

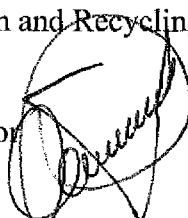
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: April 12, 2013

TO: Honorable José Huizar, Chair
Honorable Dennis Zine, Vice Chair
Honorable Richard Alarcón, Member
Honorable Paul Koretz, Member
Honorable Tom Labonge, Member
Energy & Environment Committee

Honorable Richard Alarcón, Chair
Honorable José Huizar, Member
Honorable Paul Koretz, Member
Honorable Paul Krekorian, Member
Ad Hoc on Waste Reduction and Recycling Committee

FROM: Enrique C. Zaldivar, Director
Bureau of Sanitation



**SUBJECT: BUREAU OF SANITATION TRANSMITTAL – FINAL
IMPLEMENTATION PLAN FOR EXCLUSIVE COMMERCIAL AND
MULTIFAMILY SOLID WASTE FRANCHISE HAULING SYSTEM
(C.F. 10-1797-S15)**

Please find transmitted herewith the Bureau of Sanitation (Sanitation) Final Implementation Plan for Exclusive Commercial and Multifamily Solid Waste Franchise Hauling System, dated April 12, 2013. The attached plan contains the following 10 goals which encompass the major elements of the program, and frame the recommendations that Sanitation is presenting for consideration of the City Council. Sanitation is recommending adoption of the Implementation Plan, including the the 10 goals of the program, and for direction to begin the Request for Proposal process.

1. Meet the City's Zero Waste Goals:

- a. Blue Bin recycling, at minimum, at every customer site;
- b. Preserve existing organic waste separation and recycling programs;
- c. Offer green waste collection to all Multifamily customers;
- d. Include Landfill disposal reduction targets in Franchise agreements with accountability for performance including liquidated damages;

2. **Meet and Exceed State requirements for waste diversion and mandatory recycling:**
 - a. Phase in Citywide organics diversion programs;
 - b. Encourage, through RFP evaluation criteria, proposers to exceed required targets in their proposals by including innovative programs and new technologies.
3. **Improve Health and Safety for Solid Waste Workers** enforced by provisions in Franchise Agreements:
 - a. City certification and inspection of all facilities;
 - b. Right to inspect facilities for compliance with appropriate rules and regulation;
 - c. Require compliance with Living Wage Ordinance (LWO) provisions;
 - d. Require compliance with Service Contract Workers Retention Ordinance (SCWRO) and First Source Hiring Ordinance (FSHO);
 - e. Establish a City hotline for employee complaints, and protection from retaliation for reporting problems.
4. **Improve Efficiency of the City's solid waste system:**
 - a. Adopt the Exclusive Commercial Franchise Zone Map with 11 zones;
 - b. Require routing efficiencies in proposals, and monitor Vehicle Miles Traveled (VMT) in franchise agreements.
5. **Improve the City's air quality**
 - a. Require late model low emission clean fuel vehicles.
6. **Provide the highest level of Customer Service**
 - a. Require contractors to use all forms of communication with their customers (call center, online, etc);
 - b. Require extensive, ongoing outreach programs;
 - c. Include Customer needs and specialized services in RFP and franchise agreements;
 - d. Provide access to customer service data by Sanitation in order to evaluate performance and customer satisfaction;
 - e. Address Hospital and other special needs in the Franchise service requirements, and through continuing stakeholder involvement;
 - f. Establish an alternative for studios with the requirements to 1)Use one of the franchise haulers; 2)Meet all franchise requirements such as, but not limited to, waste diversion, accurate reporting, payment of fees, and clean air vehicles; 3)Require third party auditing of all standards.

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7. **Create a consistent, clearly defined system, fair and equitable rates, and contingency plans to ensure reliable service:**
 - a. Include only a capped cost of living increase in franchise agreements;
 - b. Designate the uniform rate model as the preferred alternative, and allow Sanitation to negotiate the best practical and achievable model;
 - c. Include detailed contingency plans in each franchise agreement, and requirements that they be updated annually. Contingency plans shall include, at minimum:
 - i. Backup provisions in franchise agreements for each service zone.
 - ii. Monetary penalties for a lapse in service in franchise agreements, such as performance bonds and liquidated damages provisions.
 - d. Exempt material types from the Exclusive Commercial Franchise System, including 1)Medical waste, 2)Hazardous waste, 3)Radioactive waste, 4)Pharmaceutical waste, 5)Construction and Demolition Debris (C&D)
8. **Create a system that ensures Long Term Competition:**
 - a. Require compliance with City's Business Inclusion Program (MBE/WBE/OBE/DVE/EB Subcontracting);
 - b. Designate three small Exclusive Franchise Zones geared towards smaller waste haulers;
 - c. Designate that no more than 49% of service may be performed by one company.
9. **Ensure Sufficient Staffing to meet Program Goals**
 - a. Continue AB939 fee as currently adopted.
 - b. Designate a City Franchise fee to achieve the City's fiscal goals.
10. **Ensure reliable system infrastructure to provide uninterrupted service to Customers**
 - a. Provide for infrastructure development sufficient for management of solid waste.

The Final Implementation Plan (attached) and the above stated goals and recommendations are in response to Council instruction (C.F. 10-1797), on November 14, 2012, directing Sanitation to develop an Exclusive (one hauler per franchise area) Franchise Implementation Plan for privately hauled multifamily and commercial solid waste collection in the City, including a timeline, staffing requirements, a transition plan, and other franchise elements.

Given the complexity of the elements to be addressed, Sanitation developed a preliminary Implementation Plan and held a series of focused discussions to fully evaluate strategies necessary to implement an exclusive franchise system and to develop this Final Implementation Plan. Discussions were held on February 20, 2013 and March 20, 2013 by the joint Energy & Environment, and Ad Hoc on Waste Reduction and Recycling Committees. In addition, an open house was held by Sanitation on April 4, 2013, to accept comments on the proposed franchise zone boundaries. In response to comments received during the joint committee meetings, and from other stakeholders, the final plan has been prepared.

The City Council further instructed Sanitation to begin a full Environmental Impact Report (EIR) to satisfy CEQA requirements for an exclusive franchise system, and to include in that EIR reviews of the following alternatives: a review of the status quo, a review of a non-exclusive franchise system, a review of an exclusive franchise with multiple haulers per watershed, and a City direct performance of multifamily and commercial waste hauling.

Due to the urgency of this task, on December 10, 2012, Task Order Solicitation (TOS) S49 was issued to the top ranked firm on Sanitation's On-call Consultant list, Parsons Water & Infrastructure, Inc. (Parsons), with CH2M Hill as a subconsultant, to provide support for Sanitation staff for a four-month period. On February 11, 2013, the Board of Public Works approved the amendment of TOS S49, to conduct the CEQA process and prepare the EIR for the Private Waste Hauler Exclusive Franchise System. The scope of work includes: 1) preparation of the Notice of Preparation (NOP) and Initial Study Checklist; 2) assisting the City during the EIR Public Scoping Process; 3) preparation of the Draft EIR; 4) Response to public comments on the Draft EIR; and 5) preparation of the Final EIR and Adoption Documents.

Sanitation has begun the CEQA process. The Notice of Preparation (NOP) was prepared and posted on the Sanitation website on February 20, 2013. The NOP was available for public and agency review through March 27, 2013. From March 4 through March 14, 2013, seven Public Scoping meetings were held at various locations throughout the City, to receive public input for the Environmental Impact Report (EIR). Sanitation is compiling the responses from the scoping process, and will begin the preparation of the EIR for this program.



The City of Los Angeles

Final Implementation Plan for Exclusive Commercial and Multifamily Franchise Hauling System



Prepared by
Bureau of Sanitation

CITY OF LOS ANGELES



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DEPARTMENT OF
PUBLIC WORKS

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FINAL REPORT

Exclusive Commercial and Multifamily Solid Waste Franchise Hauling System Implementation Plan

Executive Summary

The City's Bureau of Sanitation was directed by the City Council on November 14, 2012, to proceed with the development of an implementation plan for the Exclusive Commercial and Multifamily Solid Waste Franchise system, including the consideration of 23 items in the adopted Energy and Environment/Ad Hoc on Waste Reduction and Recycling joint committee report. Sanitation prepared a series of preliminary reports, which were discussed at length in additional joint EE/Ad Hoc WRR Committee meetings. Information was gathered and refined through research, information requests, and public meetings.

A critical element for the Final Report is consideration of Goals for the Exclusive Franchise system. These goals mirror many of the needs expressed by the stakeholders, including the waste haulers, environmental organizations, business groups, labor groups, and community groups. These 10 goals encompass the major elements of the program, and frame the recommendations that Sanitation is presenting for consideration of the City Council.

Recommendations for City Council Action

Sanitation recommends that the following goals and actions be adopted for the Exclusive Commercial Franchise System, and direction be given to proceed with the development of a Request for Proposals:

1. **Meet the City's Zero Waste Goals:**

- a. Blue Bin recycling, at minimum, at every customer site (also supports Goal 2);
- b. Preserve existing organic waste separation and recycling programs;
- c. Offer green waste collection to all Multifamily customers;
- d. Include Landfill disposal reduction targets in Franchise agreements with accountability for performance including liquidated damages.

2. **Meet and Exceed State requirements for waste diversion and mandatory recycling:**

- a. Phase in Citywide organics diversion programs (also supports Goal 1);
- b. Encourage, through RFP evaluation criteria, proposers to exceed required targets in their proposals by including innovative programs and new technologies (also supports Goal 1).

3. **Improve Health and Safety for Solid Waste Workers** enforced by provisions in Franchise Agreements:

- a. City certification and inspection of all facilities;
- b. Right to inspect facilities for compliance with appropriate rules and regulation;

- c. Require compliance with Living Wage Ordinance (LWO) provisions;
- d. Require compliance with Service Contract Workers Retention Ordinance (SCWRO) and First Source Hiring Ordinance (FSHO);
- e. Establish a City hotline for employee complaints, and protection from retaliation for reporting problems.

4. **Improve Efficiency of the City's solid waste system:**

- a. Adopt the Exclusive Commercial Franchise Zone Map with 11 zones;
- b. Require routing efficiencies in proposals, and monitor Vehicle Miles Traveled (VMT) in franchise agreements.

5. **Improve the City's air quality**

- a. Require late model low emission clean fuel vehicles.

6. **Provide the highest level of Customer Service**

- a. Require contractors to use all forms of communication with their customers (call center, online, etc);
- b. Require extensive, ongoing outreach programs;
- c. Include Customer needs, such as Hospitals, and specialized services in RFP and franchise agreements, and through continuing stakeholder involvement;
- d. Provide access to customer service data by Sanitation in order to evaluate performance and customer satisfaction;
- e. Establish an alternative for studios, with requirements that they 1) Use of one of the franchise haulers; 2) Meet all franchise requirements including waste diversion, accurate reporting, payment of fees, and clean air vehicles, among others; and 3) Require third party auditing of all standards.

7. **Create a consistent, clearly defined system, fair and equitable rates, and contingency plans to ensure reliable service including:**

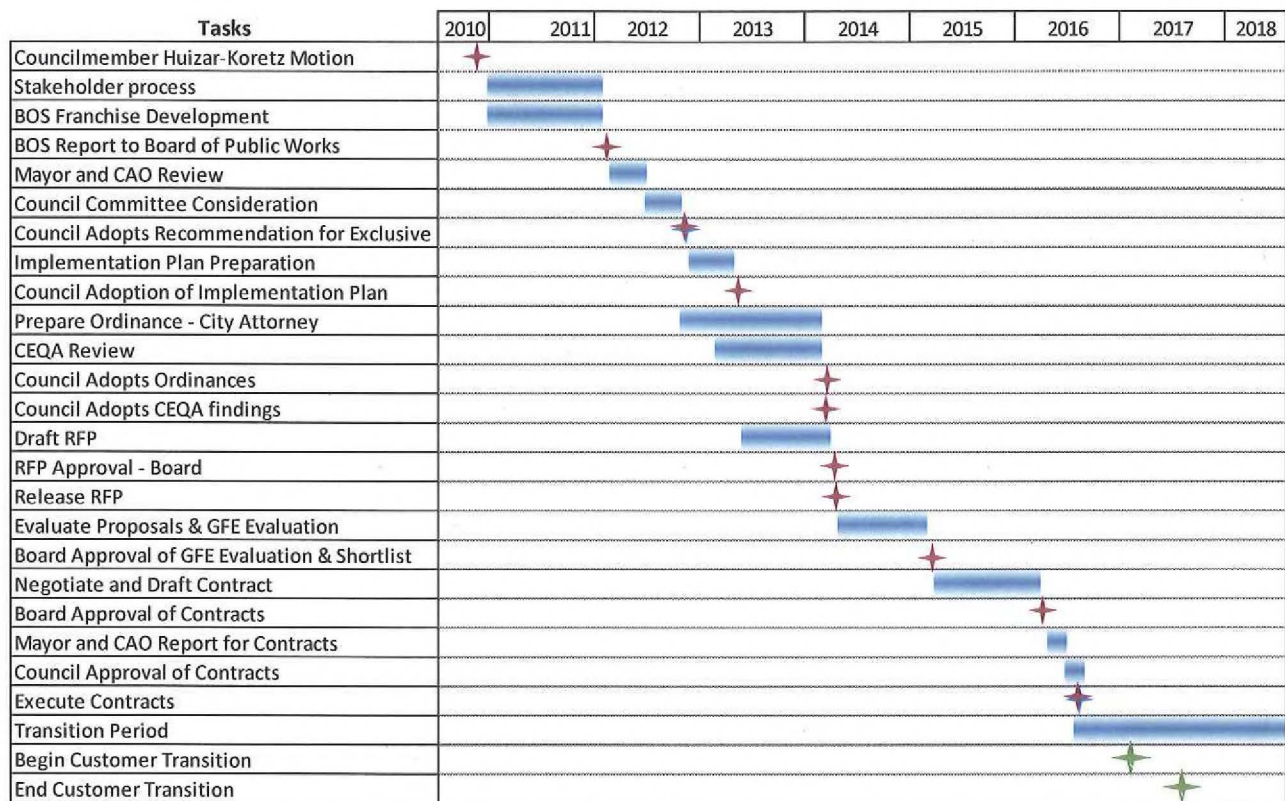
- a. Include only a capped cost of living increase in franchise agreements;
- b. Designate the uniform rate model as the preferred alternative, and allow Sanitation to negotiate the best practical and achievable model;
- c. Require detailed contingency plans in each franchise agreement, and requirements that they be updated annually. Contingency plans shall include, at minimum 1) Backup provisions in franchise agreements for each service zone, and 2) Monetary penalties for a lapse in service in franchise agreements, such as performance bonds and liquidated damages provisions.
- d. Exempt material types from the Exclusive Commercial Franchise System, including Medical waste, Hazardous waste, Radioactive waste, Pharmaceutical waste, and Construction and Demolition Debris

8. **Create a system that ensures Long Term Competition:**

- a. Require compliance with City's Business Inclusion Program (MBE/WBE/OBE/DVE/EB Subcontracting);
- b. Designate three small Exclusive Franchise Zones geared towards smaller waste haulers;
- c. Designate that no more than 49% of service may be performed by one company.

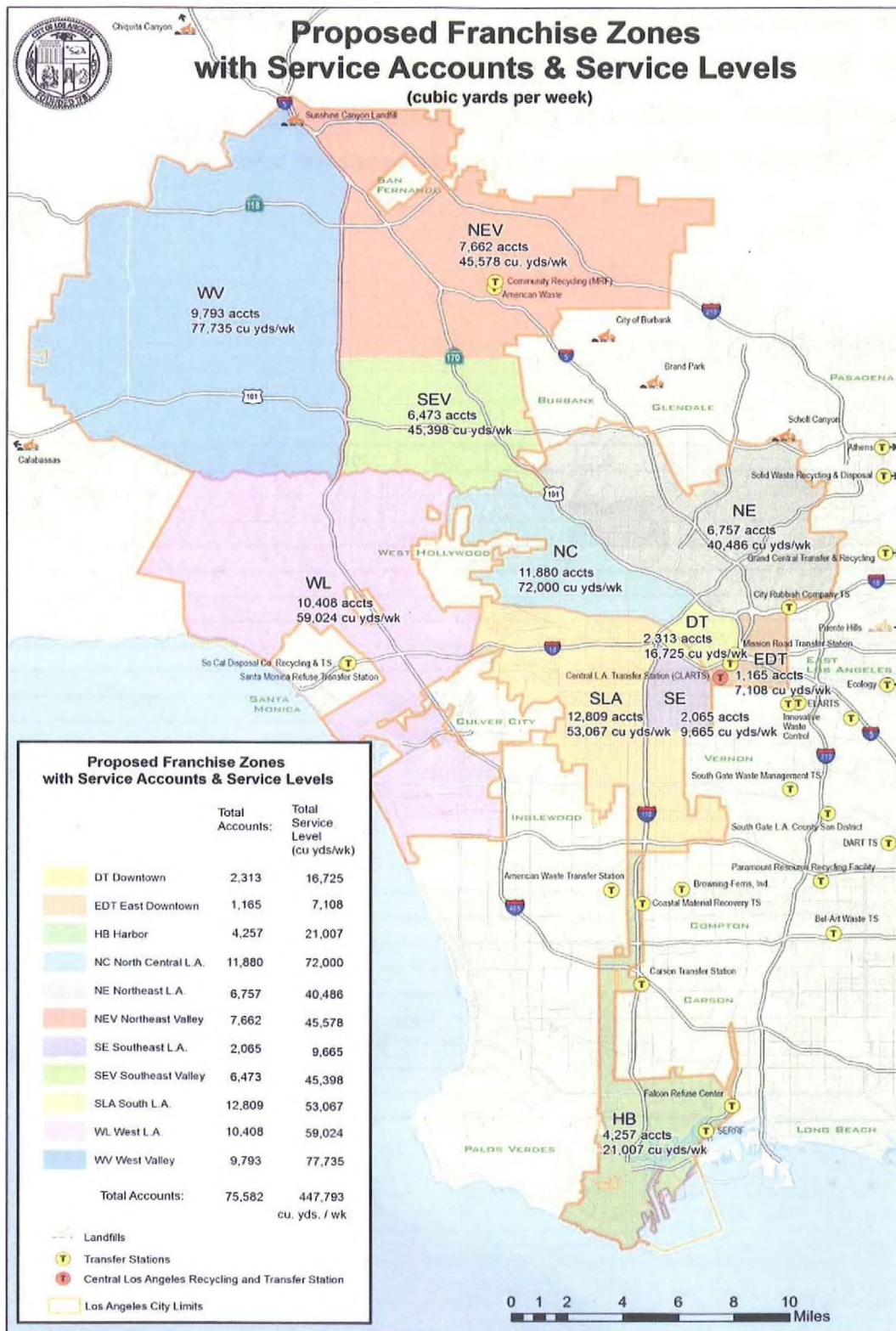
- a. Provide for infrastructure development sufficient for management of solid waste

Franchise Implementation Timeline





Proposed Franchise Zones with Service Accounts & Service Levels (cubic yards per week)



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Attachments

A	CH2MHILL Compiled Notes from Interviews of 12 Cities and Counties (document provided separately)
B	Comments received on the Franchise

Acronyms and Definitions

ACRONYMS

CAO:	City Administrative Officer
CDD:	City Community Development Department's Workforce Development System
CEQA:	California Environmental Quality Act
CLA:	Chief Legislative Analyst
C&D:	Construction and Demolition Debris
DTSC:	California Department of Toxic Substances Control
EIR:	Environmental Impact Report
FSHO:	First Source Hiring Ordinance
IWMA:	Integrated Waste Management Act
LWO:	Living Wage Ordinance
OSHA:	Occupational Safety and Health Administration
RFP:	Request for Proposals
SCAQMD:	South Coast Air Quality Management District
SCWRO:	Service Contract Workers Retention Ordinance
SRCRD:	Solid Resources Citywide Recycling Division of the City of Los Angeles Bureau of Sanitation
SWIRP:	Solid Waste Integrated Resources Plan
USDOT:	United States Department of Transportation
VMT:	Vehicle Miles Traveled

DEFINITIONS

AB 939:	Assembly Bill 939 (Chapter 1095, Statutes of 1989) is also known as the Integrated Waste Management Act. The Integrated Waste Management Act created the Board now known as CalRecycle and also required each jurisdiction in the state to submit detailed solid waste planning documents for CalRecycle approval, set diversion requirements of 25 percent in 1995 and 50 percent in 2000, established a comprehensive statewide system of permitting, inspections, enforcement, and maintenance for solid waste facilities, and authorized local jurisdictions to impose fees based on the types or amounts of solid waste generated. A more detailed description of the Integrated Waste Management Act is found at CalRecycle's Website (http://www.calrecycle.ca.gov/Laws/Legislation/CalHist/1985to1989.htm).
AB 341:	Assembly Bill 341 (Chapter 476, Statutes of 2011 [Chesbro, AB 341]) directed CalRecycle, among other actions to 1) develop and adopt regulations for mandatory commercial recycling, with compliance beginning July 1, 2012; and 2) submit a report to the Legislature with a plan for reaching 75% diversion Statewide by 2020.
Board:	The City of Los Angeles Board of Public Works.
Blue Bin:	Blue recycling containers for the collection of commingled recyclables (single stream).
CalRecycle:	The Department of Resources Recycling and Recovery of the State of California. CalRecycle is the state's regulatory agency on solid waste management.
City:	The City of Los Angeles

Commingled

Recyclables: Material that has been separated or kept separate from the solid waste stream, at the point of generation, for the purpose of additional sorting or processing the material for recycling or reuse in order to return the material to the economic mainstream in the form of raw material for new, reused, or reconstituted products which meet the quality standards necessary to be used in the marketplace. Co-Mingled recyclables shall not consist of Construction and Demolition Waste.

Commercial

Establishment: All industrial, retail, wholesale, services, restaurant, hotel, motel, institutional and other premises, which are subject to the existing City of Los Angeles AB939 Compliance Permit system regulating the collection of solid waste. Commercial premises do not include those single family and multi-unit residential facilities and governmental institutions for which solid waste management services are provided by the City.

Commercial

Organics: Organic Waste that is segregated from commercial waste for recycling or other beneficial uses.

Commercial

Waste: Solid Waste generated at Commercial Establishments/Premises.

**Construction
And Demolition**

Waste: Solid waste that results directly from construction, remodeling, repair, demolition, or deconstruction of buildings and other structures, does not contain hazardous waste (as defined in California Code of Regulations, Title 22, Section 66621.3, *et seq.*), and contains no more than one percent (1%) putrescible wastes by volume, calculated on a monthly basis. Construction and Demolition Waste includes, but is not limited to, asphalt, concrete, Portland cement, brick, lumber, wallboard, roofing material, ceramic tile, pipe, glass, carpet or associated packing.

Diversion: As defined in California statute, the combined efforts of waste prevention, reuse, and recycling practices.

Gross receipts: Those receipts defined as Gross Receipts in Los Angeles Municipal Code Section 21.00 (a) generated by the collection of Solid Waste including, but not limited to, service, container rental, disposal and processing charges. For purposes of this Section and Sections 66.32.1 through 66.32.5, Gross Receipts shall not be applicable to receipts generated by the collection and sale of Source-Separated Materials or Co-Mingled Recyclables.

Multi-Family

Establishment: For purposes of the Exclusive Commercial Franchise system, a Commercial Establishment.

Permittee: A Person issued an AB 939 Compliance Permit pursuant to the provisions of Subsection (a) of Section 66.32.1.

Permitted

Hauler: Any Person engaged in the business of providing or responsible for the collection, removal or transportation of Solid Waste, Construction and Demolition Waste, Source-Separated Materials, or Co-Mingled Recyclables generated within the City.

Sanitation: The City of Los Angeles Bureau of Sanitation

Solid Waste: Waste that CalRecycle has deemed acceptable for disposal at a Class III Landfill, and shall include Source-Separated Material and Co-Mingled Recyclables under specified conditions. Solid Waste for the purpose of the Exclusive Commercial Franchise system does not include Construction and demolition waste.

Source Separated

Material: Material that has been separated or kept separate from the solid waste stream at the point of generation and has not been commingled with other solid waste or recyclable materials.

Zero Waste: a philosophy and a design principle for the 21st Century. It includes 'recycling' but goes beyond recycling by taking a 'whole system' approach to the vast flow of resources and waste through human society. Zero Waste maximizes recycling, minimizes waste, reduces consumption and ensures that products are made to be reused, repaired or recycled back into nature or the marketplace.

Limitations of the Existing System

1.1 Background

Waste collection and disposal in the City of Los Angeles (City) is handled by public and private solid waste haulers. Public collection of refuse, recycling, and green waste is primarily provided by Sanitation to single family properties and multifamily properties with four (4) units or less. This is due to the moratorium approved by the City Council in 1991, which prevents most apartment buildings of five (5) or more units from participating in the City's automated waste collection program. Since this moratorium was adopted, multifamily dwellings of five (5) or more units have been primarily serviced by private waste haulers, although some larger buildings (with five (5) units or more), that had continually received City service before the moratorium, were "grandfathered" in to public collection and will continue to receive curbside services from Sanitation. Private solid waste haulers collect from all multifamily and commercial sites not collected by City crews.

Under the current waste hauler permit system, businesses are allowed to select and negotiate waste disposal and/or recycling contracts with any of the City's permitted private waste haulers. With the adoption of the construction and demolition debris ordinance a significant number of construction contractors that haul their own waste became permitted waste haulers. Because of this new requirement a significant number of waste haulers have been added to the permit system. The number of contractors, permitted as waste haulers, entering and leaving the permit system varies greatly. There are at any given time between 500 and 750 permitted private waste haulers providing some kind of waste hauling. Most of these permitted haulers are construction related contractors who have taken out permits to haul construction and demolition debris. Of the haulers operating in the City, approximately 140 are traditional haulers where waste hauling is their primary business. Only 68, of the 140 traditional haulers, collect enough waste to report receipts (required of those hauling more than 1,000 tons per year), the fifteen (15) top grossing waste haulers control 97% of the business, and the top four (4) control 85% (Table 1-1). Service is provided to at least 75,000 service accounts, including sites such as large office buildings, malls, and hotels, while in contrast the City of San Jose has 8,000 service accounts in its new exclusive commercial franchise.

Although the existing waste hauler permit system and AB939 Compliance Fee has been an effective tool used by Sanitation in establishing significant recycling programs, it limits the City's ability to address many of the current challenges it faces. These challenges include compliance with new State mandates, City diversion goals, and the environmental and health impacts of waste hauling. AB 341, signed into law in October 2011, creates green jobs by mandating recycling to every multifamily dwelling over five units and businesses which dispose of a certain level of trash each week. CalRecycle is also charged with adopting a plan to bring the entire state to 75% waste diversion by 2020. In 2006, the City signaled its intent to divert more waste from landfill by the adoption of the RENEW LA plan, which establishes a Zero Waste goal of 90% diversion by 2025, with Mayor Villaraigosa establishing an interim goal of 75% waste diversion by 2013. Due to the existing permit structure, waste haulers are not required by the State to operate clean alternative fuel vehicles, which negatively impacts local air quality. In addition, multiple haulers operating in a given area translate to more refuse trucks on the road, traffic impacts, and more localized

TABLE 1-1
Market Share Existing Haulers

Market Share of Existing Haulers	
Company Name	Market Share
Consolidated Disposal Service, LLC	35.47%
Arakelian Enterprises, Inc.	22.55%
USA Waste of California (SV)	19.41%
Crown Disposal Co. Inc	9.72%
Commercial Waste Services	1.81%
Universal Waste Systems, Inc	1.78%
NASA Services, Inc.	1.45%
AAA Rubbish, Inc	1.27%
American Reclamation, Inc.	1.14%
Southern California Disposal Co., Inc.	0.82%
Local Rubbish, Co. Inc.	0.50%
Haul-Away-Rubbish Service, Inc.	0.41%
Waste Resources Inc.	0.39%
United Pacific Waste	0.37%
Apex Waste Systems, Inc.	0.33%
All Other	2.58%

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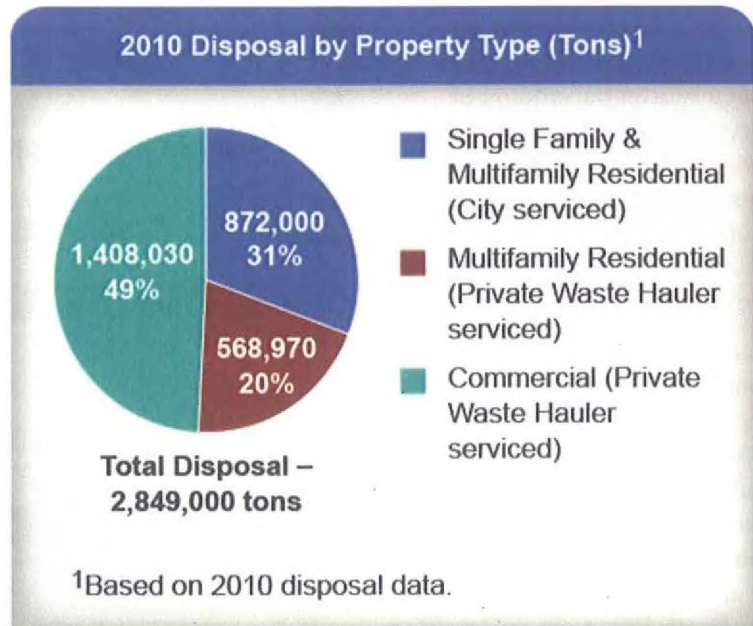
emissions. The current permit system also does not monitor compliance by private waste haulers with state laws regarding employee health and safety requirements for their employees collecting and processing commercial waste.

