



CITY OF COMMERCE AGENDA REPORT

TO: City Council

Item No. _____

FROM: City Administrator

SUBJECT: Award Semi-Exclusive Commercial Refuse and Recycling Agreements

MEETING DATE: October 2, 2018

RECOMMENDATION:

For the City Council to approve a Resolution to:

1. Award Semi-Exclusive Agreements for Commercial Refuse and Recycling Services to the following companies:
 1. AAA Rubbish
 2. Waste Management
 3. Calmet
 4. NASA
 5. Haul Away
 6. Universal Waste, and
 7. American Reclamation
2. Approve a Semi-Exclusive/Hauler Fee increase from 11% to 15% of gross receipts for all licensed haulers including those noted above, effective January 1, 2019.

BACKGROUND:

On February 6, 2018, staff presented a report to the City Council regarding the State-mandated Commercial Recycling Program regulations and CalRecycle enforcement order, the City's efforts to comply, and the need to revise its Municipal Code to improve upon the City's refuse and recycling management system.

As previously reported, the Compliance Order requires the following:

1. Development and submittal of a Local Implementation Plan (LIP) by March 2, 2018;
2. Implementation of the LIP by July 31, 2018 (extension granted until December 31, 2018);
3. CalRecycle monitoring of the City's LIP implementation through January 31, 2019; and
4. Quarterly and Annual Report submittals with implementation status updates.

On February 20, 2018, Council conducted a public hearing and adopted the City's Local Implementation Plan (LIP) and an Ordinance repealing and replacing Chapter 6.06 – Garbage and Refuse to:

- a. discontinue issuing recycling hauler licenses,
- b. establish a single license for haulers of refuse and/or recycling services, and
- c. require all haulers to pay a hauler license fee, and
- d. transfer an existing and valid refuse and/or recycling hauler license to the parent company who acquired the licensed hauler for operating solely under the parent company name.

Since this time, staff completed the following:

1. Issued a 5-year notice to all 25 refuse haulers of its intent to solicit proposals and award semi-exclusive agreements to no more than 12 haulers.
2. Issued a notice of non-renewal to all 21 separately licensed recyclers effective December 31, 2018.
3. Consolidated all subsidiaries, terminated their licenses and issued/transferred a single license to their parent company (5 under Republic and 1 under NASA).
4. Submitted the 1st and 2nd Quarter Progress Reports to CalRecycle per the LIP.
5. Conducted business site visits and called businesses to educate them on the State mandated recycling programs and ways to establish recycling services.
6. Sent surveys to 49 multi-family complexes with 5 or more units notifying them of the State-mandated commercial and organics recycling programs.
7. Created a commercial and organics recycling program database to track compliance.
8. Collaborated with the City's Business License Division to update applications and renewal certification statements to include information the State requires such as "do they have an established recycling program?"
9. Published an article in Focus on Business regarding these programs.
10. Developed a Request for Proposals (RFP) and agreement template to solicit proposals from existing licensed refuse haulers for both refuse and recycling services and released it on June 5, 2018.

ANALYSIS:

The deadline in which to submit a bid proposal was August 13, 2018. The City Clerk's Office received 12 bids from the following:

1. AAA Rubbish, Inc.
2. American Reclamation, Inc.
3. Athens
4. Calmet
5. Commercial Waste Services

6. Consolidated Disposal Service, LLC dba as Republic Services
7. GB Services
8. Haul Away Rubbish Service Company, Inc.
9. Key Disposal
10. NASA Services
11. Universal Waste
12. Waste Management

Bids were analyzed in detail based on the following categories:

1. Quality and Completeness of Proposal
2. Corporate Capability
3. Reference Evaluation
4. Recycling Program Evaluation
5. Information Management
6. Additional Qualifications such as small business, local business, local employees, training programs, special services offered, and City regulatory compliance.

It was determined that seven (7) companies were the most responsive to the City's needs and scope of services required and achieved a score of 80 or higher.

The City's intent is to allow no more than 12 solid waste companies to operate in the City of Commerce under a semi-exclusive agreement. There are currently 15 companies providing such services in Commerce. The RFP however stated "The City reserves the right to select less than 12 companies for a semi-exclusive agreement and to further negotiate the terms and conditions of the contract" (page 2).

Staff recommends approving a Resolution to award a Semi-Exclusive Agreement for Commercial Refuse and Recycling Services to the following companies:

1. AAA Rubbish, Inc.
2. Waste Management
3. Calmet
4. NASA Services
5. Haul Away Rubbish Service Company, Inc.
6. Universal Waste
7. American Reclamation

An additional eight (8) companies, not under an agreement, may continue to operate per Public Resources Code Section 49520 for 5-years from the date of notification to the haulers. On March 7, 2018, the City issued a 5-year Notice of Intent to Authorize Semi-Exclusive Solid Waste Handling Services within the City of Commerce to City-licensed refuse haulers. The 5-year time period will expire April 1, 2023 or sooner. A license may be terminated if the hauler does not comply with all applicable business license and

Commerce Municipal Code regulations including providing and reporting commercial recycling service activities.

Also, since the hauler license fee of 11% on gross receipts has not been increased since 2010 and the average fees among cities ranges from 15% to 20%, staff also recommends increasing the fee to 15% applicable to all licensed haulers.

ALTERNATIVES:

1. Approve staff recommendation
2. Disapprove staff recommendation
3. Provide further direction to staff

FISCAL IMPACT:

The increase in hauler fees from 11% to 15% of gross receipts is expected to generate **\$250,000 - \$275,000** in additional revenue annually. Understanding that the implementation date is scheduled for January 1, 2019, the revenue for one-half year is projected at **\$125,000 - \$137,500** for this fiscal year.

RELATIONSHIP TO STRATEGIC GOALS:

The item is related to:

Action Item - Environmental Compliance, Monitoring, and Reporting: City oversight and management of environmental compliance for development projects, regulations, public engagement, and coordination with other agencies.

Approved by: Maryam Babaki, Director of Public Works and Development Services

Prepared by: Gina Nila, Deputy Director of Public Works Operations

Reviewed by: Vilko Domic, Finance Director

Approved as to form: Noel Tapia, City Attorney

Respectfully submitted: Edgar P. Cisneros, City Administrator

Attachments: Resolution
Agreement