



## Legislation Text

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**File #:** 17-0295, **Version:** 1

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Mark Danaj, City Manager

**FROM:**

Stephanie Katsouleas, Public Works Director

Anna Luke-Jones, Public Works Senior Management Analyst

**SUBJECT:**

Solid Waste Franchise Agreement Status Update (Public Works Director Katsouleas).

**ACCEPT REPORT AND PROVIDE DIRECTION**

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**RECOMMENDATION:**

Staff Recommends that City Council consider whether to extend the terms of its current solid waste franchise agreement with Waste Management for an additional 2-year term, commencing in July 2018.

**FISCAL IMPLICATIONS:**

There is no fiscal implication associated with this discussion. Pending direction, staff will evaluate the potential financial impacts of any actions taken by City Council.

**BACKGROUND:**

Waste Management (WM), formerly Western Waste, has been the City's franchised solid waste hauler since the City privatized solid waste hauling in the early 1980's. The most recent contract was executed in 2011. It included a 7-year term (through June, 2018) with an optional two-year renewal, which if executed would extend the current terms through June, 2020 (Weblink to current Franchise Agreement provided in Attachment 4).

Both residential and commercial services are franchised under this agreement. Residential collection takes place weekly, Monday through Friday, while commercial collection is established by the business based on individual needs. Thus commercial collection services can range from weekly down to daily service. The agreement also includes municipal waste collection, collection of school recycling waste, support for various special events and implementation of other programs as summarized below.

**Single Family Residential Collection Services**

During the last contract transition in 2011, a key change was made to the residential rate structure for landfill trash collection. It changed from a flat rate for any cart size to a tiered rate in which the rate was based on the size of the gray trash cart provided. The three options included a 35 gallon, 65 gallon or 95 gallon cart option. Unlimited recycling and green waste carts are provided no additional

charge, regardless of size. Food waste recycling is also included as part of the base services. Residents may place their food waste in a bag, tie it off, and place it in the green waste cart. For residents who cannot accommodate a green waste cart, Waste Management provides a 20 gallon food waste cart to set out on collection day. For residents who prefer to utilize backyard composters, discount composters are available to residents year-round through a Waste Management-City of Manhattan Beach program. Lastly, upon request residents receive free curbside bulky-item and e-waste pick-up, and unlimited use of the “At Your Door” Hazardous Waste Collection (in which hazardous waste is collected from a resident’s doorstep). For large clean outs, residents can rent a temporary trash bin for ten days, with rates lower than WM’s open market specified in the contract.

### **Current Multi-Family Collection Services**

In addition to providing the residential trash collection services listed above to multi-family dwellings, Waste Management is also required to provide 400 hours of outreach annually to this user group (in 2016 they performed 414) and provide activity logs as part of their monthly reporting. Waste Management has visited every multi-family property in the city, offering management training, in-unit recycling containers at no additional charge, and marketing materials to post in laundry rooms and common areas. Upon request, Waste Management is required to provide these items for the duration of the contract.

### **Commercial Collection Services**

Waste Management provides full solid waste, green waste and recycling collection services to commercial businesses using a tiered rate structure. The hauler is also required to perform 600 hours of outreach to the businesses each year (in 2016 they performed 731.5) and provide activity logs as part of their monthly reporting. The rate is based on the size and quantity of the trash cart or bins (various sizes) used. Unlimited recycling is provided at no additional charge. Commercial green waste containers are available at a low cost. Food waste recycling carts and bins are provided as part of base service, and unlimited food waste recycling staff training and educational materials are provided to businesses upon request. Free solid waste audits and guidance to be certified as a Green Business is provided. Bulky item pick-up is available to the businesses for a nominal fee.

### **Municipal Collection Services**

Waste Management services the trash, recycling and food waste carts and bins in all City-owned enclosures, all 500+ public containers on the streets, the Pier, the Strand, in every park, and the bins located at the Public Works Yard materials area (green waste, inert material, dirt, etc.). Hazardous waste generated by city facilities and projects (i.e.: batteries from parking meters, paints, solvents, fleet oils, absorbents, lamps, ballasts, etc.) are collected through Waste Management-owned “Curbside WM, LLC.” And bulky-items are collected by Waste Management (i.e.: broken appliances) when requested.

Waste Management also provides collection service (bins, event boxes and liners) for 17+ City-hosted and/or sponsored special events at no additional charge. Such events include but are not limited to Concerts in the Park, 6-Man Volleyball Tournament, Pumpkin Race and Pier Fireworks.

### **School Collection Services**

School districts are not required to utilize the City’s franchised hauler. However, the Manhattan Beach Unified School District (MBUSD) has chosen to utilize Waste Management for its landfill waste collection, while it receives free recycling services under the City’s contract. Waste Management is also required to perform 500 hours of outreach to the schools in Manhattan Beach each year (in 2016

they performed 516) and provide activity logs as part of their monthly reporting under the City's contract.