1.2 Limited City Ability to Drive Zero Waste Progress

The City has made considerable strides over the last decade to become a Zero Waste City. In 1994, the City adopted an integrated solid waste management plan to reach a 75 percent diversion goal by the year 2020. Mayor Antonio Villaraigosa raised the bar higher, challenging Sanitation to divert 75 percent of the City's waste by 2013. In addition, the Mayor and City Council directed Sanitation to reach a Zero Waste goal of 90 percent diversion by 2025. Major diversion programs have been implemented, including curbside automated recycling and green waste diversion programs for Sanitation serviced single and multifamily customers. Under the direction of Mayor Villaraigosa, recycling services were offered to all multifamily properties and restaurants. Sanitation also commenced the Solid Waste Integrated Resources Plan (SWIRP) process, which included extensive stakeholder outreach, to provide a platform to launch the programs necessary to reach Zero Waste.

Approximately thirty-one percent of the annual disposal is generated by single and small multifamily residential properties collected by Sanitation. The remaining sixty-nine percent is generated by larger multifamily and commercial properties collected by the City permitted private waste haulers (see Figure 1-1).

Since 2002, Sanitation has implemented a number of significant new waste diversion programs. The multifamily residential recycling program has expanded blue bin recycling to 430,000 households since citywide expansion in 2007. The partnership to expand recycling at LAUSD has resulted in 658 schools being provided weekly service, and over 120,000 students educated on waste reduction and recycling. Over 38,000 tons of food waste each year has been recycled through Sanitation's Restaurant Food Waste Recycling Program. Also, since 2010 all construction and demolition material must be recycled, which is estimated to reduce City disposal by over 100,000 tons per year.



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FIGURE 1-1
Disposal by Property Type (tons)

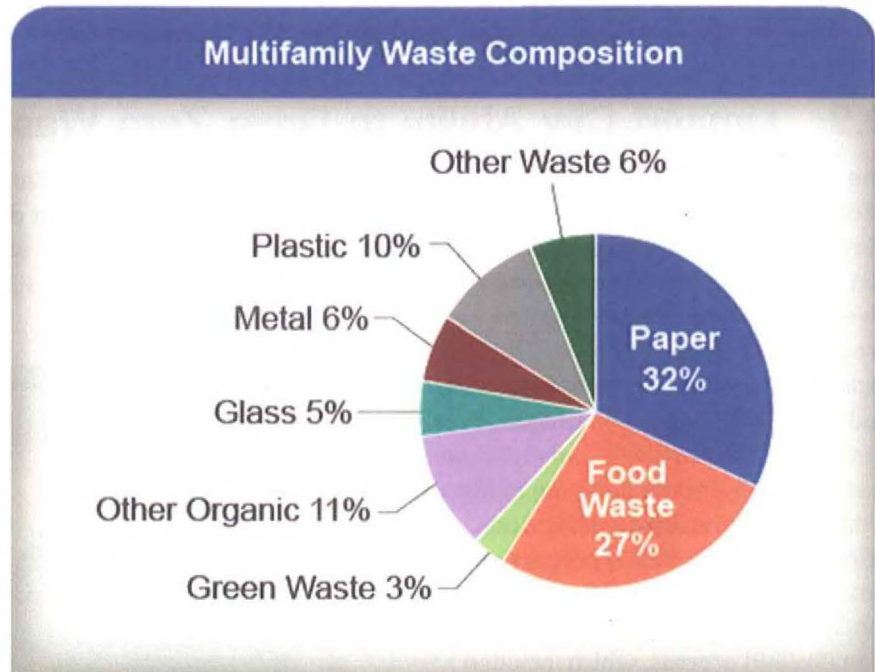
The City has achieved a 72% diversion rate; however, there is still nearly 3 million tons of solid waste disposed annually. Much of the material remaining in the commercial waste stream is recyclable. Sanitation has performed a series of waste characterizations to assist in the development of new recycling programs (see Figures 1-2 and 1-3). These waste characterizations show that a substantial amount of recyclable material remains in the multifamily and commercial waste streams. Recycling programs are needed to divert this material before they reach the landfill.

To meet the City's Zero Waste goals, the City will need to expand services and program offerings in the commercial and multifamily sectors. An exclusive franchising system would greatly enhance the City's ability to do so, by allowing it to efficiently and effectively introduce new program and service offerings in these sectors by creating a simple, uniform recycling system provided by franchise holders that will become partners with the City to move more material from landfill disposal to beneficial reuse.

1.3 Limited City Ability to Measure Recycling Performance

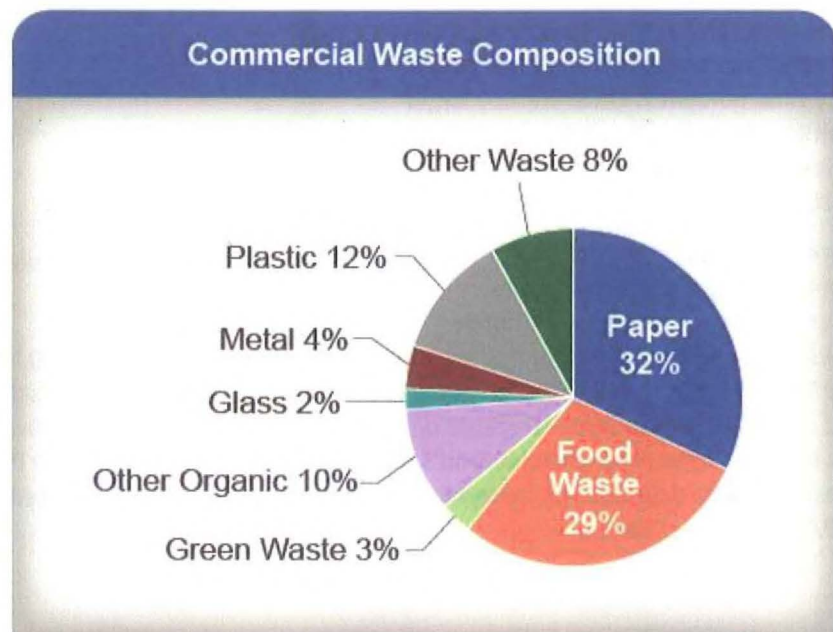
The City must have accurate, consistent, and reliable data to comply with State requirements and meet its diversion goal. With the passage of AB818 and AB341,

recycling is required at every multifamily dwelling over five units, and all commercial businesses that generate more than four cubic yards of trash per week. The City is required to monitor compliance and notify businesses if



102_v2_LA_FIP

FIGURE 1-2
Multifamily Waste Composition



103_v2_LA_FIP

FIGURE 1-3
Commercial Waste Composition

they are out of compliance with this measure. In order to reach the zero waste goals the City needs the capabilities to monitor and track a waste hauler's compliance with required diversion programs, participation and program effectiveness.

The current waste hauler permit system does not allow the City to effectively monitor or track recycling in the multifamily and commercial sectors. There are limited reporting requirements under the current permit system and additional information is difficult to obtain. Waste haulers must compete for customers in the City and closely guard their customer lists. In addition, as customers can select and change their waste haulers at will, an individual waste hauler's customers list is in a constant state of change. Material flow is also very difficult to track. Waste haulers report delivering material to over 200 different facilities, based on 2010 annual waste hauler reports. These facilities are located both inside and outside of the City boundaries.

Sanitation has made a number of information requests from permitted waste haulers and receiving the data has been problematic. Waste haulers have cited confidentiality concerns with transmitting data to the City, as they believe that the information received could be used by other waste haulers to gain a competitive advantage or poach accounts. The issue of gathering information from waste hauler is compounded by the fact that there are no standards for what information is gathered by permitted haulers or how it is maintained. Basic information, such as the definition of a service account or how recycling is tracked, varies by waste hauler. This variation in data was highlighted with Sanitation's recent request for information from waste haulers in an attempt to meet the requirements of AB341. Some waste haulers did not differentiate between recycling and waste accounts, while others listed every waste bin as a separate account.

An exclusive franchise system would allow the City to establish and enforce consistent and timely reporting requirements for haulers under franchise, thereby allowing Sanitation to more effectively measure the City's performance relative to its Zero Waste goals, introduce new programs, and pilot new innovative strategies.

1.4 Open System That Creates Inefficiencies and Negative Environmental Impacts

The existing open competitive collection system promotes an overall ineffective system. Waste haulers must base on their collection routes on their individual customer list that can be distributed throughout the entire City. This results in the collection vehicles of multiple firms crossing paths on City streets to serve customers in the same areas every day. Vehicles may need to travel longer distances between stops and serve fewer accounts during the day than if the collection system was an "exclusive zone." This results in more collection vehicles on the street each day than necessary, resulting in an inefficient system, and negative impacts on air quality.

This inefficiency is compounded by the need to provide recycling services to all customers. Businesses impacted by AB341 must subscribe to a recycling service, and many may work with their current waste hauler. Recycling routes must also be as efficient as possible to minimize the number of trucks as well as vehicle miles traveled in the City's solid resources collection system.

1.5 Customers Pay Different Rates for the Same Services

Unit rates for waste service are known to vary in the City from business to business for the same or similar service. Under the current permit system individual businesses negotiate their own prices with permitted waste haulers. The City has no oversight on the rates charged to customers, or the structure of rates (how rates vary by level of service). The rates negotiated by each business vary depending on:

- The size of a business. Large businesses with multiple accounts can often use their size to negotiate lower rates;
- The negotiating skill of the customer;
- The pricing structure of the particular waste hauler with whom the customer is negotiating;
- The unique service characteristics of the customer's location, such as the push-out distance of the container from the storage location to the point of collection;

- Unique container access conditions, such as underground parking garages where containers may be stored requiring a special collection vehicle to position the container for the refuse truck
- Special services required, such as locking containers.

As stated by large businesses in the City during the stakeholder process, they can often use their larger waste needs to negotiate lower rates. Conversely, small businesses with lower waste quantities do not have the same bargaining power to negotiate lower rates, and often pay more for the same level of service provided to a larger business. Some small businesses indicated during the stakeholder process that they often find that other businesses are paying a different rate for the same level of service.

Recycling programs are typically provided at additional cost to businesses. In addition to the varied rates for service, a business that wishes to recycle must negotiate a separate rate for that service. The cost effectiveness for a business to recycle not only depends on the negotiation skills of the business but also the structure of a haulers business. Waste haulers that have not integrated recycling fully into their business model may not be able to offer cost effective recycling programs. If a business remains under contract with a hauler who does not offer recycling under the current system, then there are limited options available to the business to establish a cost effective recycling program.

An exclusive franchise system would give the City the ability to establish uniform rates throughout the City for the same level of service, and establish rates structures and "bundles" of service offerings that create incentives to recycle and reduce waste. And, an exclusive franchise system would eliminate the need for customers to shop for and negotiate rates with different service providers.

1.6 Limited City Ability to Achieve Broader Policy Goals

The City requires its contractors to comply with requirements that include meeting certain health and safety standards for its workforce, and to abide by the City's living wage ordinance. Under the current open market permit based system, the City cannot require the collection companies operating in the City to meet these standards. An exclusive franchise system would allow the City to require collectors to meet these standards via terms included in franchise agreements. The City would also be able to require that these standards be met at any transfer station, material recovery facility, or waste processing facility utilized by a franchise hauler as a subcontractor.

SECTION 2

Franchise Program Goals

Following the adoption of the policy by City Council of the Exclusive Franchise Model (one waste hauler per service area), the proposed goals of the City's Exclusive Commercial and Multifamily Franchise system include:

1. Meet the City's Zero Waste goals by establishing the maximum disposal for each zone, and implementing waste diversion programs that are consistent with the SWIRP Guiding Principles.
2. Meet and exceed California requirements for waste diversion and mandatory commercial and multifamily recycling.
3. Improve health and safety for solid waste workers under City contract provisions.
4. Improve efficiency of the City's solid waste system by maximizing system routing.
5. Improve the City's air quality by requiring late model low emission clean fuel vehicles.
6. Provide the highest level of Customer Service through communication and delivery of services.
7. Create a consistent, clearly defined system with uniform unit rates and contingency plans to ensure reliable service.
8. Create an environment that ensures long-term competition by utilizing a Request for Proposal (RFP) process that yields the best value service template for customers.
9. Ensure sufficient staffing to meet Program Goals.
10. Ensure reliable system infrastructure to provide uninterrupted service to City customers.

2.1 Meet the City's Zero Waste Goals

The City adopted the RENEW LA plan, which calls for a series of actions to move Los Angeles to Zero Waste by 2025, or 90% diversion with only a small inert residual left for disposal. Many of the RENEW actions have been adopted by the City, including the mandatory Construction and Demolition Debris recycling program, Solid Waste Alternative Technologies (SWAT) ordinance to establish zones where these facilities can be sited with a Conditional Use Permit, implementation of the multifamily recycling program, development of a Green Business Certification program, and restaurant food waste program.

Sanitation also provides business technical assistance on waste diversion through the Business Waste Assessment program. These programs, while very successful, are implemented by City staff on a limited basis due to limited funding and reduced staffing. The Exclusive Franchise system will bring a comprehensive recycling program to all businesses and residents in the City through the requirements in the Franchise agreements.

To align commercial collection services with the City's Zero Waste goals, new exclusive commercial franchise agreements will require that the disposal of solid waste at landfills from each zone decreases during the term of the agreement. In the Request for Proposals (RFP) responses, proposers could be required to provide a specific plan for how they would accomplish this, or support this goal, in their proposed collection zones.

2.1.1 SWIRP Guiding Principles

In 2007, Sanitation commenced a stakeholder-driven solid waste integrated resources plan process (SWIRP) to establish a 20-year blueprint to move the City to Zero Waste by 2025. A set of Guiding Principles were approved by the stakeholders, as follows:

- Education to decrease consumption
- City leadership as a model for Zero Waste practices
- Education to increase recycling
- City leadership to increase recycling

- Manufacturer responsibility
- Consumer responsibility
- Convenience
- Incentives
- New safe technology
- Protect public health and the environment
- Equity (Environmental Justice)
- Economic Efficiency

Many of the programs and policies contemplated through the SWIRP process can be satisfied by the implementation of an Exclusive Commercial Waste franchise system in Los Angeles. These programs include:

- Recycling at all homes and businesses in Los Angeles.
- Management of green and organic materials from the commercial and multifamily sectors, which will include food waste recycling from restaurants.
- Disposal reduction targets for Franchised Haulers in their zones.
- Implementing a commercial rate structure that encourages diversion, such as free recycling services.
- Increased outreach and education.
- Increased business technical assistance, through Franchise Hauler requirements and minimum standards.

2.2 Meet and Exceed California Environmental Laws

California is on the forefront of states in waste diversion policies and requirements. In 1989, AB939 was adopted by the State Legislature, and requires that all jurisdictions in California divert 50% of their generated solid waste materials from landfill disposal by 2020. In 2011, California adopted AB341, which requires that CalRecycle present a plan to bring the state to 75% by 2020, and mandates that most business and multifamily complexes have a recycling program. CalRecycle has also adopted a Strategic Directive 6.1, with a goal to reduce the amount of organics in the waste stream by 50% by 2020, or, they estimate, about 10 million tons of material each year.

The City continues to meet and exceed the requirements of the State of California. The City's diversion rate for the 2010 reporting year is 72%. Also, the City has a program that creates an incentive for permitted private waste haulers to provide collection and recycling of organics at restaurants. This voluntary program reaches about 10% of all food service establishments, in order to assist California in meeting its organics diversion goals, and to bring the City to Zero Waste, our Exclusive Franchise agreements must address the diversion of organics from the landfill. Targeting organics is important to our diversion goals since food waste is estimated by the United States Environmental Protection Agency to comprise approximately 25 percent of the waste stream.

Sanitation believes the Exclusive Franchise will improve environmental performance well beyond what state law requires, toward the City's Zero Waste goals. Not only will the City set diversion goals to reduce landfilling, it will also encourage competition for franchises, innovation and partnerships that can exceed those goals and build long-term capacity for recycling and diversion.

2.3 Improve Health and Safety for Solid Waste Workers Enforced by Provisions in Franchise Agreements

During the discussion and throughout the public hearings regarding the Franchise, a clear message was that the City's standard contract requirements such as the Living Wage and Worker retention programs would assist solid waste workers in improving their working conditions. These improvements will be implemented through the contract and subcontract provisions in the Franchise agreements. In addition, Sanitation is proposing an expansion of the current Certification process to include inspection of all facilities utilized under the Franchise agreements to enforce compliance with current laws and regulations, as well as enforce City compliance provisions. Violations will be enforced through liquidated damages and other means.

2.4 Improve Efficiency of the City's solid waste system by maximizing system routing

Through the Request for Proposals and evaluation process, Sanitation will strive to minimize vehicle miles traveled (VMT) to provide the services required under the franchise agreements. Franchise haulers will be required to monitor and report on their VMT per route under the Exclusive Franchise system to allow the City to monitor and enforce those provisions relating to air quality. Franchise agreements could require haulers to provide an annual assessment of opportunities to reduce VMTs in their collection areas, and to establish VMT reduction goals for each hauler.

2.5 Improve Air Quality by Requiring Clean Fuel Vehicles

The City will require that vehicles operating within the City under the Exclusive Franchise system be low emission clean fuel, and require that the Franchise haulers utilize late model vehicles to take advantage of new technologies, to reduce greenhouse gas (GHG) production by the City, and localized impacts to neighborhoods. Diesel-fueled solid waste collection vehicles emit many air pollutants, including particulate matter (PM) and oxides of nitrogen (NOx) that cause adverse health impacts. According to the California Air Resources Board, exposure to diesel PM may result in both cancer and noncancerous health effects. NOx, a contributor to ozone or smog, has also been found to have adverse health effects in humans, including respiratory irritation, suppression of the immune system, and asthma exacerbation.

2.6 Provide the highest level of Customer Service

The Exclusive Franchise system must maintain and improve the level of service provided to customers. Specialized customer needs will be met by the haulers under the Franchise agreements. To provide an incentive, liquidated damages for poor service will be included in all agreements, and an annual review will be conducted on Franchise performance measures. Under the franchise, it will be easy for customers to access and use a broad range of services, and franchise haulers will be required to provide on-site customer assistance to support customer recycling efforts. Further, processes and systems will be put in place to ensure the timely resolution and response to customer requests and complaints.

2.7 Create a consistent, clearly defined system with uniform unit rates and contingency plans to ensure reliable service.

Customers that are in the City's system would benefit from a consistent program which does not depend on service location. Service locations throughout the City should have access to the same programs, with similar rates, for the same types of services. Sanitation recommends that the City seek to create a uniform unit rate system to aid in customer service and transparency, and to eliminate variations that would create confusion. Rates should be predictable throughout the term of the franchise agreements, with limited increases based on a clear measure. Simplicity of rate calculations and changes should also be coupled with contingency plans which provide clear guidance to franchise holders and their customers as to what options are available if service is interrupted. Sanitation recommends that this be a stated goal in the system design. This target would be pursued through the proposals for the Exclusive Franchise System, negotiation, bundling, and other methods. Should any variation in the rate schedule remain, it will be transparent and disclosed at the time awards are recommended to the Board and Council.

2.8 Create an environment that ensures long-term competition by utilizing an RFP process that yields the best value service template for customers

Ensuring that the Exclusive Franchise system remains competitive over the long term is a critical goal during the development of the new system. Putting measures into place such that the City receives wide participation in the Request For Proposals (RFP) process, making sure that a diversity of haulers are well represented through the design of the Franchise zones, and creating incentives for local solid waste haulers to remain part of the system, will ensure that ongoing competition remains. Exclusive Franchise zones include three that are sized for potential participation by smaller haulers, and Sanitation will welcome proposals which utilize small and niche haulers to perform some of the hauling of materials under the franchise agreements. These measures are tempered by the need to develop sufficient facilities for large scale waste diversion programs, which will also be considered during evaluation of franchise zone proposals.

2.9 Ensure sufficient staffing to meet Program Goals

The development of an Exclusive Franchise system will require sufficient staff to implement program goals. One source is the current AB939 permit fee charged to private waste haulers for the right to collect and manage solid waste from commercial and multifamily properties. This fee was approved and implemented before Proposition 26 was approved by the State's voters, therefore it is not subject to review. This fee must continue to fund staff for the administration and management of private waste haulers, as well as compliance with environmental laws and implementation of Zero waste programs.

The action by the City Council in November approved the unfreeze of six positions for the development of the Franchise Implementation Plan and system. Staff needs beyond the program development phase must be analyzed after further design elements are designed. Additional resources will be needed for contract development and management, customer service and enforcement. These resources will be identified as the franchise system is further developed.

2.10 Ensure reliable system infrastructure to provide uninterrupted service to City customers.

An essential component of the Solid Waste Integrated Resources Plan (SWIRP) is the identification and development of future facilities to meet the City's recycling and solid waste needs. SWIRP analyzes and identifies facilities for a 20-year planning period, to meet the City's Zero Waste goal by 2025. During Phase I of the SWIRP, stakeholders discussed facility options and toured example facilities. In Phase II, stakeholders identified specific facility needs with a goal of maximizing diversion before reaching landfill disposal. Management of materials for the Exclusive Commercial Franchise system will require additional facilities for processing of blue bin recyclables, green materials and organics like discarded food, and solid waste such as mixed materials processing and alternative technologies. Facilities to be contemplated include small, neighborhood facilities, as well as large, regional facilities to manage the materials currently. As yet, Sanitation has not identified the specific facility needs for the Exclusive Commercial Franchise system, but will continue to plan the City's needs in conjunction with the SWIRP.

SECTION 3

What We Envision for 2017: Recommended Strategies

This section provides specific information about how the exclusive franchise system will be designed and implemented to meet the goals outlined in Section 2.

The City's consultant, CH2M HILL, interviewed and gathered documents from other jurisdictions to inform the City's development of its franchise implementation plan. CH2M HILL's survey sample was targeted to jurisdictions with multiple, exclusive collection zones. Thus, it is a targeted sample (12 jurisdictions) and not necessarily representative of how jurisdictions have addressed all of the policy issues the City wishes to address with an exclusive franchise system. Where CH2M HILL's interviews and/or review of other jurisdictions' documents can help inform the City's direction, information obtained has been provided.

3.1 Collection Zones

The development of an Exclusive Commercial Franchise system in the City of Los Angeles requires that collection zones be established for the purpose of developing an RFP and awarding franchises. Sanitation has an established wasteshed system, with six separate collection areas, and proposes using these wastesheds as the starting point for developing exclusive franchise collection zones.

In order to gain insight into the experiences of other jurisdictions with multiple exclusive franchise zones, Sanitation commissioned a survey by CH2M HILL. After some initial online research and consultation with industry contacts, twelve jurisdictions were identified that were of interest to Sanitation. A summary of relevant information about the jurisdictions surveyed is shown in Table 3-1.

TABLE 3-1
Summary Statistics for Surveyed Jurisdictions

Jurisdiction	Exclusive Collection Areas	Estimated Population	Square Miles ^a	No. of Firms	Services Franchised ^b
Collier County, FL. ^c	2	285,000	2,305	2	R/MF/C
Fresno, CA.	4 ^d	501,000	105	2 ^d	R/MF/C
Fresno County, CA. ^c	14	342,000	6,017	12	R/MF/C
Lee County, FL.	5	423,000	1,212	5	R/MF/C
Norwalk, CA.	2	106,000	9	2	R/MF/C
Palm Beach County Solid Waste Authority (SWA), FL. ^c	11 ^e	558,000	2,386	4	R/MF/C
Phoenix, AZ.	10	1,470,000	517	3 ^f	R
Portland, OR.	19	584,000	145	19	R
Reno, NV.	2	422,000	69	2	R/MF/C
Seattle, WA.	4	621,000	143	2	R/MF/C
Stockton, CA.	2	292,000	62	2	R/MF/C
Vancouver, WA.	2	165,000	46	1	R/MF/C

^a County data include area for cities and towns.

^b R = single-family residential; M = multi-family residential; C = commercial.

^c Applies mainly in unincorporated areas of County.

^d Data shown are for commercial and multi-family; residential RFP included two zones that were awarded to one firm.

^e In process of changing to four collection areas.

^f Managed competition process: Currently, the City and two private firms provide collection services.

3.1.1 Methodology of Establishing Collection Zone Boundaries

Sanitation recommends eleven (11) exclusive franchise zones for the City of Los Angeles. Eleven franchise zones of varying size and density will allow private waste haulers to design proposals that bring the maximum flexibility into the system, and result in a number of haulers being awarded exclusive franchise zones, while containing administrative costs. Having a number of haulers operating under the Exclusive Franchise system in the City will provide 1) backup in case of service interruptions, 2) options in case of emergency, and 3) sufficient competition for future RFPs for the system. Based on compiled information received from the waste haulers, these areas should vary from approximately 1,000 to 13,000 service locations.

A franchise system for the City, due to its size, geography, and demographics, will be the largest and most challenging to develop in the nation. Approximately 1.8 million tons of waste is disposed annually from commercial businesses. The City is over 460 square miles in area. Sanitation issued a request in October 2011 to all permitted waste haulers in order to gather detailed information on the number of service locations throughout the City. Based on the responses to the information request, Sanitation estimates that there are about 75,000 commercial service locations (accounts) within the City. The exact number of accounts, their locations, and service levels will change as staff receives additional information, because of data recording variations amongst hauling companies. However, since the respondents included the top ten waste hauling companies who make up nearly 95% of the City's commercial waste system, 75,000 locations is assumed to be fairly accurate.

As shown in Table 3.1, the number of franchise areas in the communities surveyed ranged from two to nineteen. A number of reasons were provided as the basis for the number of areas, and the number of areas that could be awarded to one company:

- Collier County established its areas around the two main population centers in the County, and the initial agreements were negotiated with its two main service providers (rather than an RFP process). It has two firms operating in its two areas.
- Fresno divided the City into four quadrants around major arterials that resulted in relatively similar numbers of accounts per zone. It allowed firms to propose on multiple zones: after reviewing responses, it awarded its four zones to two firms.
- Fresno County issued an RFP and any firm that could meet its bonding, performance, and insurance requirements was guaranteed a franchise area. Without an RFP, Portland took the same approach and negotiated franchise agreements with approximately 100 firms.
- The Palm Beach County SWA's new four zone system will have franchise areas that match the outer boundaries of their original 11-zone system, with each area being served by a transfer station or waste-to-energy facility. With the 11-zone system, no firm was allowed more than 55 percent of the residential accounts. With the four-zone system, a single firm can serve no more than three zones.
- Phoenix targets their zones to be approximately 40,000 living units. In 2006-07 they commissioned consultant research into the optimal size of collection zones. That research concluded that 30-60,000 living units per zone would be optimal. It uses a managed competition process where a new zone is bid every two years for a six-year term. No private firm may serve a particular zone for consecutive contracts, which the City requires to ensure their municipal collection services don't lose touch with residents in a particular area of the City.

