REVIEW**

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

### **LEGAL REVIEW**

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary. However, the City Attorney's office will be intimately involved in the development of the agreement that will be included as an attachment in the soon to-be-released, waste hauling RFP.

### **Attachments:**

1. Weblink to Current Franchise Agreement (2011 - 2018)
2. Memorandum to City Council: Solid Waste Survey Results
3. 2015 "At Your Door" Case Study
4. 2017-2018 Refuse Rate Study (Residential and Commercial)
5. PowerPoint Presentation (HF&H Consultants, LLC)