Additionally, Waste Management provides each incoming first grader in Manhattan Beach with a reusable lunch box ("Go Green Lunch Box") to instill reuse and reduce school lunch disposables. Waste Management also participates in school assemblies, performs recycling training with staff and Grades of Green, and hosts facility tours for school groups.

### **Other User Groups, Services and Activities**

Waste Management also provides a variety of other services, program and opportunities as follows:

- **Annual Shredding Event:** In April each year, Waste Management hosts a document shredding event available to all residents and business owners in the community.
- **Waste Management Facility Tours:** Multiple facility tours are hosted each year specifically for Manhattan Beach community members at the Waste Management Transfer Station, Recycling Material Recovery Facility and the CORE Food Waste Recycling Facility.
- **Composting Classes:** Five composting classes are held each year, three of which take place in the Manhattan Beach Botanical Garden. They are free and open to all community members. Discounted compost and worm bins are available to residents year-round.
- **Clean Cart Challenge Audits:** Annually, Waste Management hosts the "Clean Cart Challenge" as part of the current contract. Local high school students volunteer alongside Waste Management and City staff and Councilmembers to perform a sampling of recycling audits in each collection area. Superstar recyclers who demonstrate clean, recyclable rich material in the blue recycling bin and utilize the green waste cart for food waste recycling (emphasis in 2017 challenge) are noted. After all five route days have been audited; the top 20 superstar recyclers are provided one month's free refuse service, paid by Waste Management.
- **Collection Drives:** Shoe and Halloween Costume Collection Drives are performed each year. Donation boxes are placed at both City Hall and at local schools. Waste Management partners with local non-profits to donate the collected materials.
- **Support for Beach Cleanups:** Staff performs multiple beach clean ups each year as part of the employee-based volunteer group MB CARES. Waste Management provides on-site temporary bins for the material that is collected. The clean ups typically last 20 minutes and staff is able to recover upwards of 65 gallons worth of trash from the beach.

### **DISCUSSION:**

The City's current 7-year solid waste contract with Waste Management is set to expire on June 30, 2018. However, the agreement provides the City with an option for a 2-year extension, if desired, under Section 2.5 of the contract. Should City Council wish to exercise this option, staff must notify Waste Management in writing by March 30, 2018. If extended, staff will proceed with the notification to Waste Management identifying a new expiration date of June 30, 2020. However, prior to that, staff would recommend meeting with Waste Management to discuss the possible inclusion of additional contract services in exchange for the extension before finalizing a contract amendment. Lastly, the annual rate index adjustment stated in the contract will continue for each of the extension years.

In deciding whether to extend the terms of the waste hauling franchise agreement, staff offers the following information for consideration:

- **Rates:** The City of Manhattan Beach currently enjoys waste collection rates that are lower than the majority of surrounding cities. One of the main reasons for this stems from the franchise agreement rate adjustment method incorporated into the franchise agreement. There was no requirement to factor disposal costs into the annual rate adjustment, which is rare in solid waste contracts. Attachment 1 highlights the 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 cities surveyed include Hermosa Beach, El Segundo, Lawndale, Manhattan Beach, Inglewood, Redondo Beach, Hawthorne, Gardena, Rancho Palos Verdes, Carson, Sierra Madre, Torrance, Glendora, Pomona, Monrovia, Los Angeles, and Santa Monica. Some cities do not provide franchised commercial services and hence were excluded from the commercial rate survey. As the attachment shows, there are only three of the 17 cities surveyed with lower rates than Manhattan Beach. Rate increases under the two year extension would follow the rate adjustment method identified in Exhibit 4 of the current contract (e.g., controlled cost increases).
- **Evaluation and Outreach Process:** Although staff can draft and release a Request for Proposals (RFP) to secure new waste hauling services by July, 2018, we believe there is value in taking additional time to fully evaluate the current level of service, engage the community in potential service enhancements and determine whether the City has additional needs would be beneficial to incorporate into a new franchise agreement. There is also significant time required to fully evaluate the quality of services provided by any new hauler (i.e., reference checks, site visits, interviews, disposal facilities, equipment, code compliance, etc.). It is worth noting that the last process took more than three years, included 33 public meeting and extensive negotiations during the final selection phase. Selecting a new hauler to begin July of 2018 would require truncating several steps, including community involvement and full evaluations because, once a hauler is selected, the transition time is six months for a new vendor, or three months for an incumbent pending any change to the terms of the services.

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

No public outreach has yet taken place on this item. A public outreach strategy will be developed based on direction received from City Council.

#### **ENVIRONMENTAL REVIEW:**

Not applicable.

#### **LEGAL REVIEW:**

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

#### **ATTACHMENTS:**

1. Current Franchise Agreement with Waste Management (Web-Link Provided)
2. FY 17-18 Residential and Commercial Refuse Rate Survey