- *Franchise boundaries typically are drawn around major geographic dividers such as main roads, water bodies, or mountains.*
- *No jurisdiction used political districts as the basis for franchise area boundaries.*
- *To ensure competition for future contracts, most jurisdictions limit the number of customers served by one firm to 40-55 percent of all customers.*
- *Some jurisdictions decided on the number of contracts to award after reviewing RFP responses.*

- Portland's system has evolved through consolidation from 69 exclusive franchises to 19 today. The City established a maximum of 50,000 accounts served by any one firm, but recently changed that to a 40 percent of all account maximum because one firm was nearing that 50,000 account limit.
- Reno had a single exclusive franchise and expanded to include a second firm that had taken advantage of the initial franchise covering wet waste only, and it had secured significant business by offering lower rates for dry waste service.
- Seattle used research by a consultant that indicated economies of scale are reached at approximately 5 to 10 trucks, or 20-40,000 living units per zone. Based on that research, Seattle thought they could have up to seven zones economically, but settled on four to reduce the administrative burden associated with multiple zones. After evaluating proposals, it awarded its four zones to two firms.

It should be noted that some jurisdictions (e.g., Fresno, Seattle) decided on the number of contracts to award after evaluating RFP responses. They awarded multiple zones to the highest rated proposers.

Most of the jurisdictions that have evaluated the optimum number of zones expressed concern about allowing any one firm to have too great of a market share. One person interviewed (from Fresno) responded that it would prefer one zone rather than two because the administrative challenges of multiple zones is high, and in his opinion the risk is low that a single firm would automatically win a new bid at relatively high prices because other firms would not be willing or able to provide competitive proposals.

In designing service area boundaries, the main criteria cited for establishing boundaries follow.

- Key geographic features (rivers, mountains)
- Major roadways
- Prior patterns of service for collection firms
- Proximity to unloading facilities (processing, transfer, disposal)

For example, Phoenix has mountains to work around and has one area that can be accessed by only one road going in and out, and Fresno County has four rate service areas that reflect differing building densities and mountain areas. Multiple jurisdictions pointed out the importance of clear delineation of boundaries to minimize confusion for collection firms and customers. Many considered expected future growth as well when establishing boundaries.

No jurisdiction has boundaries that are influenced by Council or Commissioner districts. That was considered during early deliberations in Fresno, but it was not acted on because it would have resulted in more zones than they felt was necessary (seven), the Council boundaries are less clearly delineated than what they have now, and Council districts change with each census which would require redrawing boundaries.

Some lessons learned offered by survey respondents follow:

- Clarity in boundary delineation simplifies management and administration.
- Having different rates in different areas leads to confusion and is not desirable.
- Administrative complexity increases substantially with multiple franchise areas, and economic efficiency can suffer if zones are too small: many survey respondents think fewer areas would be better than what they have now.
- Better, more proactive communication with customers prior to implementation of the new system would have reduced confusion and complaints during startup.

- *No jurisdiction has boundaries that are influenced by political districts.*
- *Administrative complexity increases dramatically as the number of franchise areas increase.*
- *Differing rates in different areas leads to confusion and is not desirable.*

- Franchise agreements can evolve and improve through time.
- Vancouver wished it had included commercial recycling in its initial commercial franchise. Its provider offers this service now and participation is growing, but it could have been farther along.

Sanitation's current wastesheds are used to track the flow of waste and recyclables of material collected by the City's curbside collection program. For future planning purposes the boundaries of the City wastesheds and franchise zones should align. This allows Sanitation to look at both public and private waste flow as a whole for the first time. This ability will assist Sanitation in siting future facilities to meet the needs of both waste streams. In addition, Sanitation's current wastesheds already make use of obvious boundary delineations. The Santa Monica range that establishes the Valley area is used as the southern boundary of two of Sanitation's existing wastesheds. The San Pedro wasteshed was established considering the geographic nature of its location. The 405 freeway, the unofficial dividing line between the east and west valley, divides the valley in two equal sections. The current boundary between two of Sanitation's wastesheds closely tracks the 405 freeway.

The goal of establishing the franchise zones is to provide cost effective collection opportunities for both small and large waste haulers. Staff has evaluated the challenges that smaller waste haulers might face in preparing a proposal and providing service to their customers. Many small to medium size waste haulers currently service less than 1,000 accounts. These haulers may not have the resources to provide service to large service areas that could exceed 10,000 accounts and may not have the capital to secure additional resources. Additionally, the need to match the size of the zone to available resources was a concern voiced by smaller haulers that did not own their own solid waste facilities. Smaller haulers feel that larger haulers that own their own facilities may use their leverage over tipping fees to place smaller haulers at a competitive disadvantage.

Taking the factors that could affect small haulers into consideration, staff believes that developing zones with smaller numbers of service accounts, smaller geographical areas, and in close proximity to public owned waste facilities will allow smaller haulers to successfully propose for an area and continue to service and increase business. Small zones with 1,000 to 3,000 accounts should provide small haulers with the ability to propose while provide them with the opportunity to grow. To address the concern of competitive tipping fees, smaller zones should be created adjacent to the City owned and operated Central Los Angeles Recycling and Transfer Station (CLARTS). This proximity will provide small haulers with direct access to publically owned facility and stable and transparent rates.

The top four waste haulers in the City service 10,000 to 40,000 accounts. Sizing the larger franchise zones between 4,000 to 15,000 accounts will allow haulers to propose on one or multiple zones. The larger zones will allow larger haulers to utilize their existing infrastructure and capital to provide competitive proposals.

Recommendations:

- **Zones sized with a range of 1,000 to 13,000 accounts.**
- **Existing Sanitation Wasteshed boundaries be used as a basis for developing zones.**
- **Use major geographical features such as roads or mountains to delineate boundaries.**

3.1.2 Franchise Zone Boundaries and Cap on Zones Awarded

Building from the stated goals above, Sanitation developed eleven zones that range from 1,000 to nearly 13,000 accounts, utilizing existing Sanitation Wasteshed boundaries, and utilizing major geographical features to delineate boundaries, see Figure 3-1 and Table 3-3 below. These zones were developed to promote competition, help promote level rates, allow for competition from smaller waste haulers, while balancing the cost of administering multiple contracts.

As noted above, Sanitation issued a request to all permitted waste haulers to gather detailed information on the number of service locations in the City, based on zip codes. As part of that request, Sanitation also requested the level of service for the corresponding zip codes. This service was captured as the number of cubic yards of service

per week. For example if a business had a three cubic yard bin collected once per week, that would equate to three cubic yards of service, where as if business had two – four cubic yard bins collected twice per week that would equate to sixteen cubic yards of service. Staff took both the number of service locations and service level into consideration when drafting the zone boundaries. Table 3-3 below notes the service locations and service levels for each proposed Franchise Zone. The exact number of accounts, their locations, and service levels will change as staff receives additional information, because of data recording variations amongst hauling companies.

TABLE 3-2
Franchise Zones Service Levels

Proposed Zone	Total Service Locations ¹	Percent of total based on Service Locations	Total Cubic Yards of Service per week ¹	Percent of total based on Cubic Yards
1 WV	9,793	13%	77,735	17%
2 NEV	7,662	10%	45,578	10%
3 SEV	6,473	9%	45,398	10%
4 WL	10,408	14%	59,024	13%
5 NC	11,880	16%	72,000	16%
6 NE	6,757	9%	40,486	9%
7 SLA	12,809	17%	53,067	12%
8 HB	4,257	6%	21,007	5%
9 DT	2,313	3%	16,725	4%
10 EDT	1,165	2%	7,108	2%
11 SE	2,065	3%	9,665	2%
TOTAL:	75,582		447,793	

Note:

1 – Based on Waste Hauler Self-Reported Data

The larger zones will vary in size, ranging from over 4,000 accounts to zones with nearly 13,000 accounts. The larger zones will allow larger haulers to utilize their existing infrastructure and capital to provide competitive proposals. Also, varying the size of the zones allows the City to bundle (combine) zones in the contracting process. The bundling process provides the City with a means to:

- Combine zones that may have disproportional rates to help level rates across the City. This is discussed in more detail in Section 3.3.
- Ensure all zones receive competitive proposals. If a hauler wants larger market share they will have to propose on areas that may appear to be less profitable.
- Protect small zones
- Limit any single haulers market share.

Sanitation proposes that the franchise zones in the Valley area be divided east-west using the 405 freeway. This provides a clear and distinguishable boundary and mirrors the existing wastesheds. To provide additional franchise opportunities, the east valley area will be divided along major east-west thoroughfares. The east valley area will be divided along Vanowen Street. North of Vanowen the type customers serviced begin to change from retail to industrial. By grouping customer types, waste haulers will be able to maximize their diversion efforts.

The West LA and Harbor wastesheds were kept as single franchise zones. Although large, the west Los Angeles wasteshed presents a number of service related issues. There are a limited number of solid waste facilities located near West LA. In addition, a large area of this wasteshed consists of difficult to access, and hilly terrain.

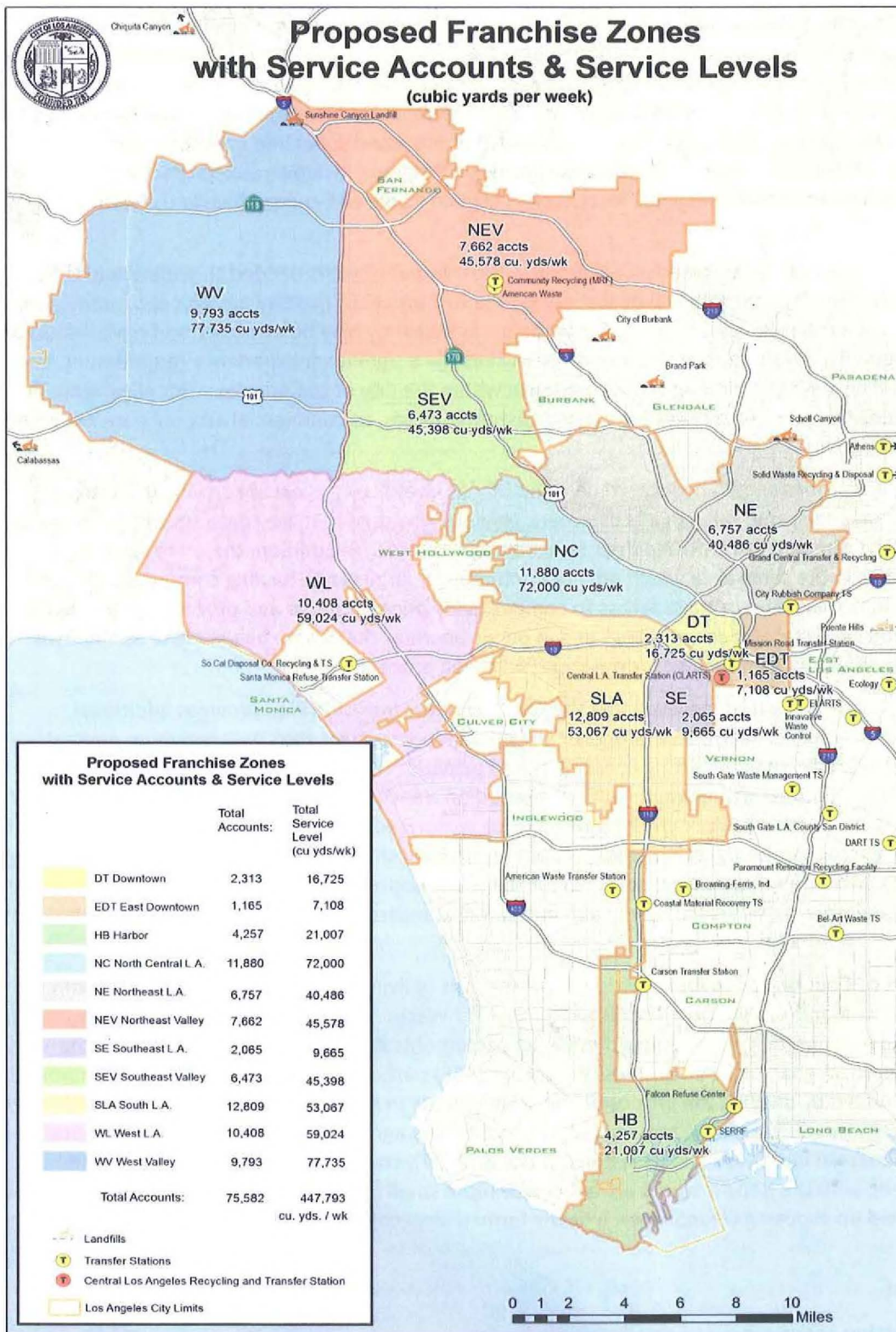
However, there is also a portion of this wasteshed with a high concentration of businesses. Sanitation believes that the assumed difficult and more costly portion should remain with the portion with a high concentration of business. This will provide the waste hauler with an overall economical area to service and promote level rates. Given the geographically isolated nature of the Harbor wasteshed, as compared to the rest of the City, the Harbor wasteshed should not be further divided. As shown in Figure 3-3, although distant from the center of the City there are a number of transfer stations located near the Harbor franchise zone.

As stated previously many small to medium size waste haulers currently service less than 1,000 accounts and may not have the resources to provide service to large service areas. When surveyed, these haulers indicated that small zones should be sized in the 2,000 account range. Sanitation designated three smaller zones that will provide opportunities for small to medium size waste haulers. These franchise zones are South-East with 2,100 service locations, Downtown with 2,300 locations and East-Downtown 1,100 service locations. To address the concern of competitive tipping fees, the smaller zones were created adjacent to City owned and operated Central Los Angeles Recycling and Transfer Station (CLARTS). This proximity will provide small haulers with direct access to a publically owned facility and stable and transparent rates. To protect the intention of the smaller zones, these zones will not be included in the bundling process. This means that these zones are to be awarded to three separate waste haulers and cannot be combined with other zones.

Sanitation recommends the maximum market share any single could be awarded should range from 40 to 49 percent. Under the current permit system no single hauler has more than 40 percent of the waste hauling market share in the City. This cap will ensure that no single hauler dominates and that there will be a sufficient pool of qualified waste haulers to meet current and future collection and diversion needs, foster growth and maintain competition. Limiting the share any single hauler is awarded will also allow the City to effectively arrange for backup waste hauler(s) if the franchised hauler is unable to fulfill its contractual obligations. The exact size, as it relates to market share, of the proposed zones will be determined during the RFP and contracting process. Minor modifications to the maximum allowed percentage of market share may need to be modified during the RFP and contract process.

Recommendations

- **Designate 11 Franchise Zones**
- **Adopt the Exclusive Commercial Franchise Zone Map**



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Figure 3-1 – Franchise Zone Map

3.1.3 Create Opportunities for Local Private Waste Haulers

Sanitation is recommending several methods to ensure that local permitted private waste haulers have the opportunity to compete in the new exclusive commercial waste franchise system. First, Sanitation recommends that experience in the City of Los Angeles be considered for the award of franchise zones. Sanitation also recommends that three collection zones be sized so that they are available for proposing by smaller waste hauling companies through the RFP process (see the Sanitation's map of proposed collection zones), and that all franchisees (prime contractors) adhere to the Business Inclusion Program, including subcontracting requirements. These measures will help to ensure that small local haulers remain viable and competitive in the local collection services industry.

Local private waste haulers have expressed a concern that the number of years needed to understand the structure and neighborhoods in the City will be lost during the RFP process. The City has an opportunity to retain waste haulers that are located in the local area, know the areas that they may be awarded, and have relationships with major customers. The evaluation of the proposals will include a significant experience requirement, and additional points will be awarded for long term experience within the City of Los Angeles. This experience is bolstered by providing the types of services for varying customer needs, as commercial accounts are not a one size fits all collection activity.

Three smaller collection zones should be located near the City's Central Los Angeles Recycling and Transfer Station (CLARTS), which charges the same rates to all customers. Haulers who service these three smaller exclusive franchise zones will be directed to CLARTS in their franchise agreements. In addition, there are several privately held recycling facilities in the same area which are not controlled by large waste hauling companies. These actions will ensure that small haulers have access to competitively priced transfer and processing facilities, and address concerns voiced in stakeholder meetings and in public hearings that waste haulers who do not own facilities may be 'shut out' of the franchise proposal and selection process.

Regarding subcontracting, Sanitation believes that the City's Business Inclusion Plan provides additional opportunities for small haulers. Each prime proposer will be required to meet the City's minimum percentage subcontracting goal, with the subcontracting consisting of all activities that can meet City requirements. No additional minimum subcontracting minimum will be imposed on franchisees, although they will be permitted to voluntarily subcontract a portion of their work required to be performed. In some cases, subcontracting may be viewed as adding value to a proposal, as indicated in Section 3.7.6. Both the prime and its subcontractor(s) will be required to abide by all of the requirements set forth for the prime contractor, including but not limited to the City's living wage requirements, as well as any health and safety standards, which the City establishes through the contract.

Two jurisdictions – Lee County Florida and Seattle – have versions of living wage in their agreements, with Seattle's being quite comprehensive. One jurisdiction - The Solid Waste Authority of Palm Beach County, FL – has a small business minimum participation requirement in its agreements. Specifically, in the current solicitation they have a fifteen (15) percent goal for Small Business Enterprise (SBE) participation in contracts and purchases. The participation is calculated by dividing the proposed annual payments to be made to certified SBEs providing good and/or services necessary to support the required services under the agreement by 60 percent of the total annual residential and commercial bid. Seattle, in its last RFP process (2007), created a fourth collection zone (it previously had three), with the hope it would attract one or more small haulers (or new companies) to propose. Seattle, in fact, ended up choosing CleanScapes, a newly formed local collection company, to serve two collection areas.

Recommendations:

- **Three collection zones geared to smaller waste haulers.**
- **Compliance with the City's Business Inclusion Plan (MBE/WBE/OBE/DVE/EB Subcontracting).**

3.2 Fees and Funding Requirements

3.2.1 Franchise Fee Level

Sanitation is recommending that proposals include a gross receipts franchise fee paid quarterly, as well as an upfront payment submitted through the Request For Proposals (RFP) process. The minimum franchise fees will be set to meet the fiscal needs of the City. As shown in the data gather by CH2M Hill and HFH, franchise fees for other jurisdictions range from 2% to 27%. Sanitation expects a reasonable minimum franchise fee to be in the range of 10%.

CH2MHILL's survey of other jurisdictions indicates that all have some form of fee included in collection rates that provides funding to the local jurisdiction's General Fund. Jurisdictions in Florida and California have franchise systems fee rates ranging from a few percentage points to over 20%. In Seattle and Vancouver, rates include a Utility Business and Occupation Tax, with proceeds going to each city's General Fund. Seattle's rate is 15.54%, while Vancouver's is 20%. Stockton required its franchisees to pay an upfront amount, at the beginning of the terms of the two franchises, which is paid over the first four years of each contract for a purchase of street sweeping equipment, a service that the City chose to outsource to its contractors. Portland dedicates a portion of its 8% franchise fee to support solid waste programs. The cities in California that CH2M HILL surveyed also included AB939 fees in customer rates (except Norwalk).

Current AB939 hauler fees are paid quarterly, and are based on 10% of gross receipts. Basing the additional franchise fee on gross receipts creates a revenue source that is, to a large extent, stable even during tough economic times. Creating either a flat fee, or a fee based on some other factor, such as disposal tonnage, would not guarantee a stable revenue each year and may not properly adjust to reflect adjustments in contract terms throughout the franchise. In addition, many jurisdictions have taken advantage of the competitive process by allowing proposers to submit up-front payments, in addition to ongoing franchise fees, to be considered in the evaluation of proposals. These upfront payments can be considerable.

Sanitation recommends that a minimum franchise fee be specified in the RFP. Proposers may also include an additional value for the franchise, either as an additional percentage franchise fee, or an upfront payment, or both. Proposers should consider that it is the City's intent to normalize rates across the City during the negotiation stage of the process.

Recommendations:

- Establish a minimum annual franchise fee in the RFP.
- Existing AB939 Fee to continue in place

3.2.2 Staffing Plan

In its original report to Council in February 2012 Sanitation requested the unfreeze approval of six (6) staff positions to provide adequate staffing for the Franchise Initiative thru its early stages of development. Council approved the unfreeze of these positions and just recently, in March 2013, the City's Managed Hiring committee approved the position for hiring. Sanitation believes that this level of staffing is adequate to support the Initiative up to the point of drafting the RFP. A subsequent assessment will be made once it is better known the extent of Sanitation's enforcement needs and contract responsibilities.

- Fees range from a few % to over 20%
- Fee revenues usually dedicate to the jurisdiction's general fund
- Fees are included in franchise agreement
- Jurisdictions often build an additional fee into rates to cover solid waste program costs (including AB939 fee)

3.3 Uniform Unit Rates that Change Predictably

Sanitation will seek fair and equitable rates for all customers, however, the feasibility of establishing a uniform rate schedule can only be determined after evaluation of the proposals for the Exclusive Franchise System. It's important to note that one of the goals of the exclusive franchise system is to drive diversion from landfills. An exclusive franchise system must provide and promote recycling options to businesses and provide the impetus to implement the RENEW LA plan adopted by the Los Angeles City Council. RENEW LA calls for the implementation of multiple recycling and diversion programs and alternative technologies to significantly reduce and eventually eliminate the reliance on landfills. Currently, each business or property owner negotiates rates with a hauler, as well as their level of service. There are no set amounts or rate schedules available that customers can use to determine if they are paying a fair rate for the service they are provided. In particular, this affects small businesses, many of which do not have the time to research, bid, and negotiate for recycling and waste services. Small businesses also have less negotiating power than larger businesses which can lead to them paying higher rates for the same service. A uniform rate structure has many advantages. Total customer costs will vary due to the type and amount of services they require, but adjacent businesses will be billed the same base rates for collection of recyclables and waste. Depending on the cost variations in the proposals, it cannot be predicted with certainty that this can be achieved at this time. It is Sanitation's recommendation that Council deem the Uniform Unit Rate Model as the preferred model but give Sanitation the authority to negotiate the best achievable and practical rate model.

3.3.1 The Advantages of a Uniform Unit Rate Schedule City-Wide

A single, uniform rate schedule Citywide will ensure equity so that all of the City's business, institutional, and multifamily customers pay the same rates for the same service. The service will be much simpler to understand and more transparent: a rate matrix of services will be posted on the Sanitation website and communicated freely to all customers. Commercial customers with businesses in several zones, and Council Districts that have more than one zone, will not have starkly different costs for the same services.

A uniform city-wide rate structure does not mean a one size fits all approach. Business will have a suite of solid waste and recycling options to choose from that promote diversion and can be customized to fit their needs. Once customers know what choices are available to them, it will be much easier for them to tailor their mix of recycling, organics, and solid waste service so that their needs are met at the lowest possible cost. Further, a uniform rate schedule will make it much easier for Sanitation staff to work with customers to identify billing issues and quickly resolve them.

In CH2M HILL's survey, jurisdictions were split about evenly between those that have a single jurisdiction-wide rate schedule, and those that have different rates in different franchise areas. In jurisdictions where rates are different in different areas, complaints have been received from businesses with rates that were higher than from others in the City. For example, with multiple, exclusive zones there will be situations where businesses on either side of a main arterial, or different outlets of a business with multiple locations, will pay different rates for the same service. One jurisdiction surveyed, the Palm Beach County SWA, is in the process of changing to a system with different rates in different areas, to a system where commercial rates are consistent county-wide.

Advantages of Uniform, City-Wide Rate Schedule

- **Fairness** – all businesses, institutions, and multifamily customers pay the same rate for the same service.
- **Simplicity and Transparency** – rates and choices are clear; less confusion and fewer disputes about billing
- **Predictability** – easier for customers to budget for the cost of collection services
- **Driver for Waste Diversion** – Sanitation will set the rate to ensure that businesses have an incentive to divert waste from landfill.

3.3.2 Potential Methods for Implementing a Uniform Unit Rate Schedule City-Wide

Sanitation believes that the potential revenue for a long term exclusive franchise in the City of Los Angeles will result in extremely competitive rates through the RFP and contractual process. The size of the franchise contracts, and the ability to monetize their value will drive rates for commercial customers downward. The franchise effort and subsequent contracts will be among the largest in the Nation. Although some zones may appear to be more expensive to collect from, proposals may not reflect that contrast, due to the large number of service accounts in each zone. Many of the proposed zones to be established have more service accounts, with more service needs, than entire franchise service contracts in most other cities. Waste contracts are fiercely competitive in even relatively small cities. Recently, Lawndale saw rates drop by 25% after going through a competitive bid process. Sanitation also believes that bundled zones, combining those zones perceived to be more costly with more desirable areas, may result in lower overall rates due to the larger combined value to the hauler.

In the responses the City will receive to its RFP, the proposed costs for services will differ by hauler and by franchise area. If the cost proposals by area are substantial because of differences in route density (driving time between stops) and differences in off-route travel time (driving from base yards to and from routes, and from routes to and from processing or disposal facilities), then implementing a uniform rate structure will be more problematic. Methods the City could utilize include the negotiation process, pairing high- and low-cost service areas (bundling), a compensation adjustment factor, and using an off-route mileage fee. These examples are described below, followed by a brief discussion of activities the City will need to do in order to establish a uniform rate schedule city-wide.

3.3.2.1 Negotiation

City staff will be prepared to negotiate the cost proposals to seek uniform rates. It is expected that proposals will vary in price depending on a number of factors. After a review of the technical proposal to ensure that the proposers are capable and willing to provide the services expected of them by their customers through the franchise system, Sanitation will develop and use a rate model to seek a uniform system wide rate structure. Identification and analysis of all the potential proposers for each zone will be modeled to provide a first look at the variations in cost of service.

Sanitation will also conduct a survey of willing businesses to gather current contract costs for services throughout the City. These current costs will be used for comparison to the cost proposals submitted by the haulers. At that time and after full evaluation, decisions can be made to negotiate with the top proposers in each zone.

3.3.2.2 Bundling Service Areas

A uniform City-wide rate schedule could be developed without a compensation adjustment by structuring Sanitation's RFP with options for pairing high cost service areas with low cost service areas. This method uses a negotiated process and pairing high- and low-cost franchise areas resulting in rates that are close to the initial proposal averaged over the entire bundle. Cost proposals may also be negotiated due to the potential award of a larger area. This option would avoid the complexities of implementing a compensation adjustment mechanism.

Fresno County and the cities of Reno and Stockton used a negotiated process to establish uniform county-wide rates after viewing proposals from multiple collection firms in multiple franchise areas.

3.3.2.3 Using an Off-Route Mileage Fee

Another method is to use an off-route mileage fee. This could be used to eliminate or reduce substantially the difference between revenues and costs. In this approach, Sanitation would review responses to its RFP and establish an off-route mileage fee that would be added to the base rates charged customers in high cost zones. Thus, the base rates for service (e.g., a 4 cy bin 2 times per week) would be the same throughout the City, but customers in higher-cost zones would have a small mileage fee added to those rates..

Like bundling, this approach would require a similar level of expertise and negotiating skill during the implementation period, but would eliminate the ongoing complexity of a compensation adjustment process.

3.3.2.4 Compensation Adjustment Factor

The term “compensation adjustment factor” refers to the difference between revenues collected by each hauler and the amount owed each hauler for providing services. This requires franchisees to pay the City for revenue collected in excess of their cost of service, as determined in contract, and in turn the City reimburses franchisees for revenue collected that is below their cost of service. The challenge with this method is the inherent uncertainty in the amount of service that will be requested by customers in each franchise area each month and what information is available to design a uniform city-wide rate structure that results in a net compensation adjustment near zero each month. It would also add Administrative responsibilities. Sanitation would also need to establish and set aside money into a compensation adjustment fund that could be used if rates were not set high enough to cover required compensation adjustment payments. It would also need a mechanism to adjust rates at some point during the first year should rates be set too high or too low.

This method has similarities to the approaches used by the cities of Seattle, Phoenix and Lee County to set uniform rates City-wide.

Further data and cost of service modeling can augment efforts to set appropriate uniform city-wide rate for residential service. Portland’s Bureau of Planning and Sustainability conducts an annual rate review process, assisted by an independent economist who performs the rate analysis, a Certified Public Accountant who reviews hauler financial records, staff from Portland State University (PSU) to sample the weight of the various sizes of solid waste containers set out for collection, and a consulting firm that specializes in forecasting the market price of recyclable paper products. Rates are based on weighted average hauler cost including 9.5 percent hauler operating margin (profit plus state and federal taxes). The proposed rates are reviewed by the Portland Utility Review Board (PURB), a citizen panel with no hauling industry representation, and then forwarded to City Council for consideration and final adoption.

3.3.2.5 Actions Required to Establish City-Wide Rate Schedules

The City will need to conduct a series of activities prior to implementation. Many of those apply regardless of whether rates vary by franchise area or are uniform. A high-level list of the most important activities it must conduct follow.

Prior to Issuing an RFP

1. Establish franchise zone boundaries.
2. Estimate the number of accounts and the amount of service required by each account in each franchise area.
3. Evaluate the methods described above and other ideas that may be used to establish uniform rates and contractor compensation.
4. Evaluate and decide on what financial and productivity information will be requested from proposers, in what format.
5. Evaluate and decide on the structure of rates for garbage and recycling (i.e., establish how much more a two cubic yard bin should cost than to a one cubic yard bin), and decide on the minimum service level for recycling.
6. Estimate the average cost per cubic yard of collection in each franchise area and evaluate and decide upon strategic groupings of franchise areas that will be included in the RFP.

3.3.3 Implement Rate Adjustment Provisions that Eliminate Sudden Increases

Along with a uniform rate schedule, the Exclusive Franchise system will include clear and specific limitations for how rates will be adjusted over time. Businesses will be assured that rates will increase in a fair and orderly manner with annual increases capped and tied to a standard measure such as official published Consumer Price Indexes (CPI). This will help customers plan for and budget the cost of collection services more accurately and eliminate any sudden or sharp increases.

The CH2M HILL survey found that all jurisdictions surveyed allowed for annual adjustments to contractor compensation, and rate adjustments were considered annually. A variety of different price escalation methods are used. Most are tied to one of the consumer price indexes and contractor compensation is typically adjusted annually using a percent of the increase of that index and a cap on the total increase each year. Rate changes typically were tied to changes in contractor compensation plus any adjustments required for franchise fees, program administration, or state requirements.

Recommendations:

- Set limitations on annual rate adjustments, such as using the Consumer Price Index (CPI).

3.3.4 Implement Rates Structured to Drive Diversion from Landfills

The rate schedule will be structured to help encourage additional diversion of material from landfills. Sanitation recommends that rates include a basic level of recycling service. Franchised waste haulers will be required to include, in their standard rates, one cubic yard of recycling service for every three cubic yards of solid waste, with a minimum collection frequency of once per week. Customers looking to save money and divert more material from landfill could request a larger bin and/or more frequent recycling, green waste, or organics service, and the unit cost of that service would be priced lower than a comparable service for solid waste. This would provide a powerful incentive for driving additional material away from landfills and toward more beneficial uses. Proposers will be asked to include a reduced recycling rate for materials not intended for disposal, and will be evaluated on the reduction below their waste hauling rates. The rates will also be structured to address the City's phased approach to organic recycling. The "bundled" rates established through the RFP will include the continued collection of organics from all participating restaurants and a reduced rate for green bin recycling at all multi-family properties that generate green waste.

In the CH2M HILL survey, most jurisdictions have a competitive market for commercial recycling, or businesses pay for recycling at a rate ranging from 50-80 percent of the rate for comparable garbage service. We did find the following examples where recycling is included with garbage service:

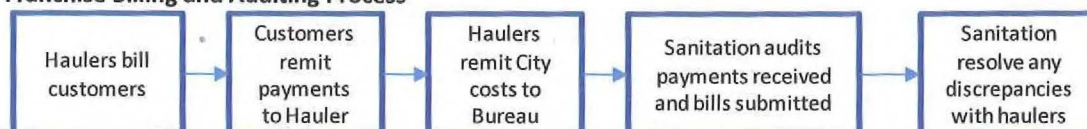
- In Fresno County, all customers that elect to subscribe to enhanced service receive a consistent recycling service throughout the county (although residential green waste services differ in different zones).
- In Lee County, contractors must offer recycling of up to two cubic yards weekly to all commercial customers at no additional cost. Commercial customers are not required to recycle, and recycling services are not exclusive to the franchisee: if customers want a larger recycling container, they are charged for that service on a negotiated basis.
- In Stockton, contractors must offer recycling of up to four cubic yards weekly to all commercial customers at no additional cost. Franchisees are entitled to added compensation for customers requesting service of more than four cubic yards of recycling per week. The recycling service is not exclusive.

3.3.5 Implement a Transparent Process for Ensuring that Franchise Billing and Compensation Terms are Met

Once franchise agreements have been executed, Sanitation will implement a process to ensure that compensation paid to haulers, and fees received by the City, meet the terms of the agreements and are accurate. Sanitation anticipates that this "auditing" process will flow as shown in Figure 3-2 below.

FIGURE 3-2

Franchise Billing and Auditing Process



3.4 Efficiency in the System

3.4.1 Require Efficient Collection Routing

Reducing collection truck traffic on City streets and improving air quality are high priorities and selected franchisees must demonstrate how they support these goals over the life of the franchise.

To that end, Sanitation recommends that in their RFP responses, haulers be required to describe and explain how they plan to implement best operational practices, including routing efficiencies. Each proposer will be required to provide detail information on the number and types of vehicles they will use for collection, expected vehicle miles (VMTs) for the routes they plan to follow. Information provided by proposers will be used to compare the efficiency and costs effectiveness of each proposal (and against best practices) which will be considered in the final selection process.

In addition, Sanitation recommends that franchise agreements require haulers to establish vehicle tracking methods and processes to ensure maximum routing efficiencies. Auditing capability by the City should also be considered, which can also serve to track collection service lapses. Each franchisee will be required to report total VMTs (at least annually), compare actuals versus what the franchisee originally proposed, explain deviations, and explain how any needed improvements can/will be made. Collection vehicles may be required, for example, to have GPS tracking to ensure accurate VMT tracking and to support other goals related to customer service (for example, real time dispatch to respond to missed collections). The City may include VMT performance, versus plan, as a performance metric for each franchisee (and potentially apply liquidated damages for non-performance).

The recommendations described above will put the City on the cutting edge of driving efficiencies in solid waste collection and reducing collection vehicle emissions. CH2M HILL's survey of twelve jurisdictions did not find one that has addressed the issues of collection efficiencies via the RFP (or franchise agreements) as thoroughly LA is proposing to do. One jurisdiction, Seattle, required each RFP responder to explain how its collection vehicles will ensure efficiency, safety, mitigate noise, but did not request an explanation of how route efficiencies would be ensured. Seattle's contracts also include detailed requirements related to CNG vehicle use, and other vehicle standards. Seattle's contract requires regular detailed reporting of data on each collection route served and data for cycle time by vehicle at transfer facilities. Seattle does not receive, review or analyze contractor VMT data. Other jurisdictions that had conducted recent RFPs did not address the efficiency of vehicles, routing or clean vehicles at all, only in a very general way.

Although CH2M HILL did not interview San Jose, it obtained a copy of the City's franchise agreement and found innovative terms related to promoting efficient routing.

Recommendations:

- **Require routing efficiencies in proposals and contracts.**
- **Monitor VMT to ensure continued routing efficiency.**

Seattle 2007 RFP Question for Proposers: Chapter VII, Section B, Question 15

"The City is interested in ensuring that contractors use collection trucks and equipment that are efficient and reduce emissions. The contract requires that all vehicles used in collection shall have either emission that are no greater than 2007 federal diesel engine requirements and use of 20% biodiesel or operate on CNG. Please discuss features of your proposed truck fleet that would save fuel, increase efficiency, and reduce impacts i.e. trucks with operate-in-gear-at-idle systems, trucks that do not allow extended idling, safer brake pads and hydraulic fluids, etc"

3.4.2 Implement Efficiencies in the Provision of Customer Service

Sanitation's recommendation to establish an exclusive commercial franchise system will result in more efficient, customer focused service.

- First, the franchise requirements will result in franchised waste haulers refocusing their resources to customer service and eliminate the need for haulers to market and sell to potential new customers. Currently, haulers have staff to draft and process agreements with each customers, and to renegotiate as agreements expire. The focus of the franchise haulers will now be on providing outstanding customer service, and increasing diversion from landfills.
- Second, because it will be working with a smaller number of haulers, the City will be able to develop and implement new customer service offerings efficiently. As an example, development of multi-family and commercial customer service web portal will be much easier in the future. Such a portal could provide a "one stop shop" for service offerings information, educational material, account and billing information, pay online functions, and much more.

It is recommended that the RFP for exclusive commercial franchise collection request specific customer service focused proposals that capitalize on the efficiencies that the new system will generate. The RFP should, at a minimum, require the following:

- on-line billing and payment
- on-line account management including service management options
- 24/7 customer support
- on- line tracking of service requests

Franchise agreements should include specific provisions to provide innovative customer service offerings that result from the RFP process. Franchise agreements must also provide the City, with support of the haulers, the ability to implement new customer service options throughout the term of the agreements.

The proposed approach to capitalizing on efficiencies that will result from implementing exclusive commercial franchises will put the City on the cutting edge of customer service. CH2M HILL's survey of other jurisdictions RFPs and franchise agreements usually have requirements that haulers provide live "call center" capabilities (though hours of operation requirements vary), that haulers participate with the jurisdiction in customer education efforts, and that haulers commit to periodic customer information/education mailings at no expense to the jurisdiction. But, only one agreement reviewed (Fresno City) has explicit requirements regarding a franchisee's web site capabilities, how the hauler's web site is expected to be integrated with the jurisdiction's website, or other technology based customer services to be provided.

Recommendations:

- **Require contractors to use all forms of communication with their customers (call center, online, etc).**
- **Franchise agreements will allow changes if new technologies are developed.**
- **Service complaints, response times, and complaint resolution will be transparent/reported to Sanitation**

Examples of Opportunities for Efficiencies

- *On-line billing and payment through one web portal*
- *On-line account management through one web portal including service management options through one web portal*
- *24/7 customer support*
- *On- line tracking of service requests*
- *Collection day push messages to customers (text, email, and phone)*

3.5 Consistent Customer Service Standards

Customer service, including consistent delivery, prompt correction of issues, and convenience, will be a cornerstone of the new exclusive commercial franchise collection system. Under the current free market commercial collection system, customer service is inconsistently provided to businesses. Businesses have described the need to change hauling companies, sometimes more than once, to get the service that they require and expect. Exceptional customer service will be a requirement for all franchise haulers. The City will provide tools for communication that match customer needs, from live call center operators, to online communication through e-mail or text message, to providing a free smart phone application so that customers can send and receive timely information. Franchise agreements will include specific requirements for systems that can interface with the City, as well as liquidated damages for failure to provide the excellent service required by the customers.

3.5.1 Provide Consistent, Innovative Customer Service Offerings

The new franchise system will allow businesses to customize their waste and recycling services to meet their needs. Franchise agreements will allow businesses to mix and match a variety of collection services, including special collections or other specialized on-site needs. Franchisees will be required to perform on-site assessments to determine how much waste capacity is needed after blue bin recycling. Customers will be able to schedule their collection times for the days and times that meet their business needs, as long as the hauler is also able to efficiently move their collection vehicles through the City.

Sanitation is recommending, at a minimum, a Blue Bin recycling system that provides a consistent customer experience throughout the City, regardless of whether the customer is a business, a single family or multifamily household, or school. A key advantage of this approach is consistency and a service type that is familiar to those who already live in the City and receive residential service. Customer information and educational material will have consistent messages and common formats. Franchised haulers will be required to provide blue containers of the size needed by the business, and 'valet' type of collection if necessary, similar to that provided by the Private Hauler Multifamily Residential Recycling Program

Sanitation will include in the franchise agreements a model and list of unique waste services that customers can use to build collection programs that meet their specific needs. Customers will be able to receive service at non-peak hours, short turnaround, on-call, and other special circumstances when necessary. Franchise waste haulers will be required to meet customer needs through the customer service standards included in contracts with the City. Through the City's agreements with the Franchisees, the various customer service needs will be identified, required, and provided.

In its survey of other jurisdictions, CH2M HILL found that it is common to specify the level and quality of service in terms of base level and enhanced service level at no additional or for a specified cost. For example, Collier County, FL requires the followings additional services to be provided to commercial customers at no additional cost:

- Opening and closing doors and gates
- Unlocking and locking gates
- Changing containers for increases and decreases in service
- Exchanging the container for a different size, if requested more than two times in one year
- Rolling out the container from an outside enclosure and returning it to its original location

Similarly, the following services are often provided at a cost established in the franchise agreement:

- Privacy lock bar set-up
- Locks for containers
- Re-instatement fee (i.e., returning container (s) after service stopped)
- Loading container (i.e., bagged MSW outside container)
- Pressure washing 2, 4, 6 and 8 yard container
- Pressure washing roll-off compactor container (s) at the time of service
- Re-locating 2, 4, 6 and 8 yard Customer-owned containers, upon the Customer's request

- Maintenance of Customer-owned container (s)
- Collection of Bulky Waste and White Goods

Such services are typically specified in franchise agreements, as evidenced in the surveys performed by CH2M HILL.

CH2M HILL also found that some jurisdictions have negotiated terms in their franchise agreements that require franchise holders to provide various free services to the City (the costs of which are recovered in base collection rates). Included in Stockton's franchise agreement is free collection for City facilities, street sweeping, a certain number of neighborhood cleanups each year, collection of public litter containers, and several other services.

3.5.2 Establish Accountability for Performance

The City will require a high level of customer service through contract requirements, inspections, audits, and enforcement. Businesses will have the ability to utilize the City to ensure all contractual obligations are met. Sanitation will maintain the necessary staffing to respond to customer service issues and ensure compliance with contract requirements. The franchise contract will detail service requirements and specify financial penalties for poor customer service. These will range from failure or neglect to resolve any complaint within the requested time to the unauthorized disposal of recyclables. For example, the table to the right presents examples of liquidated damages or penalties associated with service lapses. Other measures may include the requirement to credit back to the customer for multiple missed pickups or other significant service lapses.

CH2M HILL found that some (Stockton is an example) jurisdictions apply liquidated damages for failure to meet certain diversion requirements, and one jurisdiction (Seattle) offers incentives for exceeding certain service related targets. Franchise agreements will be structured to allow the City to terminate a franchise for significant repeat failure to perform. Collier County includes in its franchise agreement a provision to address repeated violations, which is provided below:

"If the Contractor's record of performance shows that the Contractor has frequently, regularly, or repetitively defaulted in the performance of any of the covenants, conditions, or requirements contained in this Agreement, and regardless of whether the Contractor has corrected each individual condition of default or paid liquidated damages, the Contractor shall be deemed a "habitual violator" and shall forfeit the right to any further notice or grace period to correct, and all of the prior defaults shall be considered cumulative and collectively shall constitute a condition of irredeemable default. Under such circumstances, the Board shall issue the

Contractor a final warning, citing the grounds therefore, and any single default by Contractor of whatever nature, subsequent to the issuance of the Board's notice, shall be grounds for immediate termination of this Agreement. In the event of any such subsequent default, the County may terminate this Agreement upon giving written notice to the Contractor, and termination shall be effective three (3) Days after the notice is delivered. All fees due to the Contractor hereunder, plus any and all charges and interest, shall be payable to the date of termination, and the Contractor shall have no further rights hereunder. Immediately upon receipt of the Board's final notice, the Contractor shall cease any further performance under this Agreement."

TABLE 3-3
Sample Penalties

1	Failure to comply with the provisions of the Contract	\$1,000 first incident; \$2,500 each subsequent incident.
2	Failure to meet transition timeline milestones	\$5,000 per milestone per Work Day, subject to a maximum of \$25,000 per milestone.
3	Failure to maintain customer service during office hours.	\$300 per incident.
4	Failure to maintain call center or telephone system performance	\$300 per incident.
5	Failure or neglect to reasonably resolve any complaint within the requisite time.	\$100 per incident per Work Day.
6	Failure to clean up spillage or litter during the course of FRANCHISEE's Collection operation.	\$500 per incident.
7	Failure to remove graffiti from any Container.	\$100 per incident.
8	Failure to properly cover material in Collection vehicles.	\$500 per incident.
9	Failure to maintain or timely submit to CITY all documents and reports.	\$300 per incident.
10	Failure to submit report corrections within CITY-approved timeframe.	\$300 per incident.
11	Failure to meet Annual Diversion Requirement.	\$25,000 per each one (1) percent diversion not reached

Fresno's franchise agreement provides for a performance review of the franchisee's performance in the 4th and 7th year of the agreement.

Recommendations:

- **Accountability for performance including liquidated damages for failure to meet performance standards**

3.5.3 Plan for Contingencies

The franchise system must include strategies and plans to respond to events that may interrupt collection, transfer, disposal and processing of solid waste and recyclables. These may include service interruptions, including but not limited to business failure, loss of insurance, labor disputes, natural disaster, franchise contract revocation or cancellation due to default, or other factors. During the stakeholder process and through the hearings on this matter, concerns were expressed regarding how the City would plan for these events. Making sure that customers receive reliable, uninterrupted service of their choosing is the key to contingency planning.

Sanitation recommends the following strategies:

Inclusion of detailed contingency plans in each franchise agreement, and requirements that these be updated annually: The contingency plan describes the Contractor's plan of action in the event that an emergency or other situation renders the Contractor's operations yard or equipment unusable. The Contingency Plan describes the steps that the Contractor will take to avoid interruptions in collection service.

Inclusion of backup provisions in franchise agreements: The ability of the City to trigger a response by franchise haulers in contiguous zones will allow an immediate response in case of service interruptions, emergencies, or in case of default by the current franchise holder. Other franchise holders in the City will, with the City's sole discretion, be asked to take over service if necessary.

Performance bonds and liquidated damage provisions to allow Sanitation or another franchise hauler to provide services: Another safeguard that will be included in the Exclusive Franchise agreements are performance bonds and a provision that will allow Sanitation, or a contractor of its choosing, to perform services when a franchise hauler fails to perform services under specified conditions. These provisions will require the non-performing franchise hauler to reimburse the City for all direct and indirect costs incurred while obtaining interim collection service, a financial guarantee backed by a performance bond.

Sanitation staff have had experience utilizing backup provisions in current hauler collection contracts to allow another contractor to move into an area of the City that was not receiving the appropriate service level. These provisions allowed the City to reduce its expenditures as well. Franchise holders will be required to assist in covering another zone, if they are notified, and the City can identify the appropriate party, taking into account their performance under their current franchise contract.

Recommendations:

- **Inclusion of detailed contingency plans in each franchise agreement, and requirements that these be updated annually.**
- **Inclusion of backup provisions in franchise agreements for each service zone.**
- **Inclusion of performance bonds.**
- **Inclusion liquidated damage provisions.**
- **Review other best practices employed by other jurisdictions to limit loss of service.**

3.5.4 Recognize and Reward Customer Successes

Just as penalties are strong incentives to perform, so are award programs to recognize exceptional service. Sanitation is proposing a program to recognize and reward businesses, financed and executed through the franchise agreements, which will identify and develop a pool of peer mentors to work with other businesses that need assistance in developing robust recycling and waste reduction programs of their own. Peer mentors will be those who have gone beyond the minimum requirements to embrace practices that minimize waste production, control purchasing, and maximize collection of recyclables to create as little residual waste as possible. The City's Green Lodging and Green Business Certification programs provide a model on how local businesses can receive certification that is recognized throughout California. Our franchise haulers will be able to nominate and assist businesses with the waste reduction portion of the certification. In addition, businesses should receive rewards for their efforts. A recognition program, including awards before the Mayor and City Council, networking opportunities, case studies and media outreach, can be part of the final franchise system approved by the City.

Sanitation proposes that the franchise haulers be required to have a minimum number of dedicated staff to assist businesses with waste assessments, recycling programs, and rewards. Permitted private waste haulers may also propose programs to subsidize equipment for businesses to reduce collected waste.

3.5.5 Provide Responsive Customer Service Supported by Technology

When customers have service questions or issues, such as inquiries about available services or to seek resolution to a complaint, it is important to address their need promptly and to provide different options for obtaining service, including by phone, through the web and other methods. These services can be provided by the City, by the franchisee, or a combination of the two. Properly administered customer service is a critically important success factor if the City is to meet its service excellence goals and State mandated recycling goals. The City plans to make digital communication a major part of its strategy for interfacing with customers.

Currently, many exclusive franchise agreements reviewed in Los Angeles County have very similar requirements for customer service. They require an office with a live operator and staff during daytime hours Monday through Friday, and some on Saturday, and also require the phone or pager number to a contact available 24 hours a day. Some local agreements require bilingual operators (English and Spanish), and have a specific requirement for taking messages and attempting to contact the customer to resolve their issue. These requirements are backed up by liquidated damages. The City believes that these requirements are a sound foundation for customer service, but need to reach further, requiring that the franchise hauler be reachable by phone, internet, text, and other methods. A robust system will be required that can interface with the City's systems to track customer service metrics and provide resolution assistance to customers in real time.

In its survey of other jurisdictions, CH2M HILL found that there are many methods employed for interfacing with customers, although most of the jurisdictions place most of the direct interface responsibility on the hauler, and agreements tend not to have many, if any, requirements related to web sites, on-line payment or account management, etc. Fresno City is the only jurisdiction surveyed that has specific language requiring the contractor to have a web site that provides information and educational information and electronic payment options for the customer. Some firms provide poor customer service, which led on jurisdiction (Phoenix) to have a City-operated call center for all zones. It also conducts quarterly customer satisfaction surveys and reports this information along with other contractual performance criteria in a quarterly customer service report card for service in all of its collection areas.

3.6 New Programs and Services to Customers

In 2011, the State Legislature adopted AB341, which requires all businesses over a certain level of waste disposal to subscribe to recycling services. Specifically, businesses including public entities that generate four cubic yards or more of commercial solid waste per week or multifamily residential establishments of five units or more shall arrange for recycling services. CalRecycle identifies many benefits associated with this law including:

- Opportunities for businesses or multifamily complexes to save money.
- Creating jobs in California by providing materials for recycling manufacturing facilities.

- Reducing greenhouse gas emissions.
- Keeping valuable materials out of landfills.
- Creating a healthy environment for the community and future generations by recovering natural resources.

Accordingly, the City should make sure that all businesses in the City, large and small, have access to convenient, standard waste reduction and recycling services. Through the use of exclusive commercial franchise agreements the City can establish the framework to achieve compliance with mandatory measures that have been adopted by California, and those being contemplated for future action through legislative and regulatory processes.

Sanitation believes the Exclusive Franchise will improve environmental performance well beyond what state law requires, toward the City's Zero Waste goals. Not only will the City set diversion goals to reduce landfilling, it will also encourage competition for franchises, innovation and partnerships that can exceed those goals and build long-term capacity for recycling and diversion.

In its survey of other jurisdictions CH2M HILL found that many have incorporated innovative recycling programs into their exclusive franchise agreements, as well as established a process to incorporate new programs over the term of the agreements. These programs include collection of bulky waste, white goods, electronic waste and organics. Stockton offers organics recycling to all customers – residential, multifamily and commercial – with the cost bundled in the solid waste rate along with recycling. In addition, jurisdictions in Florida that are subjected to natural disasters such as hurricanes have included provisions to engage their franchise service providers in the event of a declared natural emergency.

To support future innovation, Collier County has established a procedure to engage its franchise service providers to conduct pilot studies to evaluate strategies that may increase recycling, waste reduction, Collection efficiency, or reduce the County's costs. The franchise service providers are required to cooperate with the County in conducting such pilot studies, and subsequently are required to enter into good faith negotiations with the County if additional services are necessary from the Contractor to carry out the pilot studies. Similar provisions are found in other franchise agreements reviewed.

3.6.1 Offer Blue Bin Recycling City Wide

Sanitation is recommending, as a standard, a Blue Bin recycling system that provides a consistent customer experience throughout the City, regardless of whether the customer is a business, a single family or multifamily household, or school. Customer information and educational material will have consistent messages and common formats. 1.2 million single and multifamily households currently receive Blue Bin recycling and education services through current Sanitation programs. All LAUSD schools in the City have blue bin recycling programs and education that mirror the Sanitation recycling program. Businesses should be able to recycle the wide variety of material types accepted in the Blue Bin through their recycling programs as well.

Franchised haulers will be required to provide, at a minimum, blue containers of the size needed by the business, and 'valet' type of collection if necessary, similar to that in the Private Hauler Multifamily Residential Recycling Program. The Blue Bin recycling system will be the standard operating in all parts of the City. Other types of diversion programs will be allowed as haulers reach for the higher goals of Zero Waste, but 100% rollout of the Blue Bin recycling program to all businesses is critical to Zero Waste achievement. Businesses will be able to continue successful programs with source separated paper or cardboard or other commodities that are not currently collected for a fee.

In CH2M HILL's surveys, commercial recycling typically is a competitive market, or businesses pay for recycling at a rate ranging from 50-80 percent of the rate for comparable garbage service. We did find the following examples where recycling is included with garbage service:

- In Fresno County, all customers that elect to subscribe to enhanced service receive a consistent recycling service throughout the county (although residential green waste services differ in different zones).
- In Lee County, contractors must offer recycling of up to two cubic yards weekly to all commercial customers at no additional cost. Commercial customers are not required to recycle, and recycling services are not exclusive to the franchisee: if customers want a larger recycling container, they are charged for that service on a

negotiated basis.

- In Stockton, contractors must offer recycling of up to four cubic yards weekly to all commercial customers at no additional cost. Franchisees are entitled to added compensation for customers requesting service of more than four cubic yards of recycling per week. The recycling service is not exclusive.

Many jurisdictions surveyed make contractors responsible for providing education and promotion.

One jurisdiction, Fresno County, established diversion targets for service areas made up of multiple franchise areas, and required that its contractors collectively meet a diversion target. This is the only jurisdiction surveyed that makes contractors responsible for meeting particular diversion targets. One jurisdiction surveyed, Stockton, levies liquidated damages on contractors that do not meet diversion targets. Fresno's contract holds its contractors liable for a proportionate share of any fines the State levies on the City for failing to implement agreed upon programs/services necessary to meet A.B. 939 and A.B. 341 requirements.



Recommendations:

- **Blue Bin recycling, at minimum, required at every customer site.**

3.6.2 Expanded Organics Programs

Sanitation is recommending that proposers of the Commercial Waste Franchise System include a description and plan for diverting organics, including food waste, from landfill disposal. After recyclables are separated from the rest of commercial waste, a large percentage of waste disposed in landfills is compostable organics.

To reach Zero Waste, the City must move forward with programs and processes to capture and recycle organic material. CalRecycle has adopted a Strategic Direction to reduce organics going to landfill by 50% by 2020, or about 10 million tons of material annually. Public meetings and discussion with CalRecycle staff indicate that the plan to move the State of California to 75% waste diversion will focus on organics diversion as one of the critical measures.

The City has already made great strides in promoting commercial organic recycling. In April 2004, Sanitation began a pilot program to evaluate the collection of food waste and other organic waste from restaurants. Restaurants that volunteered to participate in the pilot were asked to separate their organic waste for recycling into compost. Due to the success of the pilot, the program was expanded Citywide. There are now over 1,200 restaurants participating in the voluntary program. Although this commercial food waste recycling program is one of the largest in the nation, it is still only the beginning of the massive effort to divert at least 50% of the organics generated in the City from landfills. There are over 8,000 food service establishments alone in the City. To further complicate the effort necessary to divert organic waste, there is limited existing organics processing capacity. The organic processing infrastructure needs to be increased to handle organics currently being disposed.

In northern California, separated organics collection is well established in most of the heavily populated areas. In Los Angeles County, more of the exclusive franchise agreements over time have had requirements for the separation and recycling of organic materials. Some examples of mandatory



commercial organic recycling program include:

- West Hollywood - Requires that organic waste collected from restaurants be recycled
- San Francisco - mandates that all residents, plus businesses, restaurants and multifamily complexes compost organic waste.
- Redondo Beach – Requires that locations that generate food scraps recycle them.

Many jurisdictions are beginning their organic recycling programs through voluntary effort. These include:

- San Diego – Allows food waste generated at pre-approved commercial venues be accepted at their landfill/composting facility at a discounted tipping fee. Participants in their program include large venues such as Petco Park and Sea World, universities, hotels, and local restaurants.
- Berkeley – Encourages restaurant to participate in organic recycling. The city supplies carts or bins for organics and offers up to six days/week collection. Participants receive a discount of 20% off the current refuse rate for the food waste portion of their service.
- Dana Point – Offers organic recycling to all businesses.

In CH2M HILL's survey, most jurisdictions' franchise agreements cover the services that will be provided, and any new services or adjustments are covered as amendments to the agreements. But some agreements anticipated future organics service:

- Reno's agreement states that the franchisee may offer a food waste recycling service on a subscription basis. If so, the rate charged for the service will be negotiated with the City.
- Seattle negotiated a price that set forth the compensation should it elect to change residential garbage service from weekly to every other week.
- Collier County, FL used an innovative approach to future organics recycling in its franchise agreements. That approach is presented below:

"If the County decides to collect and process Commercial Organics, the County shall give the Contractor an opportunity to submit a proposal for providing these services. If the County and Contractor are unable to negotiate a mutually acceptable agreement for the provision of these services, the County may issue a request for proposals or take such other action as it deems appropriate.

If the County executes a contract with a Person other than the Contractor for the Collection of Commercial Organics, the County shall give notice to the Contractor at least ninety (90) calendar days before the Person begins to collect Commercial Organics pursuant to its contract with the County. In such case, the County shall reimburse the Contractor for the lost profits the Contractor would have earned under this Agreement from the Collection of Commercial Organics during the remaining portion of the term of this Agreement, prior to any renewals of the Agreement, but only if and only to the extent that: (a) the County's Collection of Commercial Organics directly causes a reduction in the amount of Solid Waste collected annually by the Contractor; and (b) the reduction is greater than five percent (5%).

Lost profit is defined as a reduction in the Contractor's net revenue that was directly caused by a reduction in the amount of Commercial Organics collected by the Contractor under this Agreement. Lost profit does not include a reduction in net revenue that was caused by increased capital or operating expenses.

The parties shall determine whether there has been a reduction in the amount of Solid Waste collected under this Agreement by comparing (a) the amount of Solid Waste collected during the first twelve months after the County begins to collect Commercial Organics and (b) the amount of Solid Waste collected during the prior twelve months.

To calculate lost profits, the parties shall: (a) determine the net revenue the Contractor earned for the Collection of one ton of Commercial Organics during the twelve (12) months before the County began to collect Commercial Organics; (b) determine the extent to which the reduction in the Contractor's Collection of Solid Waste exceeded five percent (5%); (c) convert the value identified in subsection (b) into tons; and (d) multiply the Contractor's net revenue per ton, as determined pursuant to subsection (a), by the appropriate number of tons, as determined pursuant to subsection (c), and by the remaining number of years (or fractions thereof) in the term of the Agreement. This calculation may be expressed by the following formula:

$$LP = NRPT \times ET \times T$$

Where: LP is the amount of the Contractor's lost profit; NRPT is the Contractor's net revenue per ton; ET is the excess tonnage (i.e., the amount greater than a 5% reduction in the Contractor's Collections); and T is the time (years) remaining under the Agreement."

**Resource Ventures, Seattle
Partially Funded by Seattle Public
Utilities Provides Businesses with:**

- Recycling and waste reduction technical assistance
- Stormwater management technical assistance
- Water conservation technical assistance
- Other advice relating to reducing a business's environmental footprint

Considering the many complexities and unknowns surrounding commercial organic recycling, staff recommends a phased set of goals and requirements be established in the RFP and Exclusive Franchise agreements. The immediate requirement will be to ensure that all current organic recycling is preserved. There are over 1,200 restaurants participating in Sanitation's existing commercial food waste diversion program. This requirement will also include the collection of green waste from multi-family properties where applicable. The "bundled" rates established through the RFP will include the continued collection of organics from all participating restaurants and green bin recycling at all multi-family properties that generate green waste.

The second phase will be to require organics recycling at all restaurants, and finally, mandatory diversion of organic waste. However, there is insufficient process capacity to handle all the potential organic material, therefore the proposer will not be expected to propose a price for the final phase of the diversion program. Existing facilities will need to be expanded or new facilities developed. As the location and cost of recycling at the facilities are unknown a bundled or all inclusive price cannot be developed for the final phase of the program. In lieu of a bundled rate proposal for the second phase, proposers will be asked to submit a separate rate with assumptions that can be bundled at a later date. Proposers will be asked to break this rate into three components; collection, hauling, and transfer/disposal. Proposers will be required give details on the assumptions used such as distance to facilities, \$/mile hauling cost, and tip fees. As part of the evaluation criteria, Sanitation will assess the reasonableness of the pricing provided by proposers for organics collection services, and use the cost and assumptions to establish future rates as new processing capacity becomes available.

Recommendations:

- **Preserve existing organic waste collection.**
- **Offer green waste collection to all Multifamily customers.**
- **Phase in organics diversion programs.**

3.6.3 Provide Waste Assessments Tailored to Business Needs

Sanitation recommends that the Exclusive Franchise Haulers conduct a minimum number of business waste assessments each year. A Business Waste Assistance program is a necessary tool in reaching Zero Waste. To comply with AB341, those cities with exclusive franchise arrangements are being encouraged by CalRecycle to perform waste assessments at their largest businesses to ensure compliance and gather recycling data.

Sanitation has performed on-site assessments of over 800 businesses over the last six years to help them recycle more material. One challenge in providing this assistance is the number of options and haulers that businesses have to work with to achieve high waste diversion goals. Businesses in the City will need continued assistance in setting up and understanding waste diversion programs, but for them, this job will become very convenient.

With a stable hauler base and minimum standards delivered through the franchise agreements, there will be increased customer service and focus on individual business needs for waste diversion. Franchise agreements will specify the number and type of waste assessments and on-site visits to be delivered to business customers in their franchise zones. The cost of these services will be included in rates and not offered as “extras” that the customer must pay more for.

In addition to waste assessment, it is common to require franchise service providers to provide directly, or to provide a financial contribution towards customer education. CH2M HILL found, for example, that Collier County, FL requires its franchise service providers to provide information to all Commercial Customers regarding the County’s Recycling Program, waste reduction program, Hazardous Waste collection program, and related matters. This information is distributed in March and November of each Agreement Year and the form and content of this information shall be subject to the Director’s approval. In addition, the franchise service providers are required to expend \$50,000 per Agreement Year assisting the County with educational, promotional, and public awareness activities. Most other agreements reviewed by CH2M HILL include similar provisions.

3.6.4 Further Expand Zero Waste Programs

To reach its zero waste goals, the City will need to go beyond the diversion standards and program offerings of other cities in California with franchise collection systems. Sanitation recommends that franchise agreements establish maximum disposal amounts for each collection area, and that franchisees be required to implement City diversion programs that are needed to meet zero waste goals.

Many jurisdiction in California set minimum diversion targets for their franchised waste haulers that align with State goals, and include general language in franchise agreements requiring haulers to make “best efforts” or “good faith efforts” to implement programs and services to meet these targets. This approach to achieving diversion targets is unlikely to result in high diversion rates; because the standards for haulers are not specific and the bar is not set very high.

Examples of programs and strategies to be considered in the franchise agreements include:

- Recycling services for all multi-family properties, businesses, and institutions.
- Organics programs, potentially mandatory, for businesses that large amounts of food waste such as restaurants.
- A hands-on assistance program to help businesses implement recycling and waste reduction services that meet their unique needs and save money.
- Rate structures that incentivize multifamily property managers and business to recycle more, including bundled services rates that include the cost of garbage, blue bin recycling, and organics.

CH2M HILL’s survey of other jurisdictions outside of California generally found that recycling services were part of every franchise agreement or contract. In most jurisdictions, multi-family residents and business are charged for recycling services and that rate is set between 50 and 80 percent of the rate for similarly-sized garbage service.. There were a few jurisdictions that offer limited free recycling service as part of garbage collection rate:

- In Fresno County, all customers that elect to subscribe to enhanced service receive a consistent recycling

service throughout the county (although residential green waste services differ in different zones).

- In Lee County, contractors must offer recycling of up to two cubic yards weekly to all commercial customers at no additional cost. Commercial customers are not required to recycle, and recycling services are not exclusive to the franchisee: if customers want a larger recycling container, they are charged for that service on a negotiated basis.
- In Stockton, contractors must offer recycling of up to four cubic yards weekly to all commercial customers at no additional cost. Franchisees are entitled to added compensation for customers requesting service of more than four cubic yards of recycling per week. The recycling service is not exclusive.

For organics, Vancouver (Wa.) has had in place, since 2006, an organics collection program that is fee for service, but the participation is low. Seattle has a fee for service yard/food waste collection program that is available to multifamily properties and commercial customers: the participation is low. In California, Stockton has an organics collection program that is available to all multifamily and commercial customers, the cost of which is bundled with garbage and recycling.

Most jurisdiction surveyed include requirements that haulers do some degree of recycling and waste reduction education (usually by mail), and participate with City in public events promoting recycling and waste reduction, and some agreements require the hauler to assist with pilot programs at no additional cost to the jurisdiction.

Recommendations:

- **Franchise agreements to have landfill disposal targets, including penalties for not meeting targets.**
- **Franchise agreements to include ability to implement new programs to reach Zero Waste.**
- **Proposers will be encouraged to exceed minimum targets in their proposals by including innovative programs.**

3.7 Special Service Requirements

3.7.1 Exempt Hazardous and Certain Other Materials

Certain types of special waste are regulated under a different sets of legal frameworks than municipal solid waste (MSW). Based largely on this Sanitation recommends the following exemptions be included in the exclusive franchise system:

- Medical waste
- Hazardous waste
- Radioactive waste
- Pharmaceutical waste
- Construction and Demolition Debris (C&D)
- Recyclables that have value to the generator, and are sold or donated
- Green waste removed from a site as incidental to a landscaping business, provided that the landscaping business documents the locations where green waste is recycled.
- Other specialty waste as designated by Sanitation (e.g., biosolids, fats, oils, and grease, etc.)

Hazardous waste and medical waste transportation are regulated by the California Department of Toxic Substances Control (DTSC), the California Health and Safety Code, and the United States Department of Transportation (USDOT). The majority of solid waste haulers do not hold the necessary registrations and licenses to haul hazardous and medical waste as defined by the California Health and Safety Code. In addition, medical and hazardous waste is not tracked as part of the State diversion requirements and does not affect the City's Zero Waste goal. Including hazardous material in the franchise will not help the City reach its zero waste and environmental goals and should be exempted.

From the standpoint of meeting the City's and State's recycling goals, and to maintain the healthy local market for C&D collections services, it makes sense to exclude C&D from the franchise system at this juncture. On December 17, 2010, the City Council approved a mandatory Citywide C&D Recycling program. The ordinance went into effect on January 1, 2011. Under this new ordinance, all mixed C&D waste generated within the City must be taken to City Certified Processors of C&D waste. As such, inclusion of this material in the franchise system is not necessary to meet State and City diversion goals. It should also be noted that the 5-year notice approved by the City Council on December 6, 2011, excluded the collection of C&D waste from a proposed franchise system. Many of the smallest waste hauling companies operating within the City solely collect C&D material. Exclusion of C&D helps protect the smallest of waste hauling businesses operating with the City.

Case law requires that source-separated recyclables that are sold by the owner (business) be exempt from the franchise requirements. On March 31, 1994, the Supreme Court of California noted that local governments may award an exclusive franchise for solid waste handling services; however, items with economic value to their owner do not fit the definition of solid waste. As such, the following must be exempt from the exclusive franchise system:

- All recyclable materials source separated from solid waste by the owner and/or operator of the premises from which the solid waste was generated, whereby the generator of the waste sells or is otherwise compensated by a collector of the recyclable materials in a manner resulting in a net payment to the owner and/or operator.
- Recyclable materials and green waste source separated at the premises by the owner and/or operator of the premises and donated to a youth, civic or charitable organization.

CH2M HILL's survey of other jurisdictions indicates that Sanitation's recommended waste exemptions are consistent with other jurisdiction's practices. No jurisdiction surveyed included any form of hazardous waste in its franchise agreement, all exclude source separated recycling (based on case law), and all exclude C&D. In Seattle's case, C&D service is provided under a separate contract with the City, and is provided by two haulers who compete to provide service city wide. Because C&D is generated irregularly, and not at a uniform rate throughout a jurisdiction, there are no real collection efficiencies to be gained by implementing an exclusive franchise system.

Recommendation

- **Exempt the following material types**
 - Medical waste
 - Hazardous waste (including E-waste)
 - Radioactive waste
 - Pharmaceutical waste
 - Construction and Demolition Debris (C&D)
 - Recyclables that have value to the generator, and are sold or donated
 - Green waste removed from a site as incidental to a landscaping business, provided that the landscaping business documents the locations where green waste is recycled.
 - Other specialty waste as designated by Sanitation (e.g., biosolids, fats, oils, and grease, etc.)

3.7.2 Hospitals

Sanitation carefully examined the solid waste hauling needs of the hospital industry. In addition to numerous meetings and ongoing communications, City staff visited three hospitals within the City limits with assistance from the Hospital Associations of Southern California, including White Memorial Hospital in Boyle Heights, Keck-USC Hospital in Lincoln Heights, and Northridge Hospital Medical Center in Northridge. Staff also visited Kaiser Permanente in Anaheim. Kaiser Permanente was chosen because it is serviced by an exclusive solid waste hauler under franchise with the City of Anaheim. The hospitals visited were medium size hospitals with beds ranging

from 250 to 450 and represents varying methods of waste management. The waste generated by hospitals includes medical waste (often referred to as "red bag" waste due to the color of the container this waste need to be contained in), pharmaceutical waste, hazardous and toxic wastes, and regular commercial waste. Other waste includes electronic waste, construction and demolition debris, and food waste.

Although each hospital was unique in how they managed waste within their facilities and the level of waste diversion and recycling, they shared many similarities. Hospitals visited typically used multiple companies to assist in the management of the various waste streams, however the collection of mixed waste was performed by City permitted waste haulers. Bins containing mixed waste were kept separate from other waste streams and were typically collected on a regular schedule.

A number of meetings have been held with the Greater Los Angeles Area Hospital Association and representatives from the associated hospitals. Hospitals voiced a number of concerns about being included in the franchise system. The underlying concern centered on the waste hauler's responsiveness and timely pick up of waste. Because there are different waste streams generated at hospitals that all need to be serviced, there are often small windows of time that companies are allotted to access the facility. Some hospitals have automated their waste collection. Such is the case with White Memorial, which has an auto-dialer connected to their waste compactor that calls the hauler when the compactor is full. Hospitals were also concerned with health and safety impacts that might arise if waste is not collected in a timely manner and the possibility of increased costs.

The Greater Los Angeles Area Hospital Association provided a list of challenges that should be addressed in the franchise RFP and contract. The challenges included service needs such as ability to perform urgent unscheduled collection of waste, increased costs, preservation of revenue from the sale of recyclables, reporting and customer service. In addition, the contracts should contain liquidated damages and penalties.

The concerns of the hospitals can and will be addressed through the franchise process. The RFP and final franchise contracts will be structured to specifically address the needs of the hospitals. The franchise agreements will include at minimum requirements such as:

- Prescribed response time
- Collection windows (often hospitals need waste picked up within a predetermined window)
- Response procedures for emergency situations (such as hazardous waste commingled with solid waste)
- Prioritize provision of alternative haulers for hospitals in the event of any interruption in operations of the franchisee, for any reason, including but not limited to business failure, natural disaster, or a labor dispute.
- Customer service procedures
- Reporting requirements
- Technology support (such as auto-dialers)

Sanitation will continue to hold stakeholder meetings throughout the franchise initiative process, including the development of the RFP and contracts, and implementation. Hospitals will have the opportunity to continue to participate in the City's ongoing stakeholder and outreach process. Other RFP and franchise contracts requirements will be developed through the stakeholder process, as the franchise process continues.

It is also important to note that much of the material generated at hospitals is exempt from the proposed franchise structure, as currently recommended. The collection of electronic waste and C&D debris is not included under the proposed franchise system. Hospitals will continue to secure vendors to collect exempted material, not necessarily the franchisee in their zone.

CH2MHILL's survey of other jurisdictions indicates that Sanitation's recommended inclusion of hospitals is consistent with other jurisdiction's practices. No jurisdiction surveyed excluded hospitals from its franchise agreements, although medical waste is commonly excluded. In addition, Sanitation visited the new Kaiser Permanente Hospital in Anaheim. Staff found that the new hospital, serviced under an exclusive franchise agreement, established a good working relationship with the franchise hauler and all their service needs were being met.

Recommendations:

- **Hospital needs to be addressed in the Franchise Service requirements,**
- **Hospitals to be included in the franchise service model.**

3.7.3 LEED Buildings

Franchise agreements will include service requirements to support Leadership in Energy and Environmental Design (LEED) certification by City businesses. Many businesses have made significant efforts to protect the environment. This is highlighted when a business goes through the extra effort to become LEED Certified. Although many recognize LEED certification during the building construction process, the ideologies and requirements for resource management and conservation carry over to the operation and maintenance of a building. Resource management components necessary for LEED certification in existing buildings include:

- Establish and implement solid waste management policy.
- Perform a waste audit
- Divert ongoing consumables waste from landfills and incineration. Provide data for most recent 25% of recertification performance period.
- Divert durable goods waste from landfills and incineration. Provide data for most recent 25% of recertification performance period.

Sanitation will work with local business and the franchise waste haulers to ensure that the resource management components of LEEDs can be met. Franchise haulers will be required to conduct a minimum number of business waste assessments each year. Priority for these assessments or audits can be given to business seeking LEED certification. The cost of performing waste assessments will be included in rates and that the business will not need to pay extra for this service. Franchise haulers will be required to provide all businesses with recycling services. Business will be able to subscribe to a level of recycling that meet their needs. In addition, as the organics recycling program is developed businesses will have access to diversion programs that may not currently be available.

3.7.4 Studios

Recognizing the highly unique, and geographically fluid, circumstances under which major multinational motion picture studios operate, Sanitation recommends that they be covered by an alternative program in which they will be subject to the same standards and rigor of the exclusive franchise system, while also being afforded the additional operational flexibility demanded by their unique circumstances presented by the interrelationship in studio work and on-location filming.

City staff met with representatives from the studios and their association and conducted site visits to a number of studios located within the City, including Fox Studios on Avenue of the Stars, and Paramount Studios on Melrose Ave. These are two of the largest studios operating in Los Angeles. Both studios have implemented significant recycling programs.

Perhaps the most unique and demanding characteristic of their core operations is the dependence on the City of Los Angeles as their back drop for "on-location" shooting. On-location shooting includes filming for feature films, television shows, commercials, still photography, videos, documentaries, and other miscellaneous filming activities. On-location filming can occur at an endless number of locations throughout the City. Shooting can range from a few hours to several days. On-location filming involving the closure or use of City streets, bridges, or other infrastructure requires City permits, processed by Film LA, and approved each day by a Commissioner of the Board of Public Works. These permits strictly limit the time period during which such restrictions on the right-of-way can be imposed for filming purposes. Waste generated from on- location filming typically results from the demolition of temporary sets. Often sets are erected on site for filming and then immediately torn down. Waste must be removed from the temporary location as soon as the filming ends. This often occurs in the late evening or early morning hours so the site can return to its normal operation. Filming of a single movie may involve the set up and tear down at multiple locations throughout the City, crossing over proposed franchise boundaries,

sometimes on a day-to-day basis, without necessarily knowing, until close to the end of the shooting, how long the set may remain in place at any one location.

Additionally, though each studio visited was unique in how they managed waste within their facilities, they shared many similarities. Studios operate twenty-four hours a day and need the flexibility of having their waste service twenty-four hours per day and in a continuum between in studio and on-location shoots. Their operations produce a wide variety of waste such as hazardous waste, electronic waste, medical waste, construction and demolition debris, food waste and office waste, in a constantly changing quantity and mix. Due to the nature of the filming activity, as noted above, waste streams are irregular and collection needs and frequency vary on a daily basis, making it difficult to plan.

Studios have expressed to Sanitation specific additional challenges and needs that must be met for effective operations. These challenges include the need for specialized vehicles, such as small waste collection vehicles to navigate the narrow streets at studios, fast response time (typically within two hours of a request for pick up), and unique security challenges.

It is not uncommon for the City to work collaboratively with the filming industry. As noted in the CAO response to Council File 12-0002-S27, Impact of Waving Fees for TV Pilots Productions, the City has adopted various incentives to assist the film and television production industry including:

- Reduced business tax rates for entertainment productions
- Adjusted film production tax base
- Implemented tax breaks for entertainment creative talent
- Eliminated fees to film at most City facilities
- Created marketing program for FilmLA
- Prepared guide to Downtown Los Angeles parking lots
- Allowed film parking at DWP facilities
- Reduced or waived parking fees at City parking lots
- Installed film power nodes at City Hall, John Ferro Building and Griffith Park Old Zoo

Given the highly particular operational needs of the industry, the significant risk of production being shifted outside the City, an alternative program will be crafted for the studios, one that will ensure that these studios achieve the same environmental benefits that would have been gained through the franchise system, while also taking into account the unique circumstances of “on-location” and other unique “on-lot” production and operational challenges.

Recommendations:

- **Require major studios to employ a franchise hauler—one awarded one of the City service zones.**
- **Require that major studios be subject to the same collection system requirements as under the franchise system, including diversion standards, accurate reporting, AB939 Fees, Franchise Fees, and the employment of clean fuel vehicle fleets.**
- **Periodically, each studio will be subject to an independent third-party audit, at their own expense, of their satisfaction of the environmental and other requirements imposed by the general franchise system. The Bureau will report periodically on the results of the audit, and the City will retain the discretion to bring a studio under the general franchise system in the zone in which they are located, where the studio fails to achieve the environmental benefits achieved in the zone in which they are located.**
- **City staff will further define which studios will be covered by this alternative program, during the RFP development process, in consultation with the industry and through the ongoing stakeholder process.**

3.7.5 Special Multi-jurisdictional Boundary Areas

In recognition of the fact that there exists areas along the City boundaries where a single business enterprise or multi-family complex may geographically straddle two or more political jurisdiction where the applicability of the

franchise system would prove impractical and it would serve all interested parties, a different service arrangement should be developed. One such example would be Universal City where the majority of the complex is within the County and a portion is within the City.

Recommendation:

- **Authorize the Director of Sanitation to negotiate MOU's with the appropriate jurisdictions**

3.7.6 Special Services

It is the intent of the Bureau of Sanitation to address unique special services, such as those at Park La Brea, by encouraging proposers to partner with waste haulers, as subcontractors, that are geared to meet the special needs. Subcontractor(s) will be required to abide by the City's living wage requirements, as well as any health and safety standards the City establishes through the contractual process.

3.8 Other Programs and Actions Needed to Achieve City Goals

3.8.1 Ongoing Community Input

Sanitation is committed to the successful implementation of the Exclusive Franchise system for customers in Los Angeles through an ongoing stakeholder input process. As shown in Figure 3-3 below, the Stakeholder Input and Outreach Process, which began in Franchise Policy Development phase, will continue throughout the entire Solid Waste Franchise Process. During the Policy Development phase Sanitation reached out to over 2,000 entities, held seven stakeholder meetings, met with representatives from the hospital association and studios, and toured their facilities. During the Implementation plan phase staff has met with various business groups and waste hauler associations, held an open house geared at gaining input on franchise area boundaries, and posted all versions of the Preliminary Implementation Plan on Sanitation's website.

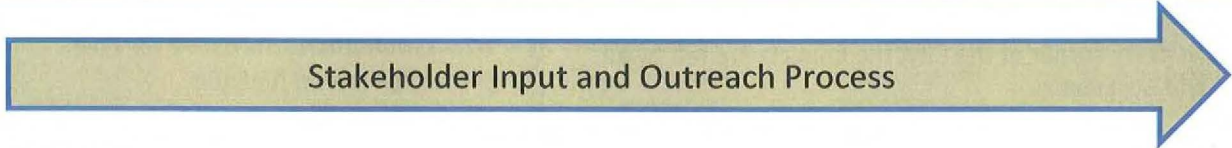
Sanitation believes that stakeholder input and outreach is a continuous process. Sanitation will continue to reach out to stakeholder groups through their representatives including but not limited to: the City, neighborhood councils, commercial waste haulers, multifamily households, chambers of commerce, business improvement districts, hospitals, environmental groups, non-profit organizations, faith based organizations, and labor groups.

As an additional mechanism for stakeholder input, and to receive advice on matters concerning the development of the Exclusive Franchise, Sanitation will establish a Working Group that will meet on a regular schedule with varying target groups invited to address customer service and special collection needs. Sanitation has already begun to identify such needs through meetings with stakeholders, and through this process, it hopes to further enumerate and clarify special customer service and collection needs so that they are properly accounted for in the RFP. Sanitation will consult with the Working Group to ensure a smooth transition from the current open permit system to the Exclusive Franchise system, and quickly address problems that may arise.



Solid Waste Franchise Initiative Process

Franchise Policy Development	Implementation Plan	CEQA	RFP Development	Implementation and Transition
• Eight stakeholder meetings • Mailed over 1,700 stakeholder notices • E-mailed over 2,000 notices • Posted on Sanitation's web site • Stakeholder groups: • Waste Haulers • Recyclers • Waste Industry Workers • Environmental Organizations • Chambers of Commerce • Business Associations • Business Improvement Districts (BIDs) • Neighborhood Councils • Renters • Apartment Owners and Associations • Community Members • Labor Organizations • Site Visits	• Meetings with business groups • Business groups: • Waste Haulers • Environmental Organizations • Chambers of Commerce • Business Associations • Business Improvement Districts (BIDs) • Apartment Owners and Associations • Community Members • Site visits • Posting on Sanitation's web site • Open House on Zone boundaries	• Scoping Meetings • Post NOP Sanitation's web site • Review Draft EIR	• Working Group Meetings • Stakeholder outreach • Posting on Sanitation's web site • Site visits to various customers by business type	• Working Group Meetings • Public Education and Outreach • Notice to customers • Training • Implementation of customer service tracking system • Customer Care System



Stakeholder Input and Outreach Process

Figure 3-3
Stakeholder Input and Outreach Process

3.8.2 Institute Comprehensive Reporting Requirements

To be able to monitor hauler compliance with the terms of the City's franchise agreement, the agreements will need to include comprehensive reporting requirements. Sanitation recommends that these reporting requirements address, at a minimum, the following general areas:

- Data on accounts served, by service level and address, and services provided to each. Depending on how frequently the City chooses to audit each hauler's billings and collections, this information could be reported monthly, quarterly, or annually;
- Data on tonnages disposed, recycled, and sent to an organics processor should be reported at least quarterly;
- Data needed for monitoring hauler performance (e.g. missed collections, repeat misses, containers not delivered on time, etc.) would need to be reported monthly;
- Data on customer call response times, wait times for incoming calls, dropped call figures, fax and email volumes and response times, and types of calls received (complaints, etc);
- Data on how many customer contacts the hauler made to assist customers with recycling program design, configuration and set up;
- Data regarding facilities receiving material collected under the Franchise.

CH2M HILL's survey of other jurisdictions indicates that those on the West Coast all require tonnage data to be reported by service type (and facilities where material was disposed, transferred or processed), most require regular reporting of number of accounts and certain other service information, all that have specific liquidated damages require regular reporting of data related to performance metrics, but few monitor hauler outreach to customers.

Sanitation also recommends that, at a minimum, periodic audits (quarterly or twice per year) of each service provider's billings to ensure that billings conform to agreement terms and that payment to the City have been computed correctly. Audits would review, as examples, the number of base service units and extra service units billed versus the services that a sample of customers actually received; determine if the service provider has been "nickel and diming" customers for extra services; and whether or not the service provider has been complying with franchise terms to fully implement diversion programs and services. These audits could be conducted by a contract auditor at the service provider's expense, or by qualified City staff.

CH2M HILL found that only two of the jurisdictions surveyed, Portland and Seattle, conduct extensive audits. Portland does so to support its rate setting process, while Seattle conducts monthly audits to ensure that its contractors are complying with the billing and collection terms of their contracts, and to ensure that the City and the contractor are receiving their proper share of rate revenues. Seattle also uses data received on accounts and services provided as inputs into its rate setting process.

3.8.3 Require Clean Fuel Vehicles

Sanitation recommends that, under the exclusive Franchise agreement, solid waste haulers will be required to have 100% use of low-emission, clean fuel vehicles equipped with engines that are 8 (eight) model years or newer in the City during the term of the agreement. Waste collection trucks have a direct adverse affect on air quality. Due to the necessity of waste collection in every corner of the City, the impacts are felt by all residents and businesses.

The SCAQMD adopted Fleet Rule 1193 for public and private solid waste collection fleets. This rule requires fleet operators to acquire alternative-fuel refuse collection heavy-duty vehicles when procuring these vehicles for use within the AQMD's jurisdiction. The rule applies to government agencies that operate solid waste collection fleets with 15 or more solid waste collection vehicles, and private entities that operate solid waste collection fleets with 15 or more solid waste collection

Seattle's Collection Contract Specification for Clean Vehicles:

"All collection trucks shall use at least 20% biodiesel (B20) or operate on CNG unless otherwise authorized by the City. If the per-gallon price of B20 is more than 15% above the cost for straight diesel fuel, the Contractor shall notify the City and may reduce the percentage of biodiesel used in the fuel blend to maintain costs at the 15% cost threshold. Alternatively, the City may elect to reimburse the Contractor for the portion of fuel cost above the 15% cost threshold to maintain the use of B20."

vehicles. SCAQMD monitors and enforces the fleet rule requirements.

Waste haulers will be required to operate 100% clean fuel vehicles within twelve (12) months of award of the franchise. Solid waste collection fleet owners and operators are required to comply with all applicable federal, state, and local regulations, including, but not limited to, the South Coast Air Quality Management District's Fleet Rule 1193 (Clean On-road Residential and Commercial Refuse Collection Vehicles) and the California Air Resources Board's Solid Waste Collection Vehicles Regulation (Diesel Particulate Matter Control Measure for On-road Heavy-duty Diesel-fueled Residential and Commercial Solid Waste Collection Vehicles; Title 13, California Code of Regulations, Sections 2020, 2021.1, 2021.1 and 2021.2).

The proposed clean fuel vehicles requirement may inhibit small waste haulers, those operating a fleet with less than 15 vehicles, from submitting a proposal. Small waste hauling companies may not have the capital to transition their fleet within the 12 month period. To ensure small haulers are not adversely impacted due to lack of capital resources, the phase in period for small haulers to operate alternative fuel vehicles can be extended. These haulers may phase in vehicles when they add or replace alternative fuel vehicles in their fleet or 100% of their fleet by 2020, in accordance with Fleet Rule 1193. To further assist smaller waste hauling companies, Sanitation will work with haulers to identify State grants designed to assist in the purchase of alternative fuel vehicles. Sanitation has received a total of \$20 million in grants to assist in converting its fleet to clean fuel, and these grants are also available to private waste haulers.

Sanitation plans to move beyond the requirements of the SCAQMD. The Exclusive Franchise haulers will be required to submit a Compliance Report to the City. The Compliance Report must include name of company, address of business, names of owner or contact (if different from owner name), electronic email addresses and phone numbers, and listing of clean vehicle fleet inventory, including vehicle identification number, vehicle manufacturer, vehicle model and model year, engine manufacturer, engine family number, engine serial number, fuel type, and address of fueling location. During the term of the agreement, the owners are required to submit to Sanitation within 7 (seven) calendar days an updated Compliance Report if any changes occur to the clean vehicle fleet inventory.

CH2M HILL was able to obtain RFPs from a few of the cities it surveyed and franchise agreements or contracts from nearly all. Four cities indicated that clean vehicles have been or will be required in RFP processes (Reno, Fresno, Phoenix and Seattle). Nearly all of agreements reviewed include language requiring the franchisee to comply with all regulations related to vehicles (some are fairly specific, like Fresno's), but only one agreement, Seattle's, was specific about what fuel/emission standards vehicles need to meet.

Recommendations:

- **Encourage proposers to exceed Rule 1193 minimum standards in their proposals.**

3.8.4 Ensure Safe and Healthy Working Conditions

The exclusive franchise will be developed to address labor concerns and worker safety. The City will have extended oversight and enforcement capabilities of facilities used to handle City waste under the exclusive franchise agreements. These facilities become subcontractors under the franchise agreements and subject to City policies. Proposers will be



required to list all facilities that would be utilized under the franchise, as well as the facility processing methods to be utilized.

3.8.4.1 City certification of Facilities through Franchise Agreements

The franchise agreements will contain specific language granting the City authority to inspect the waste haulers' facilities as well as certify and inspect all waste and recycling facilities utilized. These inspections will provide the opportunity to monitor and enforce terms in the franchise agreements regarding compliance with applicable laws including:

- Spread of illness or injury through contamination of air, water, and disease carrying vectors.
- Identification and proper handling of hazardous materials.
- Control of nuisances such as dust, odor, litter, noise, and visual or aesthetic degradation.
- Control of disease causing agents.
- Personnel safety and health.
- Facility emergency contingency planning, preparedness and response.
- City policy measures such as the living wage ordinance.

A franchise Certification and Inspection team will be established within Sanitation. Facility inspection will be conducted by trained professional staff whose training meets the requirements for technical expertise in the manner of training for the Local Enforcement Agency (LEA) in the City of Los Angeles. Inspectors should be a California certified Registered Environmental Health Specialist (REHS). Franchised waste haulers, as well as all facilities they utilize under subcontract, will be required to maintain documentation on the handling of all material collected or received and maintain inspection records from other compliance agencies, such as the Cal-OSHA. City staff will have the right to audit the records at all facilities. Repeated violations of workplace safety requirements, or failure to maintain accurate documentation, as two examples, would be enforced through liquidated damages identified in the franchise agreements, and could result in the termination of the franchise agreements. A complaint hotline will be established, and the Certification and Inspection staff will also respond to complaints, therefore time will be budgeted for the meetings, reports, and other actions needed for response. Similar to the protection provided under Labor Code section 6311, the franchisee nor its sub-contractors shall discharge or in any manner discriminate against any employee because the employee has made any oral or written complaint to the City, or other governmental agencies having statutory responsibility, with reference to employee safety or health, his or her employer, or his or her representative.

The City's LEA is the State certified Agency to permit, inspect, and regulate solid waste facilities. However, the LEA manages only those facilities that have a Solid Waste Facilities Permit issued by CalRecycle. Many of the facilities that will be utilized by the franchise haulers are not under the State compliance program, and are located outside of the City, and the City LEA's, jurisdiction. In addition, the LEA does not have the authority to inspect for City contract compliance measures such as living wage, or conducting inspections and analysis to determine a diversion rate for each facility. Having inspection staff in Sanitation will allow direct access to facilities, employees, and records to determine Certification for regulations and compliance with franchise agreements.

Seattle

Requires contractor to pay prevailing wage; hourly rates are included in contracts

Contractors must provide:

- *Medical, Dental, and Vision services*
- *Retirement benefits*
- *Eight (8) days of paid time off for specified holidays*
- *Paid vacation*
- *Paid sick leave*

Contracts are very specific about the benefits that must be provided

In other jurisdictions, franchise agreements in general do not address workplace safety requirements. Some require their franchise haulers to submit compliance and inspection reports from State regulatory agencies. San Jose, in its agreement, requires an Employee Work Environment Evaluation (Third Tier Review). This evaluation looks into a proposer's history as an employer and work condition commitments. Each proposer is required to complete an Employee Work Environment Questionnaire and return it with the proposal. If the Questionnaire is not returned, the proposal will be deemed nonresponsive. San Jose required proposers to address: employee health benefits; compensated days off; employee complaint procedures; compliance with state and federal workplace standards; and Employee Retention requirements, if applicable. It does not; however, appear to include inspections or other ongoing facility/site workplace safety evaluations.

CH2M HILL's survey of other jurisdictions found that most have specific franchise agreement or contract language regarding compliance with applicable safety regulations and laws, but, consistent with Sanitation's own research, no specific language relating to safety and health standards at facilities (subcontracted or otherwise).

Recommendations:

- **City certification and inspection of facilities.**
- **Right to inspect facilities for compliance with appropriate rules and regulation.**

3.8.5 Ensure Living Wages for Collection and Facility Workers

3.8.5.1 Require Adherence to the City's Living Wage Ordinance

As the City moves to an exclusive franchise system it is incumbent on the City to ensure that workers represented by the waste haulers given the exclusive rights to operate are paid fair wages and are provided safe working conditions. The City holds an interest in the work performed by its franchised waste haulers and their subcontractors. The success of meeting the City's waste diversion and environmental goals hinge on the success of the franchised waste haulers. Inadequate compensation of these employees adversely impacts the performance by the City's franchised waste haulers and thereby does the same for the success of meeting the City's goals.

Inadequate compensation to solid waste workers tends to inhibit the quantity and quality of services rendered by such employees to the businesses they are intended to serve. Underpaying employees in this way fosters high turnover, absenteeism, and lackluster performance. Conversely, adequate compensation promotes amelioration of these undesirable conditions. Through Living Wage requirements the City will require its franchised contractors provide a minimum level of compensation that will improve the level of services rendered to and for the City.

The inadequate compensation typically paid today also fails to provide service employees with sufficient resources to afford life in Los Angeles. It is unacceptable that contracting decisions involving the City should foster conditions placing a burden on limited social services. The City, as a principal provider of social support services, has an interest in promoting an employment environment that protects such limited resources. In requiring the payment of a higher minimum level of compensation, this interest is served.

Requiring payment of the living wage serves both proprietary and humanitarian concerns of the City. Nothing less than the living wage, in accordance with City policies, should be paid by the franchised haulers. The City does not

Seattle

Requires contractor to pay prevailing wage; hourly rates are included in contracts

Contractors must provide:

- *Medical, Dental, and Vision services*
- *Retirement benefits*
- *Eight (8) days of paid time off for specified holidays*
- *Paid vacation*
- *Paid sick leave*

Contracts are very specific about the benefits that must be provided

wish to foster an economic climate where a lesser wage is all that is offered to workers. The City's Living Wage Ordinance (LWO) contains enforcement mechanisms to ensure compliance with this important obligation. Non-complying employers face the prospect of paying civil penalties. Employees should not fear retaliation, such as by losing their jobs, simply because they claim their right to the living wage, irrespective of the accuracy of the claim.

In addition to living wage, employees will also receive compensated time and health benefits, as required by the LWO. Employers shall provide at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request. Employers shall also permit employees to take at least an additional ten (10) days a year of uncompensated time to be used for sick leave for the illness of the employee or a member of his or her immediate family where the employee has exhausted his or her compensated days off for that year. Health benefits would consist of a minimum hourly payment, as required by the LWO, towards the provision of health care benefits for employees and their dependents.

CH2M HILL's survey of other jurisdiction found only one, Seattle that had clear requirements for payment of living wages to all workers employed under the terms of the franchise agreement. Seattle's contract requires payment of prevailing wages and includes tables that display local prevailing wages. Seattle's contracts (Attachment 3 to its collection contracts) also require payment of benefits, including health, dental, vision, retirement, paid sick leave, and 8 specific days of paid time off. Lee County Florida has detailed language in its franchise agreements that spell out requirements to pay benefits, including health and paid vacation.

Recommendations:

- **Require compliance with Living Wage Ordinance (LWO) provisions.**

3.8.5.2 Require Franchise Haulers to Hire Displaced Collection and Facility Workers and Support the Development of a Skilled Local Workforce

The City can ensure its franchised waste hauler provides a high level of customer service by providing the framework for establishing an experienced local solid waste work force. Including the Service Contract Workers Retention Ordinance (SCWRO) provisions in the franchise agreements ensures that incumbent workers with invaluable knowledge and experience with the solid waste collection and processing will continue to provide a high level service. In addition, including the requirements of the First Source Hiring Ordinance (FSHO) will help to further expand the field of competent service workers to address the problems associated with a significant local unemployed, under-employed and unskilled workforce. These provisions would be applicable to all franchised waste haulers and extend to their subcontractors.

Retaining existing service workers when a change in contractor occurs reduces the likelihood of labor disputes and disruptions. The reduction of the likelihood of labor disputes and disruptions results in the assured continuity of services to its residents and businesses who receive services provided by the City franchised waste haulers.

The SCWRO, effective May, 1996, requires a successor contractor and its subcontractors to retain for a 90-day period certain employees who worked for the terminated contractor or its subcontractors for at least 12 months. Under the SCWRO a successor contractor must: Offer employment and retain for a 90-day period the employees who worked for at least 12 months for the terminated contractor or its subcontractors; not discharge the employees retained under the SCWRO without cause during the 90-day period; perform a written performance evaluation of each employee retained under the SCWRO at the end of the 90-day period.

The FSHO helps link contractors with potential service workers. In doing so, the City is able to provide greater opportunities for employment on service contracts. Having the opportunity to work on a City contract affords workers valuable experience that can be used to garner future employment.

Under the terms of the FSHO the Contractor notifies the City Community Development Department's Workforce Development System (CDD) of any new job opportunities available as a result of the contract. Upon receipt of a contractors' job notification, CDD forward the information to selected and approved Referral Resources. In turn the Referral Resources submit a list of job candidates to CDD and then CDD to the requesting contractor.

CH2M HILL's survey of other jurisdictions found two- Fresno and Seattle- that address the issue of "hiring preference" in their franchise agreements or contracts. Fresno required its franchisees to hire City workers that were displaced by the City moving from municipal collection to franchise collection. Seattle required winning proposers in its last RFP process to give a hiring preference to workers from incumbent firms that were not successful in the RFP process. No jurisdiction surveyed included language in an RFP or in franchise agreement that addressed the local work force development issue.

Recommendations:

- **Require compliance with Service Contract Workers Retention Ordinance (SCWRO) and First Source Hiring Ordinance (FSHO).**

3.8.6 Siting, Zoning, Facility Needs

There are a number of solid waste facilities in and outside the City that currently handle solid waste and recyclables collected by permitted private waste haulers. Permitted haulers have identified over 200 facilities that they deliver materials which are collected from commercial customers. Proposers will be able to identify the facilities that will be used for the management of recyclables and solid waste, and their permitting status, capacity, and location will be used in the evaluation process. The Solid Waste Integrated Resources Plan (SWIRP) process is identifying the additional facilities needed to move to a Zero Waste goal by 2025. SWIRP does not identify specific locations or identify which permitted haulers will be utilizing any potential facilities. Any new solid waste facility, or expansion of existing facility, must move through its own process for permitting and approval. Although Sanitation will consider facility utilization of proposers in the RFP evaluation process, the award of an exclusive franchise zone does not suggest any preapproval for new or expanded facilities within Los Angeles for the successful proposers.

3.8.7 Transition Plan

Sanitation recommends a two year transition and implementation period for the franchise. A transition period is necessary to implement all components of the franchise agreements and to ensure customer needs are met throughout the process. The transition period will begin on the award of the franchise and service will begin within the transition period. Some transition plan elements, such as developing a customer account and billing database, will need to be developed before service can begin, while other elements such as the full roll out of recycling can be completed after the start of service. The start and end dates of the various transition plan elements will be developed as part of the transition plan included in the franchise agreements.

To meet the goals of the City, there will be many new requirements placed on the franchised waste haulers that will require the procurement of new equipment. For example, the franchise agreements will include requirements such items as clean fuel vehicles, and mandatory recycling. To meet these needs, haulers will need to procure new vehicles and new waste and recycling bins. Hundreds of refuse trucks will need to be replaced with clean fuel low emission trucks. Given the number of trucks that will be purchased, the lead time for procurement will be in excess of 12 months. Franchise waste haulers will need to replace waste bins removed by the current permitted waste haulers and will need to purchase and distribute recycling containers. The purchase of new waste or recycling bins will also have a long lead time. These large lead time items must be taken into consideration in the transition plan.

The franchise hauler will need to transition thousands of accounts from permitted waste haulers. A significant effort will be needed to orchestrate the replacement of bin and transition of service to minimize any disruptions in service. The franchise hauler will need to coordinate with the City and the permitted hauler currently serving those accounts. The franchise hauler will begin with developing a database the will capture all the information required through the franchise such as business type and recycling levels. Prior to beginning service, all account and service information will need to be established. This include billing addresses, service address, service levels, and service instructions such as where the bins are located and any special needs, such as the need for scout

vehicles. Once account information and service requirements are established the hauler will begin establishing efficient routes. When all of the account and routing work is completed the franchised hauler will begin the task of physically transitioning each business by having existing bins removed and supplying new bins as necessary.

The franchise waste haulers will also be responsible for public education, outreach and training to businesses on the transition and implementation of new recycling programs. The hauler will need develop to outreach procedures and train staff responsible for working with businesses.

In addition to the franchise wastes hauler's responsibilities, Sanitation will have many elements to address. Sanitation will need to inspect and certify all facilities utilized by the franchise hauler under their agreement. Sanitation will also need to develop and secure the resources necessary to monitor and enforce all franchise requirements.

The exclusive franchise RFP will include a comprehensive list of transition plan elements as well expected completion milestones. Proposers will be required to address how the various elements will be met in their proposal. Sanitation will develop a detailed Transition Plan and schedule that will be a component of the franchise agreements. Franchise haulers will held accountable for meeting the deadlines established in the plan.

Major Transition Plan elements will include:

- Truck Procurement
- Equipment/Bin Procurement
- Customer Database Development and Management
 - Customer database development
 - Billing procedures
 - Account Transfers (permitted hauler to franchise hauler)
- Routing / Mapping
 - Type of services needed by each customer
 - Customer mapping
 - Level of service
 - Routing
 - Route Balancing
 - Route Optimization
- Incremental Personnel Hiring and Training
- Driver Hiring and Training
- Customer Service Procedures and Tracking
- Communication Plan
 - Notice to customers
- Public Education and Outreach
- Facility Certification
 - Inspect Facility for compliance
 - Develop a diversion rate (if a processing facility)

Although the majority of the service will transition in the first twelve months, Sanitation anticipates increased customer service and technical assistance requests for an additional twelve months, see figure 3-4.

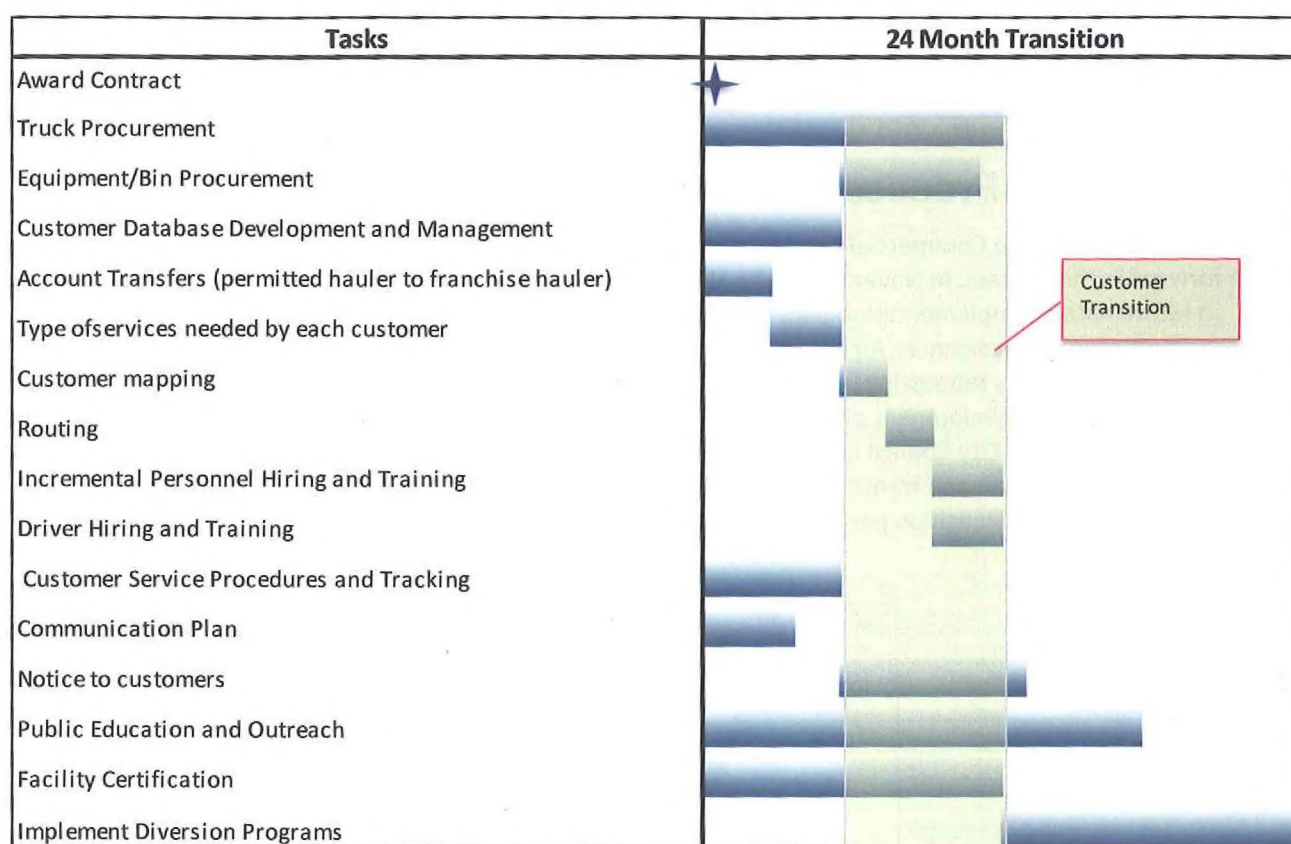


FIGURE 3-4
Sample Transition Plan

3.9 Franchise Term

The term of the franchise agreement shall be ten years with two five (5) year renewal options. The successful franchisee will be required to invest substantial capital necessary to operate within a franchise area. The franchised waste hauler will need to invest in clean fuel vehicles, new waste and recycling containers, perform outreach, and hire additional employees for reporting and customer service. Franchised haulers may also need to perform facility/collection yard upgrades and invest in processing infrastructure. Waste hauling companies typically amortize their equipment over a seven year period, however facility infrastructure is typically amortized over a longer period. A ten year contract will allow franchised waste haulers to fully amortize their investment while accounting for the transition period. A less than ten year term may increase rates since waste haulers will need to amortize equipment over a shorter period.

SECTION 4

Implementation Process and Timeline

4.1 Franchise Process and Timeline

The process for the Exclusive Commercial Franchise begins with the policy decision by the Mayor and City Council to move forward in the process. In November 2012, the City Council directed Sanitation to begin the CEQA process, to return with an implementation plan for the Exclusive Franchise system, and requested the City Attorney to draft required ordinances for the project. Upon consideration of the Implementation Plan, as detailed in Section 3.8.7, Sanitation is requesting to move forward with the Request for Proposals (RFP) to meet the December 2016 timeline. Development of an RFP, negotiation and preparation of the contracts, and award of the contracts by the Mayor and City Council is anticipated to take approximately three (3) years. Upon award of contract a period of education and transition of existing hauler accounts to the Exclusive Franchise hauler for each collection zone begins. This transition period is expected to take up to two years.

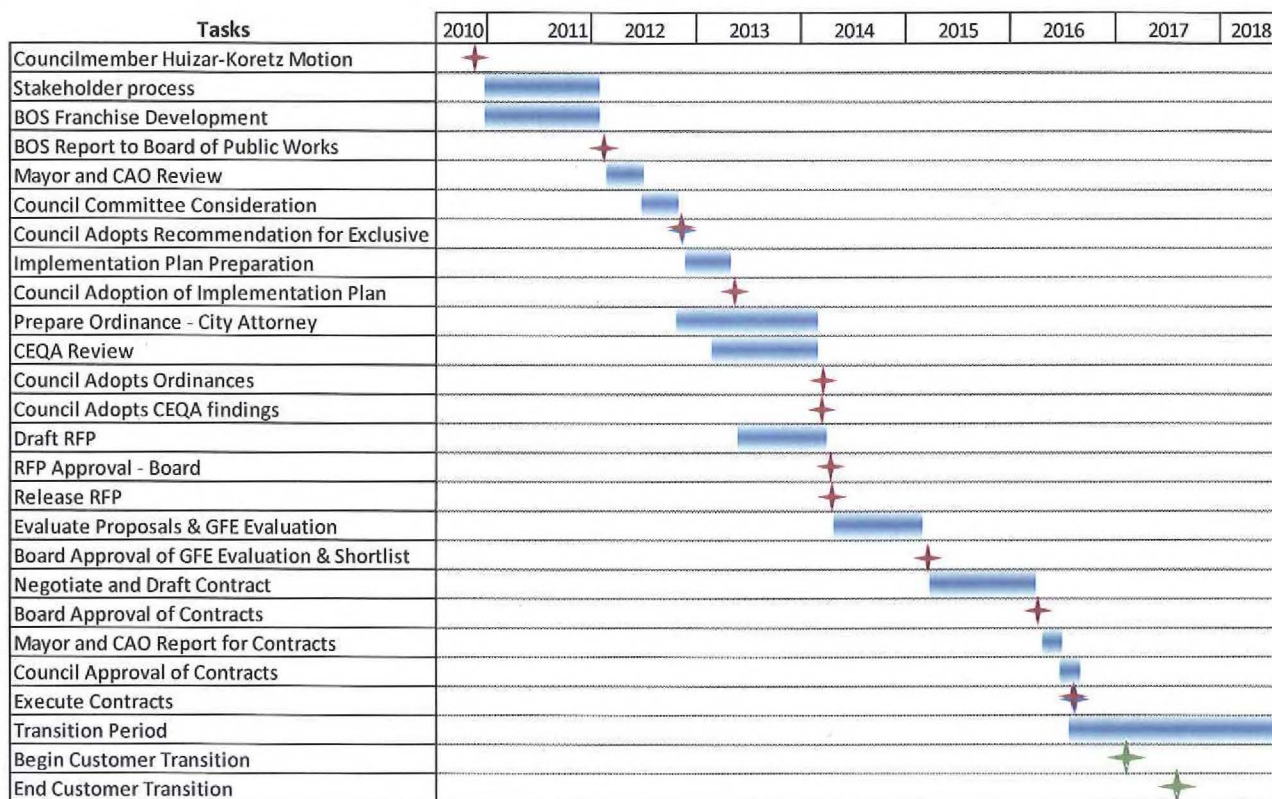


FIGURE 4-1
Waste Hauler Franchise Initiative Timeline

4.1.1 CEQA Process

With the decision on the franchise process, the City Council directed Sanitation to prepare an Environmental Impact Report (EIR) to satisfy CEQA requirements examining the proposed Exclusive Commercial Franchise system, and to include in that EIR reviews of the following alternatives, 1) the status quo (No Project Alternative), 2) a non-exclusive system, 3) an exclusive system with multiple haulers per wasteshed, 4) City collection of all materials.

Sanitation has selected a firm to prepare the EIR. Proposals for the development of the EIR include a very detailed analysis of the potential changes in the vehicles miles traveled by the trucks collecting materials in the City as a result of changes in the solid waste management system. This requires a significant amount of time and funding to perform. The proposed steps (not all inclusive) for the EIR are as follows:

- Prepare Notice of Preparation, circulate for review, and issue for 30 days (completed in February 2013);
- Hold seven Citywide meetings to take comments from interested parties on the potential environmental impacts of the proposed system (completed in March 2013);
- Prepare a Draft EIR, circulate for review, post Notice of Completion, and circulate for public review for at least 45 days;
- Hold seven Citywide meetings to take comments from interested parties on the Draft EIR;
- Prepare a Response to Comments and circulate for review;
- Prepare a Final EIR, including Response to Comments, Findings and Statement of Overriding Considerations (if needed) and circulate for review;
- Schedule for Council consideration;
- If certified by the Mayor and City Council, file Notice of Determination.

It is anticipated that the Final EIR for the Exclusive Commercial Franchise system will be considered by the City Council along with ordinances to define the new system.

4.1.2 Ordinance Development

The City Attorney's Office was requested in the Council Action on November 14th to prepare a draft ordinance for an exclusive waste hauler franchise system for commercial and multifamily waste hauling within the City, in cooperation with, and with assistance, as necessary, from Sanitation, the City Administrative Officer (CAO), and Chief Legislative Analyst (CLA). Modifications to the existing City code regarding franchises and waste hauling in the City will clearly define the authority of the City and its Departments to implement this program. Further clarification of the Franchise program in this Implementation Plan will assist the City Attorney's Office in beginning ordinance development. It is anticipated that the ordinance(s) for the Exclusive Commercial Franchise system will be brought to the City Council for consideration with the Final EIR.

4.1.3 RFP Development

Development of a Request for Proposals (RFP) will begin upon direction by the Mayor and City Council to Sanitation to begin the process. Sanitation has selected a contractor to assist in the development of the RFP due to staffing shortages, and is seeking information on successful franchise procurements from around the United States. Approval by the Mayor and City Council on the Goals of the program, as well as the major elements, will guide Sanitation in the RFP process.

The RFP is expected to be issued in coordination with the consideration of the Exclusive Commercial Franchise EIR and accompanying ordinances, with any mitigation measures identified during the EIR process incorporated into the requirements of the RFP.

4.1.4 Contract Execution

After the Request for Proposals (RFP) is issued, Sanitation will assemble an evaluation team that will include experts on the waste industry from inside and outside of Los Angeles as well as City and consultant team members. Evaluation of the proposals will include ranking for items such as experience, work history and ability to perform the required programs, compliance with local, State and Federal laws, financial stability, and cost proposal. Recommended contract awards will include performance and customer service requirements, reporting requirements, contingency measures, and rate schedule for multifamily and commercial waste management services.

Recommendations for contract negotiation will be brought before the Board of Public Works, and recommendations for contract award and execution will move through the Board of Public Works, to the Mayor's Office and CAO, and to the City Council for consideration. Then the contracts are returned to the Board of Public Works for execution. Contract execution is anticipated to take place by July 2016.

4.1.5 Transition Period

As detailed in Section 3.8.7, the transition period for the Exclusive franchise is expected to take place over a two year period beginning at the contract execution. After the execution of the franchise contracts, the waste hauler awarded the franchise will begin, under Sanitation's assistance and direction, to educate customer in their respective areas about the transition to the exclusive franchise. As waste haulers begin to move their bins and equipment from the customer sites, it is critical to maintain waste disposal services, and Sanitation will work with the Franchise Hauler to place bins, compactors, and other equipment and begin service. Franchise Haulers will be encouraged to work with each other to minimize disruption of service.

Attachment A

CH2MHILL Compiled Notes from Interviews of 12 Cities and Counties

TECHNICAL MEMORANDUM

CH2MHILL®

Final Survey Responses

PREPARED FOR: Los Angeles Bureau of Sanitation
 PREPARED BY: CH2M HILL
 DATE: February 13, 2013
 PROJECT NUMBER: 468025.03.31.60.01

In order to gain insight into the experiences of other jurisdictions with multiple exclusive franchise zones, the Los Angeles Bureau of Sanitation (Sanitation) commissioned a survey by CH2M HILL. After some initial online research and consultation with industry contacts, twelve jurisdictions were identified that were of interest to Sanitation. A summary of relevant information about the jurisdictions surveyed is shown in Table 1.

TABLE 1
 Summary Statistics for Surveyed Jurisdictions

Jurisdiction	Exclusive Collection Areas	Estimated Population	Square Miles ^a	No. of Firms	Services Franchised ^b
Collier County, FL. ^c	2	285,000	2,305	2	R/MF/C
Fresno, CA.	2	501,000	105	2	R/MF/C
Fresno County, CA. ^c	14	342,000	6,017	12	R/MF/C
Lee County, FL.	5	423,000	1,212	5	R/MF/C
Norwalk, CA.	2	106,000	9	2	R/MF/C
Palm Beach County Solid Waste Authority (SWA), FL. ^c	9 ^d	558,000	2,386	9	R/MF/C
Phoenix, AZ.	10	1,470,000	517	3 ^e	R
Portland, OR.	19	584,000	145	19	R
Reno, NV.	2	422,000	69	2	R/MF/C
Seattle, WA.	2	621,000	143	2	R/MF/C
Stockton, CA.	2	292,000	62	2	R/MF/C
Vancouver, WA.	2	165,000	46	1	R/MF/C

^a County data include area for cities and towns.

^b R = single-family residential; M = multi-family residential; C = commercial.

^c Applies mainly in unincorporated areas of County.

^d In process of changing to four collection areas.

^e Managed competition process: Currently, the City and two private firms provide collection services.

A summary of research conducted and survey responses from each jurisdiction follows.

Collier County, Florida

Results of Document Review and Interview with:

Peter Lund

Manager, Customer Service and Utilities Education and Compliance
Utility Billing & Customer Service Department

(239) 252-2357

peterlund@colliergov.net

<http://www.colliergov.net/index.aspx?page=2775>

January 16, 2012

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection district have you established?

Collier County has two (2) collection districts (see Exhibit 1).

2. Approximately how many accounts do you have per district (SF, MF, Commercial)?

Customer	District I	District II
Residential	105,244*	5,885
Multi-family	X	X
Commercial	4,150#	270

*Includes M/F with curbside service

#includes M/F of approx 65,000 units – these are still residential and have recycling service and are identified as non-curbside. Commercial businesses have mandatory recycling but can choose to have a contractor other than the franchisee.

3. Are those district boundaries the same for multi-family and commercial collection?

Yes.

4. What criteria did you use to establish this number?

The collection districts were established to reflect the geographic distribution of the two primary population centers in the County.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

No.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

No specific criteria were established, but each district has a landfill or transfer station in relatively close proximity.

- 7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?**

No formal studies or modeling was conducted to establish the district boundaries.

- 8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?**

No.

- 9. What lessons did you learn or what would you do differently in the future?**

None.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

Because the County has renegotiated its exclusive franchise agreements rather than procured new service providers, it did not employ a limit on the number of districts per service provider. When the agreements were renegotiated in 2005, direction was provided by the County Commission to negotiate with the current service providers.

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

N/A.

- 3. How many collection companies were licensed in Collier County before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for your collection contracts?**

N/A.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

Yes

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

N/A.

- 6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?**

N/A.

- 7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?**

Yes.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

The County bills for residential service as a non ad valorem assessment on the tax bill. The County's payments to the Contractor for Residential Collection Service are made on a monthly basis, for services performed during the previous month, in an amount equal to one-twelfth of the approved annual payment per Residential Customer. Payments to the Contractor are calculated by: (a) multiplying the Rate for Residential Collection Service by (b) the number of Residential Customers that received Residential Collection Service during the month, and (c) deducting any liquidated damages assessed against the Contractor. Payments are sent to the Contractor within the first twenty (20) Days of the month. We do add units monthly.

The County sets the commercial service rates each year by resolution. The Contractor is responsible for the billing and collection of Rates charged for Commercial Collection Service and Commercial Supplemental Collection Service, including collection and payment of Tipping Fees. The only exception relates to roll-carts, which the County bills. The Contractor pays the Tipping Fee at the Designated Site when the Contractor delivers Commercial Waste. The current resolution is available as a separate document. The County audits the commercial records to ensure compliance.

- 2. What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?**

The supplemental services are presented in the rate resolution referenced above.

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

The County sets the collection rates, which are different for each collection district. Residential curbside rates are set at the time of contract signing as are Commercial rates, then adopted by rate resolution every year thereafter.

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

Yes, as part of renegotiating the contracts, not as part of a RFP.

- 5. Did you have any "phase-in" period to the new rate structure?**

No, the rates are effective on October 1 or each year.

- 6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?**

No, but consideration is given for hardships as noted below. The County is contemplating removal of the provision at some point in the future.

Ordinance 2005-54 - SECTION TWENTY-TWO: FINANCIAL HARDSHIP DEFERMENTS.

Except where the Special Assessment is imposed and collected as a non-ad valorem assessment on the property tax bill, a deferment of the annual payment obligation of the Special Assessment may be obtained by the owner of Residential Real Property that qualifies upon the basis of financial hardship as defined herein and according to the procedures provided hereunder.

A deferment of the payment obligation otherwise required under this Ordinance may be granted upon the written request of a Residential Real Property owner who qualifies because of financial hardship using as a standard the United States Department of Housing and Urban Development's Rental Assistance Program (Section 8) as to annual income, providing further that home ownership is not in and of itself an eliminating factor. The deferment shall consist of a lien placed against the Residential Real Property to run with the land in an amount equal to the cumulative unpaid Special Assessment(s). The lien shall be satisfied upon the sale, transfer or any other disposition of the Residential Real Property subject to the Special Assessment(s).

7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?

No.

8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)

To compensate the County for the cost of administration, supervision and inspection required for the effective performance of this Agreement, the Contractor pays to the County a franchise fee equal to two percent (2%) of total annual assessment of Residential Customers, plus four percent (4%) of all gross revenues collected from Commercial Customers, including disposal fees, arising out of any services or operations governed by this Agreement. The amount of the administrative fee may be adjusted by the County on October 1 of each Agreement Year, beginning on October 1, 2006, but the administrative fee shall not exceed five percent (5%). The administrative fee shall not be increased unless the Rates are increased appropriately to maintain the Contractor's net revenues.

For the purposes of determining the amount of the administrative fee, gross revenues shall include the disposal fees associated with Residential Collection Service, whether or not such fee is directly collected or paid by the Contractor. The residential disposal fee to be used for this purpose shall be based upon the Rates established in the exhibits attached hereto. Administrative fees shall be payable monthly in arrears with the disposal fees. Any amounts not paid when due shall earn interest at the maximum legal rate. Adjustments to the administrative fee, based upon new or additional information about the Contractor's gross revenues, may be made from time to time by the Director, after providing notice to Contractor.

9. What escalation clauses are in effect in your franchise compensation agreement?

The Collection portion of the Residential Customer Rates and the Collection portion of the Commercial Customer Rates (e.g., front-load, compactor, and roll-off Rates) are adjusted on October 1st of each year, beginning in the second Agreement Year, as described below.

The Rate are adjusted in an amount equal to seventy percent (70%) of the change in the Consumer Price Index ("CPI") during the previous year, but the adjustment shall not exceed five percent (5%) in any one year.

The CPI shall be the lesser of the United States All Urban CPI, or the Southern All Urban CPI, published by the U.S. Department of Labor, Bureau of Labor Statistics, for the twelve (12) months ending on the April

30th that precedes each new Agreement Year. If the CPI is discontinued or substantially altered, the County may select another relevant price index published by the United States Government or by a reputable publisher of financial and economic indices.

The fees set forth for Supplemental Services are adjusted annually to account for changes in the CPI.

The disposal Rates for Commercial Customers are adjusted whenever the Tipping Fee at the Collier County Landfill is adjusted.

Collier County calculates the residential and commercial Collection and disposal Rates, based on the following formulae:

A. Residential Rates

1. Initial Residential Rate
2. Adjustments to Residential Rate after first Agreement Year

New Rate per household for upcoming Agreement Year = Current Rate per household X 70% of CPI + current Rate per household

Hypothetical Example

New Rate for single family residential Customers = \$100 X (70% of 2.2851%) + \$100.00
= \$101.59

B. Commercial Rates

1. Effective October 1, 2005, the Commercial Collection Rate are adjusted to reflect 100% of the change in the CPI, pursuant to the provisions of the County's Solid Waste Collection Service Agreement (dated June 12, 1990), as amended, with the Contractor.

Initial Rate per container per frequency of Collection = Initial Rate per container per frequency of Collection X 100% of CPI [see description for CPI in Section 27] + initial Rate per container per frequency of Collection

Hypothetical Example

4 yard container collected twice per week = \$140.00 X (100% of 2.2851%) + \$140.00 = \$143.20

2. Adjustments to Commercial Collection Rate after first Agreement Year

New Rate per container per frequency of Collection = Current Rate per container per frequency of Collection X 70% of CPI [see description for CPI in Section 27] + current Rate per container per frequency of Collection

Hypothetical Example

4 yard container collected twice per week = \$150.00 X (70% of 2.2851%) + \$150.00 = \$152.40

3. Commercial Disposal Rate [To be established annually pursuant to Collier County Ordinance No. 84-31]
4. Conversion Factors
 - (a) Uncompacted Garbage and Rubbish: 0.055 tons per cubic yard or 1 cubic yard = 110 lbs.

(b) Compacted Garbage and Rubbish: 0.1725 tons per cubic yard or 1 cubic yard = 345 lbs.

(c) One month = 4.33 weeks

Adjustment to commercial disposal Rate after a change in the Tipping Fee

New monthly disposal Rate for each container size per frequency of Collection = **Size (per cubic yard) of container X frequency of Collection per week X 4.33 (i.e., weeks in a month) X new Tipping Fee**

Hypothetical Example

The new monthly disposal Rate for a 4 yard container (uncompacted) collected twice per week = 0.055 tons per cubic yard X 4 cubic yards X 2 collections per week X 4.33 weeks per month X \$35.00 = \$66.68

D. Waste Exemptions

1. *Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?*

The following types of Exempt Materials are not subject to the Contractor's exclusive franchise under this Agreement. These Exempt Materials may be collected and taken to a licensed disposal site or Recycling Facility by the owner or occupant of the Premises, or their agent, at the owner's or occupant's expense.

- Land Clearing Debris.
- Construction and Demolition Debris.
- Trash and debris associated with farming operations.
- Extraordinary, Hazardous, Biomedical, and Radioactive Waste.
- Wrecked, scrapped, ruined or dismantled motor vehicles, or motor vehicle parts, including used oil, Tires, and batteries.
- Recyclable Materials generated by a Commercial Customer, provided the materials are subjected to a recycling process, and the Commercial Customer reports to the Director, upon request, about the disposition of the Recyclable Materials.
- Non-Program Recyclables generated and separated from the Waste Stream by Residential Customers.
- Solid Waste and by-products resulting from an industrial process.
- Solid Waste and Recyclable Materials generated in the incorporated areas of Collier County, other than the City of Marco Island.
- Sludge.
- Liquid, semisolid, or contained gaseous material resulting from domestic, industrial, commercial, mining, agricultural, or governmental operations.
- Commercial Organics.

- Yard Trash generated on Commercial Real Property.
- Materials and wastes similar to those listed above, when designated by the Director.
- If the Contractor declines to collect Bulky Waste or White Goods from a Commercial Customer, then the Bulky Waste or White Goods shall be deemed an Exempt Material with regard to that Commercial Customer.

E. Diversion Requirements

1. Does the contract include requirements for diversion programs?

Yes, Contractor is required to participate in the County's Solid Waste program activities, including but not limited to: public appearances in support of the County's Recycling Program; use of the County's recycling theme, colors, and logos on Collection vehicles and containers; distribution of promotional literature; participation in special events; special educational presentations; and similar activities. All literature shall include a County phone number, approved by the Director.

From time to time, but not more than twelve (12) times per year, Contractor shall assist and/or support the County at local special events (e.g., Earth Day). Examples include but are not limited to: using Collection vehicles to participate in local parades; bringing Collection vehicles to special events; and providing staff to assist County staff at various informational booths. The Contractor shall not be required to staff booths more than a total of 60 Person hours per year.

In addition to the staffing requirements above, the Contractor shall expend \$50,000 per Agreement Year assisting the County with educational, promotional, and public awareness activities, including, but not limited to the following:

- At its expense, Contractor shall mail one (1) Solid Waste informational document, developed and published by the County, to all Customers in the Contractor's Service District. The document shall be distributed quarterly each Agreement Year. The County shall give the Contractor a minimum of four weeks' notice prior to the mailings. Contractor shall perform mailings under the direction and to the satisfaction of the Director.
- At its expense, Contractor shall distribute pre-printed promotional materials (e.g., brochures, newsletters, flyers, door hangers, magnets), up to four (4) times per Agreement Year, to all Customers in the Contractor's Service District. These materials shall be developed and provided by the County to educate Residential and Commercial Customers about the proper methods to be used to Set Out their Solid Waste, Yard Trash and Program Recyclables, and to provide other information concerning the County's Solid Waste program.
- At its expense, Contractor shall publish a quarter-page, County-prepared advertisement, promoting Solid Waste programs. The advertisement shall be published twice each Agreement Year in the newspaper that has the largest local circulation.

When determining whether the Contractor has satisfied its obligation to spend \$50,000 per Agreement Year on educational activities, the County shall consider and include the Contractor's out-of-pocket costs for printing, publishing, and mailing educational materials to Customers.

2. What are the benchmarks or diversion targets established for your diversion programs?

The State of Florida has established a 75 percent recycling goal.

3. How is the performance of your diversion programs measured?

The FDEP calculates the diversion based on incoming waste types and recovered tonnages reported from the County and all approved permitted recycling facilities.

4. Does your program include disposal caps that decrease over time?

No.

5. What penalties or incentives do you enforce for missing or exceeding diversion targets?

There are none.

F. Traffic Changes and Collection Efficiency**1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?**

No.

2. If so, could you share any studies conducted or methodologies used in preparing those estimates?

N/A.

G. Incentives to Exceed Contractual Requirements**1. Has the County included any other liquidated damages for non-compliance? If yes, please explain.**

Yes, see Exhibit 2.

2. Has the County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.

No.

H. Implementation, Staffing, Customer Interface**1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? Please provide a breakdown by function.**

The County's customer service team is responsible for all customer engagement as the first point of contact. Staff includes two (2) managers, five (5) accounting staff, eleven (11) customer service staff, and seven (7) education and compliance staff.

2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?

N/A.

3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?

Staff engaged outside technical and legal support with the renegotiation process in 2005. The analysis for the most recent contract extension was conducted by County staff only.

4. *How do customers interact with you and/or the haulers for service issues, new programs (e.g., phone, web-system, personal contact)?*

All customer service call are received and managed by County staff. Work orders are issued to the Contractors as required for action.

EXHIBIT 1

Service Districts

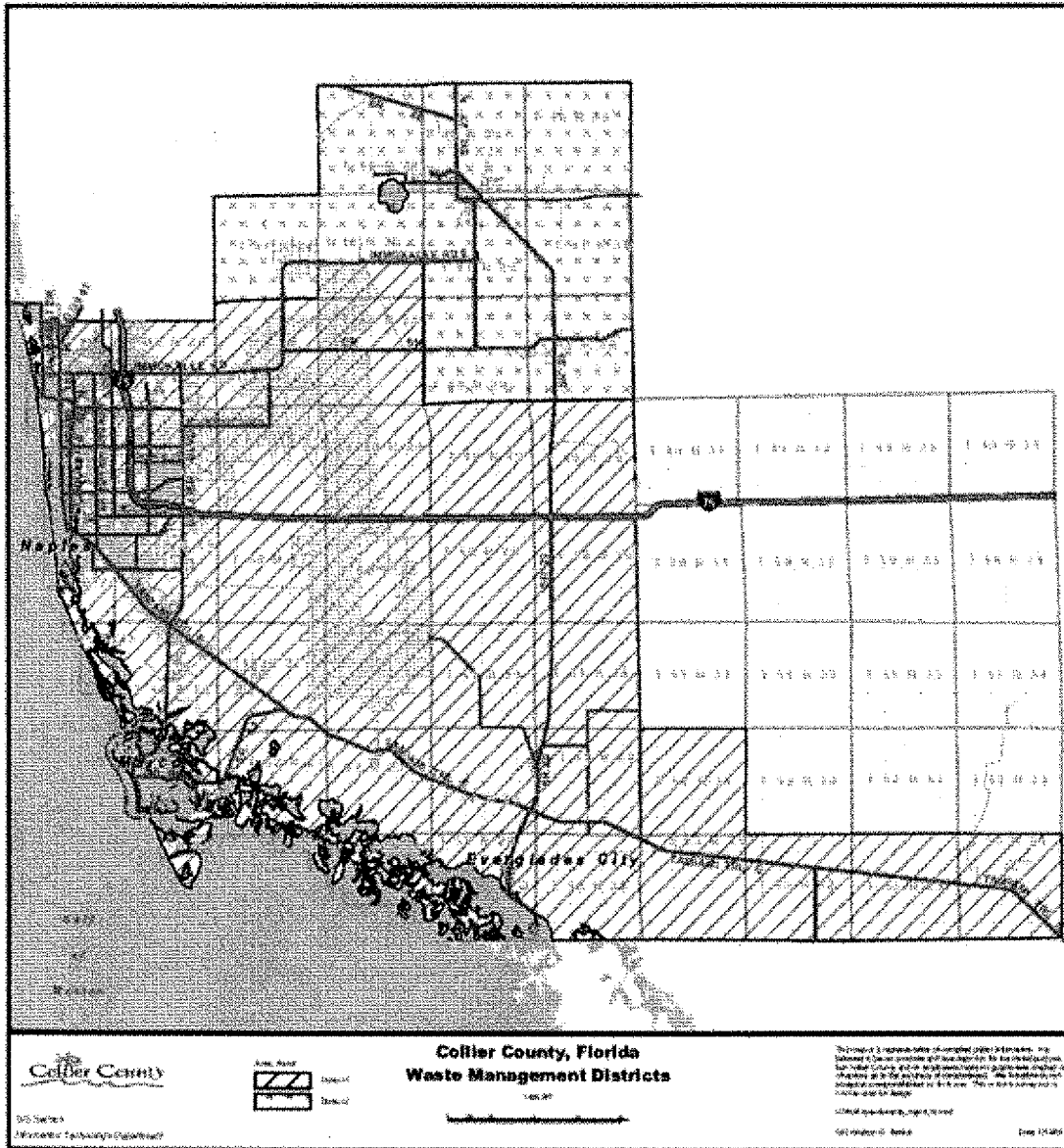


EXHIBIT 2

Liquidated Damages

Basis for Liquidated Damages

The County and Contractor acknowledge and agree that it is difficult or impossible to accurately determine the amount of damages that would or might be incurred by the County due to those failures or circumstances described in this Section 28 and for which the Contractor would otherwise be liable. Therefore, the following administrative assessments shall constitute liquidated damages, not penalties, for the Contractor's breach of this Agreement. These administrative charges may be deducted from the County's payments to the Contractor.

- Failure to clean up spilled liquids or material in compliance with the requirements in this Agreement, within the deadlines set forth herein, after notification by the Director or a Customer. Each failure shall result in the imposition of a \$250 assessment per event.
- Failure or neglect to collect properly prepared Solid Waste, Yard Trash, or Program Recyclables from any Premises at those times provided by this Agreement, within the deadlines set forth herein, after notification by the County or Customer. Each failure shall result in the imposition of a \$100 fee. If the Contractor fails to meet the deadlines contained in this Agreement, each additional Day of delay after the initial violation shall result in the imposition of an additional \$250 assessment.
- Failure or neglect to correct chronic problems (chronic shall mean three (3) or more Legitimate Complaints at the same Premises within a twelve (12) month period) shall result in the imposition of a \$250 assessment. The first assessment shall be imposed for the third Legitimate Complaint. Additional assessments may be imposed for each Legitimate Complaint thereafter. If the Contractor has more than five (5) chronic complaint problems within one month, there shall be an additional \$500 assessment.
- Failure or neglect to complete each street on a route (including missing whole or partial streets) on the regularly scheduled Collection Day, within the deadlines set forth herein, shall result in the imposition of a \$500/street/Day assessment.
- Intentionally mixing Yard Trash, Program Recyclables, Solid Waste, Electronic Equipment, or any other materials that are required to be collected separately, shall result in the imposition of a \$1,000 assessment per occurrence.
- Mixing Commercial and Residential Garbage, Rubbish or Yard Waste during Collection, without prior written approval from the Director, shall result in the imposition of a \$1,000 assessment for each occurrence.
- Failure to maintain a Collection vehicle or equipment in a clean and sanitary manner shall result in the imposition of an assessment of \$100 per vehicle per day.
- Mixing Commercial Recyclables and Residential Program Recyclables during Collection, unless prior approval for the mixing has been granted by the Director, shall result in the imposition of a \$1,000 assessment for each occurrence.
- Failure to resolve Legitimate Complaints, other than Missed Collections, within seven (7) Days of notification shall result in the imposition of a \$250 per day assessment for each occurrence until such complaint is resolved to the satisfaction of the County.
- Failure to timely file any report or document required herein shall result in the imposition of a \$100 assessment for each Day that each report or document is late.

- Failure to dispose of Residential Waste or Commercial Waste collected in the Contractor's Service District at a Designated Site shall result in the imposition of liquidated damages equal to the current tip fee at the Designated Site, plus twenty-five percent (25%), for each ton disposed at non-Designated Site.
- Failure or neglect to correct chronic equipment problems (chronic shall mean three (3) instances of the same or similar problem with the same equipment/truck within a twelve (12) month period) shall result in the imposition of a \$250 assessment. The first assessment shall be imposed for the third problem. Additional assessments may be imposed for each problem thereafter.
- Failure to properly and legibly label Recycling Containers, Commercial Containers and/or Roll Carts within five (5) Days of receiving notice from the Director, shall result in the imposition of a \$100 assessment for each container not properly labeled.
- If the Contractor fails to comply with any provision of this Agreement for which liquidated damages have not been specified in this Section 28.1, the County may impose a \$200 assessment per occurrence per day.
- Failure to have a vehicle operator properly licensed, or failure of the operator to carry his license while on duty, shall result in a \$100 assessment per occurrence per day.
- Failure to maintain office hours in the manner specified in this Agreement shall result in a \$100 assessment per occurrence per day.
- Failure to replace or repair a damaged container as specified in this Agreement shall result in a \$25 assessment per incident per location.
- Failure to service a Legitimate Complaint within the specified time frame shall result in a \$50 assessment per incident per day.
- If the Contractor notifies the Director that a complaint has been resolved, when the complaint has not been resolved, there shall be a \$200 assessment per incident.
- Collections outside of the hours specified in this Agreement, without prior approval of the Director, shall result in a \$100 assessment per incident per day.
- Failure of personnel to treat customer(s) or their property in a professional manner shall result in a \$15 assessment per incident.
- Blocking driveways with containers or Recycling Bins shall result in the imposition of a \$25 assessment per incident, per day.
- Failure to provide timely promotional, educational materials and/or advertisements shall result in the imposition of a \$1,000 assessment per event.
- Failure to comply with the deadlines in Sections 5.3 and 5.4 for the Transition Periods shall result in an assessment of \$1,000 per day, per incident.

Procedure for Assessing Liquidated Damages

- Based upon an investigation, the Director shall determine whether liquidated damages shall be assessed against the Contractor. The Contractor shall not be required to pay liquidated damages in those cases where the delay or failure in the Contractor's performance was (a) excused in advance by the Director or (b) due to unforeseeable causes that were beyond the Contractor's reasonable control, and without any fault or negligence of the Contractor.

- Prior to assessing liquidated damages, the Director shall provide written notice to the Contractor, indicating the County's intent to assess liquidated damages.
- After receiving the Director's letter, Contractor shall have ten (10) Days to file a written letter of protest with the Director.
- If a protest is timely filed, the matter shall be referred to the Manager for resolution. The Manager shall review the issues in a timely manner and then provide a written decision to the Contractor.
- If the Manager's decision is unacceptable, the Contractor shall have ten (10) Days to file a written petition with the Director for a hearing before the Board. Upon the timely filing of a petition, the Board shall provide the Contractor with an opportunity to be heard at a public meeting and then the Board shall notify the Contractor in writing of its decision concerning the liquidated damages. The decision of the Board shall be final and non-appealable.
- If a protest or petition is not timely filed by the Contractor, or if the Board concludes that liquidated damages should be assessed, the Director shall deduct the liquidated damages from the County's next payment to the Contractor for Collection Services.
- The procedures in this Section 28 shall be used in lieu of the procedures in Section 30 to resolve disputes concerning liquidated damages.

Fresno County, California

Results of Document Review and Interview with:

Sally Lopez,
Fresno County, CA.
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(559) 600-4312
January 17, 2013

In August, 2005, the County executed Exclusive Service Area Program (ESAP) agreements with 14 collection firms in order to meet state diversion requirements. Service under the program is optional (residents may self-haul material to local facilities), but residents and businesses must select the ESAP hauler if they subscribe to collection services.

A. Collection Zone (Franchise) Boundaries

1. *How many exclusive collection zones have you established?*

Today, there are 14 territories served by 12 designated ESAP haulers.

2. *Approximately how many accounts do you have per zone (SF, MF, Commercial)?*

As of April 2011 (in October 25, 2011 Board Report), it was estimated that approximately 27,600 customers contracted for collection under the ESAP program (and approximately 33,100 that did not). About 1/3 of the accounts are commercial; 2/3 are residential.

3. *Are those zone boundaries the same for multi-family and commercial collection?*

Yes.

4. *What criteria did you use to establish this number?*

Prior to the transition, there were 61 firms providing service in the County. Fourteen of them were able and willing to meet the County's bonding, insurance, and other RFP requirements.

5. *Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.*

No.

6. *What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?*

The service areas generally follow patterns of service for each hauler and coincide with roadways and/or geographic-resource features. Each hauler was to keep the same number of accounts before and after the transition to the ESAP system: the haulers met to help draw boundaries and exchange accounts between boundaries.

7. *Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?*

There were some studies done prior to the RFP. Not available at this time.

8. *Did elected official districts impact the selection of district boundaries (i.e., alignment)?*

No.

9. What lessons did you learn or what would you do differently in the future?

Some Supervisors and staff would prefer that all cities in the County were part of the ESAP system, which would improve the clarity of diversion and collection messaging and make services similar. Rates might go down because of increased economies of scale. Would be easier to track tonnages delivered to facilities.

The County elected to not engage in a public outreach program when the system was implemented: haulers just communicated with their customers by email. This led to many more calls once implemented than could have been otherwise.

B. Collection Zone (Franchise) Caps

1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?

No strict limits, but County must authorize any "assignment" of a contract from one firm to another.

2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?

See above.

3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?

Not really a problem with 12 collection zones.

4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?

Yes.

5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?

Only one.

C. Rate Structure

1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?

Rates that haulers charge was negotiated by staff in 2004-2005. Initial rates seemed high, and Board of Supervisors directed staff to re-negotiate them downward. Rates include pass-through amounts for closed landfills, and diversion programs. Rates are a maximum: some haulers charge less to entice self-haulers to subscribe to service.

Rates apply to all regular service from 30 gallon to six cubic yards. It does not apply to special pickups, bulky pickups, or service on quantities greater than six cubic yards (e.g., rollofs).

Haulers in one area have to pay a \$3.25 per ton fee for closed landfills that is not passed through to customers, thus affecting their profit margins. This is a source of contention between the firms and the County.

- 2. What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?**

Nothing out of the ordinary.

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

Rates are set to be equivalent within each of four distinct service rate areas: Urban, Rural with Green Waste, Rural Without Service, and Mountain. The rates are maximum rates that haulers can charge in each area. We have copies of collection rates effective as of March 2012.

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

No.

- 5. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?**

Not in the standard rate, but some haulers offer discounts or relaxed payment terms.

- 6. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?**

Not applicable.

- 7. Does the City receive a franchise fee or payment other than the \$/stop payments? If so, how is it assessed? (i.e., x% of revenues or y% annually)**

County receives one percent on revenue earned.

- 8. What escalation clauses are in effect in your franchise compensation agreement?**

Rates are adjusted annually on the basis of increases in the Consumer Price Index (unadjusted San Francisco-Oakland-California CPI). Cart rates (residential) are modified by 75% of annual CPI increase, and bin rates (commercial) are modified by 65% of the annual CPI increase.

D. Waste Exemptions

- 1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?**

Not applicable.

E. Diversion Requirements

- 1. Does the contract include requirements for diversion programs?**

The ESAP agreements stipulate that at the end of six years from the start date (February 26, 2006), the ESAP haulers must achieve the following diversion targets by service rate area: 50% Urban; 35% Rural with Green Waste; 25% in Rural Without Service and Mountain. Those targets were met in 2012.

Haulers must work with County to implement programs including outreach, education with schools, and implementing the new state recycling requirements for larger commercial customers.

- 2. What are the benchmarks or diversion targets established for your diversion programs?**

State requirements in 2012 were 5.1 pounds per capita and 13.5 pounds per employee.

- 3. How is the performance of your diversion programs measured?**

See above.

- 4. Does your program include disposal caps that decrease over time?**

No.

- 5. What penalties or incentives do you enforce for missing or exceeding diversion targets?**

Not applicable.

F. Traffic Changes and Collection Efficiency

- 1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?**

No.

- 2. If so, could you share any studies conducted or methodologies used in preparing those estimates?**

Not applicable.

G. Incentives to Exceed Contractual Requirements

1. *Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.*

There are various liquidated damages that can be assessed, but to date, the County issues notices and gives haulers time to rectify problems. No fines have been assessed to date.

2. *Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain*

No.

H. Implementation, Staffing, Customer Interface

1. *How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)*

The County has three staff members for administering the system and meeting AB939 requirements and facilities issues: about 2.5 on collection and 0.5 on facilities. At one point, staff was down to just one person.

2. *Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?*

Contracts awarded in August, 2005; service starts in March, 2006.

3. *Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?*

No.

4. *How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)*

Most correspondence is done by telephone. In 2006 when system was implemented, staff received about 3,000 calls. Today, they get relatively few calls with service issues: a maximum of perhaps 25-30 per month.

Fresno, California

Results of Document Review and Interview with:

Patrick Wiemiller
City of Fresno, CA
Patrick.Wiemiller@fresno.gov
(559) 621-8663
January 25, 2013

The City of Fresno has recently moved to exclusive zone franchising for both commercial and residential garbage and recycling collection. For commercial collection they have two zones with two different franchisees. For residential collection Fresno has decided to go with a single franchisee for the entire city. The responses below focus on commercial collection unless otherwise noted.

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

Two exclusive zones have been established for commercial and multi-family collection. Allied Waste Services (Allied) is responsible for servicing the northern portion of the City, and Mid Valley Disposal (MVD) is responsible for the southern section.

For residential collection the City has awarded a single franchise to MVD.

2. Approximately how many accounts do you have per zone (SF, MF, Commercial)?

There are approximately 4,000 commercial accounts (including large multi-family complexes) in each of the two commercial zones.

There are about 105,000 residential accounts.

3. Are those zone boundaries the same for multi-family and commercial collection?

Yes, larger multi-family accounts are collected within the same boundary areas as other commercial accounts.

4. What criteria did you use to establish this number?

In its RFP, the City was divided into 4 quadrants or zones (NW, NE, SW, SE) that were divided by major roads and sized to ensure roughly equally-sized zones. During the RFP process two proposers stood out from the rest and the City awarded the north side of the city to one firm, and the south side to another.

For the residential RFP, the City was split into two zones (N and S) but due to the strength of one proposal (MVD), they elected to award the entire city to the one firm.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

The City, with assistance from a consultant, conducted an analysis in 2010 - 2011 to develop the zone boundaries.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site?)?

Geographical features such as major roads were the basis for the boundaries, and the zones were sized to have approximately equal number of accounts. The goal was to ensure clarity about the boundaries in which firms would operate.

7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?

See above.

8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

No. However, during initial deliberations this was suggested by a Council member. It was suggested that this would have resulted in more zones than necessary (seven Council districts), with less clearly delineated boundaries. Also, Council districts change every time there is a new census, which would have added to boundary complexities.

9. What lessons did you learn or what would you do differently in the future?

The clean delineation of boundaries has helped with management. There are some disadvantages with having multiple franchisees because management complexity is more than double with two zones compared to a single zone. Having a single franchisee, as will be done for residential collection eliminates such problems while still providing adequate accountability and competition.

With two zones, the City has different rates in the two zones, which is not desirable.

B. Collection Zone (Franchise) Caps

1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?

Not applicable. For commercial collection under the current agreement, each franchisee has one collection area.

2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?

Not applicable.

3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for your collection contracts?

The City provided waste collection services prior to implementation of exclusive franchises except for roll-off collections which are provided by approximately 15-20 haulers. Currently, these haulers compete for roll-off business under non-exclusive franchises.

4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?

More consideration would have been given to the possibility of awarding a single city-wide franchise for commercial collection.

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

There was no limit.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

Collection companies bill customers and remit franchise fees and other payments to the City.

- 2. What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?**

No atypical extra services are provided.

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

Rates were negotiated with the winning proposers, and escalate over the course of the 10-year contract in accordance with a contractual escalation formula.

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

No. Contract terms are for 10 years. Reviews occur after 5 years and the overall franchise program is set to be reviewed following year 8.

- 5. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?**

No discounts are provided for low income multi-family households.

- 6. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?**

Not applicable.

- 7. Does the City receive a franchise fee or payment other than the \$/stop payments? If so, how is it assessed? (i.e., x% of revenues or y% annually)**

The City receives a 14 percent franchise fee. There is also a 0.5% management fee to cover the cost of administering the franchises. It was initially one percent (which is more representative of actual costs), but this was lowered by City elected officials.

- 8. What escalation clauses are in effect in your franchise compensation agreement?**

[Copy of franchise agreement has been requested.]

D. Waste Exemptions

1. *Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?*

Rolloffs are not included in the franchise agreement: they are served by 20 firms with non-exclusive franchises who compete for business. Other than state agencies with the legal right to select their own collection firm, there are no businesses exempt from the franchise.

E. Diversion Requirements

1. *Does the contract include requirements for diversion programs?*

[Copy of franchise agreement has been requested.]

2. *What are the benchmarks or diversion targets established for your diversion programs?*

[Copy of franchise agreement has been requested.]

3. *How is the performance of your diversion programs measured?*

[Copy of franchise agreement has been requested.]

4. *Does your program include disposal caps that decrease over time?*

No.

5. *What penalties or incentives do you enforce for missing or exceeding diversion targets?*

[Copy of franchise agreement has been requested.]

F. Traffic Changes and Collection Efficiency

1. *Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?*

This was discussed but not formally evaluated.

2. *If so, could you share any studies conducted or methodologies used in preparing those estimates?*

Not applicable.

G. Incentives to Exceed Contractual Requirements

1. *Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.*

[Copy of franchise agreement has been requested.]

2. *Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain*

Franchisees are required to have a carbon footprint that is at least as good as what the City used when it collected from the commercial sector, which it used LNG as a fuel.

H. Implementation, Staffing, Customer Interface

- 1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)**

There are currently 5 FTEs involved in these activities: one of whom deals mainly with disposal facilities (transfer station, landfill, closed landfill). Of the four staff who deal mainly with collection, one staff member works on recycling programs, a second does accounting, waste tracking, a third does contract compliance and performance and is liaison with the franchisees, the fourth focuses on operations and will likely phase out after the program is fully transitioned.

- 2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?**

Not available.

- 3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?**

Legal counsel (internal and external) was extensively used for contract negotiations. A consultant was engaged to draft RFP, assist during the RFP process, and make presentations to Council.

- 4. How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)**

Franchisees are responsible for all service issues. City staff correspond with haulers by phone and email as needs arise.

Lee County, Florida

Results of Document Review and Interview with:

Mr. Keith Howard

Deputy Director

Lee County Solid Waste Division

(239) 533-8000

khoward@leegov.com

<http://www.leegov.com/gov/dept/SolidWaste/Pages/default.aspx>

January 18, 2012

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

Lee County has five (5) collection zones (i.e., franchise areas). See Exhibit 1.

2. Approximately how many accounts do you have per zone (SF, MF, Commercial)?

Customer	Area 1	Area 2	Area 3	Area 4	Area 5
Residential	22,000	23,600	39,800	46,000	21,500
Multi-family	18,200	27,100	17,000	1,000	19,300
Commercial	1,400	1,700	2,600	3,100	11,500

3. Are those zone boundaries the same for multi-family and commercial collection?

Yes.

4. What criteria did you use to establish this number?

None, but seemed reasonable based on population numbers and service levels.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

No.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

Geographical, municipal and some attempts to balance commercial/residential/multi-family

7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?

No.

8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

No, purposely overlap with those boundaries.

9. What lessons did you learn or what would you do differently in the future?

N/A.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

The maximum number of service areas awarded to a single service provider is three (3).

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

None, did not want a monopolistic coverage by one hauler. Continue to create opportunities for change over of incumbents.

- 3. How many collection companies were licensed in your County before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?**

Was one prior to splitting into 5 areas.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

Same, makes sense geographically.

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

All 5.

- 6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?**

1.

- 7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?**

Yes, the RFP which includes an unexecuted franchise agreement.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

The County is responsible for the billing and collection of payments for Residential Curbside Collection Service. Payment from the County to the Contractor for any undisputed fees and/or charges will be due and paid no later than forty-five days after receipt of an invoice from the Contractor for the Curbside Residential Collection Services. The initial Collection rate per unit per month is established in the Contractor's response in the RFP. This rate may be adjusted in subsequent years.

Payments for commercial Solid Waste Collection and disposal are made by the customer directly to the Contractor. The customer is billed by the Contractor based on the quantity of waste collected and the frequency and type of service rendered. The rates charged by the Contractor are based on the pricing for commercial properties as proposed by the Contractor to the RFP. Charges for all services related to and for the purpose of commercial Recycling Collection shall not exceed rates as proposed by the

Contractor to the RFP. If the Contractor stops service due to nonpayment, the Container shall be pulled immediately (if owned by the Contractor) and the County shall be notified. All "stopped service" events are investigated and documented by the Contractor prior to the notification to the Department. Commercial containers are redelivered within 24 hours of receipt of payment. All charges and payments shall include disposal costs. Disposal costs shall be a "pass-through" to the County and not be considered revenue to the Contractor.

The Contractor shall keep residential and commercial waste separate for purposes of disposal. The Contractor shall pay for all commercial waste disposed separately from residential. Commercial disposal costs will be part of the service charge billed by the Contractor and paid by the commercial customer. The Contractor pays for all Solid Waste disposal costs incurred for disposing of commercial Solid Waste at the designated disposal facilities. All commercial waste shall remain separated from residential waste in transfer stations and Collection vehicles until after it has been weighed and categorized at an approved scale facility.

2. What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?

**SPECIAL SERVICES RATES DETERMINED BY THE COUNTY
(NOT TO BE ADJUSTED DURING TERM)**

Service	Rate per service
Rolling Out Recycling 95 or 101 Gallon Container, with 25 or more feet per direction	\$1.20 (no charge for less than 25 feet per direction)
Rolling Out Container (and returning it to original location)	\$3.00
Second Weekly Curbside Residential Garbage or Trash Collection	\$4.00 per week
Side of House Service (Residential Curbside Only)*	\$2.00
Opening (and closing) Doors or Gates	No Charge
Locks for Containers	\$10.00 (one time) Charge for Replacements based on cost +10%
Unlocking and Locking Containers	\$1.50
Supplying (and retrofitting) locking mechanism on Container***	\$50.00
Adding wheels to or changing wheels on Containers	No Charge
Adding lids to or changing lids on Containers	No Charge
Moving Container Location Per Customer Request	No Charge
Changing Out Sizes (above twice per year)**	\$20.00
Additional Scheduled Pick-ups for Containerized Customers	Same as Applicable Commercial Collection Rates (Plus Disposal Charges)
Additional Unscheduled (Not including "On-Call") Pick-Ups For Commercial And Multifamily Containerized Customers	2 times Applicable Commercial Rates (Plus Regular Disposal Charges)
Special Service Or Special Equipment Required Because Of Impaired Accessibility	Negotiable
Return Roll Off Container To Same Spot Or Round Trip For Roll Off Container	No Charge
Return Container After Service Was Stopped	\$40.00
Collection Of Unbundled (Loose) Yard Waste From Curbside Residential Unit.	\$15.00 Per Cubic Yard

Of note: curbside e-waste, unlimited MSW, unlimited recycling. Also, hauler pays for one billing insert and postage for one mailing annually.

3. Please describe the basic approach you used to set the commercial collection rates for the most recent bid process? Are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the commercial collection rates set for commercial customers?

The County sets the rates by resolution each year.

4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?

Internal review prior to RFP. Also was up for consideration by a citizen's advisory committee.

5. Did you have any "phase-in" period to the new rate structure?

No, the rates are effective on October 1 or each year.

6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?

No. We do provide back door service for qualified disabled individuals.

7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?

No rent control.

8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)

A franchise fee is set at 5.5% based on all charges invoiced less disposal costs.

9. What escalation clauses are in effect in your franchise compensation agreement?

Of note, contractor must request the increase and the BOCC must approve, partially approve or deny.

Solid Waste and Recycling Collection Rate Adjustments: For all Collection services, the charges shall be initially based on the rates established in Exhibit II, and as subsequently adjusted pursuant to this Agreement. The Contractor may receive an annual adjustment in the Curbside Residential Solid Waste Collection Service, Commercial Recycling Collection Service, Commercial Solid Waste Collection Service and Curbside Residential Recycling Collection Service rates.

Beginning in March 2006, the Department shall review the Consumer Price Index – Urban Wage Earners & Clerical Workers (Series I.D.: CWUR0300 SAO, Area: South Urban, Item: All Items) as published by the U.S. Department of Labor for the previous month of January. The Contractor may request a rate increase from the County equal to the change in the above stated index, compared to the previous 12 months, or another amount. Any request for a rate adjustment by the Contractor shall include substantial proof and justification, as determined by the Department, to support the need for a rate adjustment. Additional information may be required by the Department.

The County will normally provide a notice of approval or denial of all or part of the requested rate adjustment before August. No change in rates or the Payment Schedule shall be made without the approval of the County Board of Commissioners. Annual rate adjustments shall be effective the following October 1, unless otherwise mutually determined by the County and the Contractor.

D. Waste Exemptions**1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?**

HHW.

E. Recycling Requirements**1. Does the contract include requirements for a recycling program?**

No program but must provide residential service. Business service required if requested.

2. What are the benchmarks or recycling targets established for your diversion programs?

Florida has a 75% goal for 2020.

3. How is the performance of your diversion programs measured?

Annual reporting per State guidelines.

4. Does your program include disposal caps that decrease over time?

No.

5. What penalties or incentives do you enforce for missing or exceeding recycling diversion targets?

None. There are fees for non-participating multi-family and businesses as well as C&D.

F. Traffic Changes and Collection Efficiency**1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?**

No.

2. If so, could you share any studies conducted or methodologies used in preparing those estimates?

N/A.

G. Incentives to Exceed Contractual Requirements**1. Has the County included any other liquidated damages for non-compliance? If yes, please explain.**

Standard performance bond requirements related to default. Note administrative fees, See Section 19 of contract.

2. Has the County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.

None.

H. Implementation, Staffing, Customer Interface**1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? Please provide a breakdown by function.**

4 customer service reps, 6 field inspectors, one supervisor.

2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?

Yes, as presented below.

Task	Deadlines	
	Minimum Start Date	Maximum Completion
Provide Transition Report outlining plan to minimize transition problems		6/1/05
Begin Equipment Yard and Office siting	5/29/05	9/1/05
Hire Operations Manager	5/29/05	6/12/05
Begin Residential Curbside Routing	5/29/05	7/3/05
Order/Secure Vehicles	5/29/05	9/1/05
Provide County with truck orders or verification of vehicle source(s)	6/1/05	6/1/05
Begin Commercial and Residential Routing	5/27/05	8/3/05
Hire Supervisors		6/30/05
Complete residential curbside routing	7/3/05	7/3/05
Place order or Secure Source for Containers	7/3/05	7/3/05
Provide Residential Curbside Route Maps to County		7/6/05
Provide verification of Container source to County		7/6/05
Commercial Customer Service Agreement, County Approval	6/15/05	7/15/05
Complete Residential Container and Commercial Routing		8/3/05
Provide Routing to County		8/7/05
Equipment Yard and Office Sited and set up		9/1/05
Office and Accounting Staff in place		9/1/05
Maintenance Staff Hired and in Place		9/1/05
Supervisors Run Routes	9/1/05	9/30/05
Provide County with sample door-hanger and mailer for approval		9/1/05
Notification of day changes to Customers -1 door hanger, 1 mailer (first notification no earlier than 9/10/05)	9/10/05	9/25/05
Drivers Hired and in Place		9/15/05
Drivers and Supervisors Run Routes		9/30/05
Disclosure notices and invoices mailed to commercial customers and County		9/10/05

3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?

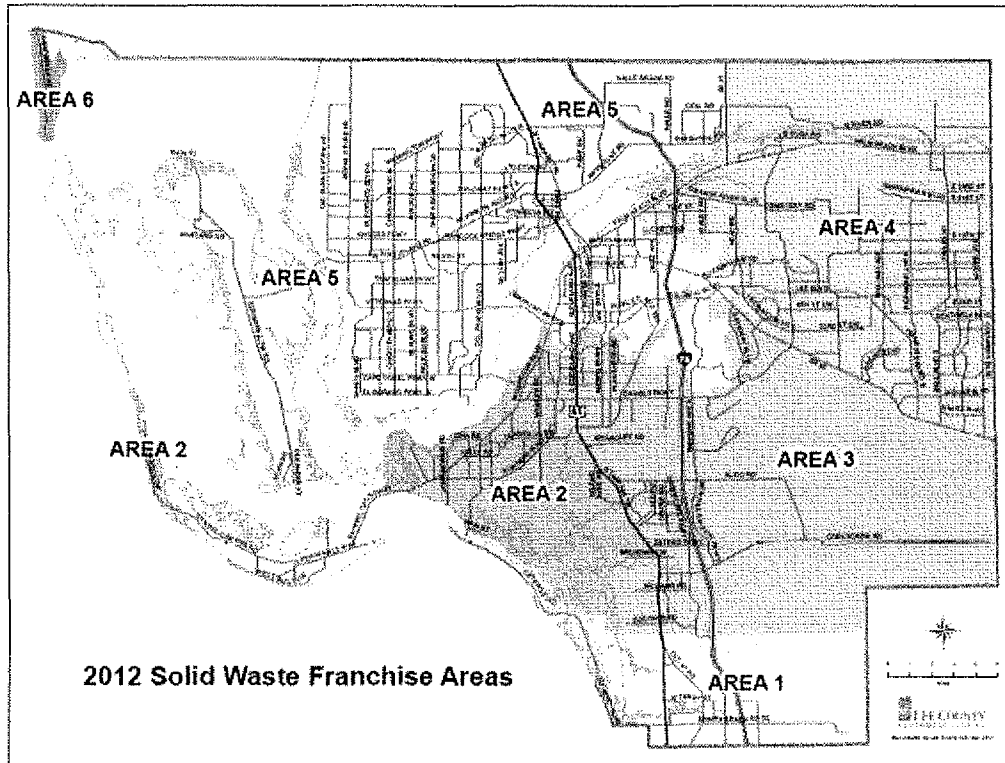
None.

4. How do customers interact with you and/or the haulers for service issues, new programs (e.g., phone, web-system, personal contact)?

Mostly by phone to our customer service representatives.

I. Additional Information

EXHIBIT 1 Current Collection Zones



Norwalk, California

Results of Document Review and Interview with:

Ms. Adriana Figueroa, Ms. Michelle Tse
City of Norwalk

afigueroa@norwalkca.gov

mtse@ci.norwalk.ca.us

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

2 with 2 service providers

2. Approximately how many accounts do you have per zone (SF, MF, and Commercial)?

One zone has about 17k, the other has about 650.

3. Are those zone boundaries the same for multi-family and commercial collection?

Yes.

4. What criteria did you use to establish this number?

Information not available

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

N/A

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

N/A

7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?

N/A

8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

N/A.

9. What lessons did you learn or what would you do differently in the future?

The City is currently beginning the process of renegotiating its franchise agreements. The current agreements are perpetual (no end data) and has provisions that are quite favorable to the service providers.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

N/A

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

N/A

- 3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?**

N/A

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

N/A

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

N/A

- 6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?**

N/A

- 7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?**

N/A

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

Hauler bills and collects, then remits franchise fee payment to the City. The City charges a franchise fee of 5% on commercial garbage collection revenues. The money goes to the General Fund. The City does not levy AB 939 fees, or any program administration fee.

- 2. What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?**

Hauler provides services to several City facilities at no extra cost. The franchise agreement also specifies that all collections must be made within a 4 hour pre-specified window of time on the customer's regular collection day. Bulky item collection is free to residential customers if provided on the

customer's regular collection day (a residential customer may put out up to four items five times per year). The contractor is required to provide free Christmas tree collection at no cost to the City.

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

MF and commercial rates are the same throughout the City. Rates were negotiated at the time the current agreements were executed (1996). The service providers have the right to request a rate increase annually, but no more frequently. The providers must make a joint request to the City. This provision only allows for an increase up to 100% of the local CPI. The franchise agreement also includes a provision for the hauler to request a rate increase for extraordinary cost increases. The collector may increase rates as a result of tipping fee increases, with 30 days notice to the City, and only if the increase impacts collector rates by more than 1%. The franchise agreements specify that because disposal costs are only 30% of total service provider costs, rates can only be adjusted upward by .3 times the percentage increase in tip fees (subject to the 1% provision described above).

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

N/A

- 5. Did you have any "phase-in" period to the new rate structure?**

N/A

- 6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?**

Provides discounts for qualified seniors (age 65 and above). There is no income limit provision. The discount is 53% off of base rates.

- 7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?**

No.

- 8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)**

See 1.

- 9. What escalation clauses are in effect in your franchise compensation agreement?**

See 3.

D. Waste Exemptions

1. *Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?*

Hazardous waste as defined under State Law.

E. Diversion Requirements

1. *Does the contract include requirements for diversion programs?*

Mostly very general. The contractor is required to perform all services as specified in the contract to comply with state diversion requirements. The contractor is not required to meet diversion targets.

2. *What are the benchmarks or diversion targets established for your diversion programs?*

State law requirements

3. *How is the performance of your diversion programs measured?*

The contractor is required to collect and deliver to the City, on a quarterly basis, data on all quantities of waste streams collected under the franchise agreement.

4. *Does your program include disposal caps that decrease over time?*

No.

5. *What penalties or incentives do you enforce for missing or exceeding diversion targets?*

Hauler could potentially lose franchise if it does not provide the services required by the franchise agreement.

F. Traffic Changes and Collection Efficiency

1. *Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?*

N/A

2. *If so, could you share any studies conducted or methodologies used in preparing those estimates?*

N/A

G. Incentives to Exceed Contractual Requirements

1. *Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.*

Very general. The City has the right to monitor contractor performance, inspect facilities, and conduct a system and services review (i.e. a performance review).

2. *Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.*

No.

H. Implementation, Staffing, Customer Interface

1. *How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)*

2 FTES to manage agreements, a part time support person, and parts of 2 code enforcement staff to enforce solid waste code (e.g., ensure all customers subscribe to service).

2. *Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?*

No.

3. *Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?*

No.

4. *How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)*

The City takes some calls (complaints) but does not have a "call center." The service providers provide most customer service via their contact center, and maintain a web site where customers can get service information, pay bills, etc.

Palm Beach County, Florida

Results of Document Review and Interview with:

John Archambo
Customer Service Director
Solid Waste Authority of Palm Beach County, FL (SWA)
(561) 315-2010
jarchambo@swa.org
<http://www.swa.org/>
January 11, 2012

A. Collection Zone (Franchise) Boundaries

1. *How many exclusive collection zones have you established?*

In 1993 the SWA transitioned from six (6) to nine (9) exclusive collection zones. In 2008 the number of exclusive collection zones was increased to eleven (11). The SWA is currently procuring new exclusive franchisees and the eleven (11) zones are being consolidated into four (4) larger zones. Exhibit 1 presents the current collection zones and Exhibit 2 presents the planned larger zones.

2. *Approximately how many accounts do you have per zone (SF, MF, Commercial)?*

Currently, there are approximately:

45,000 – 55,000 residential customers per zone
20,000 – 35,000 multi-family customers per zone
390,000 – 600,000 cubic yards of commercial waste annually per zone

3. *Are those zone boundaries the same for multi-family and commercial collection?*

Yes.

4. *What criteria did you use to establish this number?*

The zones boundaries were developed to balance the number of residential and multi-family accounts and commercial solid waste volume.

5. *Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.*

No

6. *What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?*

Once we consolidated to four larger Service Areas we actually used the existing outer boundaries from these areas. We also have transfer stations located strategically throughout the County (in each Service Area) to reduce transportation impacts associated with the collections program.

7. *Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?*

No formal studies or modeling was conducted to establish the zone boundaries.

8. *Did elected official districts impact the selection of district boundaries (i.e., alignment)?*

No.

9. What lessons did you learn or what would you do differently in the future?

The SWA is applying its lesson to allow fewer collection zones.

B. Collection Zone (Franchise) Caps

1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?

When there were eleven (11) collection zones, a single franchisee could not have more than 55 percent of the residential population. Under the four (4) collection zone program, a single franchisee cannot service more than three (3) areas.

2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?

It was a Board policy decision to set a limitation on the number of collection zone serviced by a franchisee.

3. How many collection companies were licensed in your County before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?

Exclusive franchises have been used since at least 1993. During the 2008 bid process we had 4 bidders for the eleven (11) Service Areas. Once we changed to the four large areas for the 2013 we received a response from 6 bidders for the four (4) Service Areas.

4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?

Yes, considering we have received two additional companies submitting bids. Now we wait and see if this additional competition provided our customers with a lower collection rate. That is our goal!

5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?

Bidders qualifying for the maximum award can bid on all four (4) Service Areas can only be awarded three (3) Service Areas. If they are the lowest bidder for the remaining Service Area as well the second lowest bidder will be offered an opportunity to decide (30 minutes) if they will accept the Service Area at the lowest bidder's rate. If they decline the next lowest bidder has the same offer. If all the bidders decline then the contract is awarded to the company with the next lowest bid at their rate.

6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?

No.

7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?

Yes.

C. Rate Structure

1. *Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?*

The SWA sets the following commercial rates, which may or may not be adjusted annually as noted:

Container Solid Waste Collection Rate	\$3.25 per cubic yard
Compactor Collection Rate (8 cubic yards or less)	\$4.06 (1.25x the container collection rate)
Commercial Recycling Collection Rate	\$1.70 per cubic yard
Small Business Generator (less than 1 cubic yard per week)	\$28.00 per month (\$14.00 collection and \$14.00 disposal)
96 Gallon Recycling Container (1 time per week)	\$12.00
Compactor Collection Rate (greater than 8 cubic yards-Roll-off Compactors)	\$185 per pull
Roll-off Collection Rate	\$150 per pull

Monthly Container Rental Rates Established by the Authority (Not to be Adjusted During the Term of the Agreement)

CONTAINERS (NON-COMPACTING)	
SIZE (cubic yards)	RATE w/out locking mechanism
2 YD	\$20.00
3 YD	\$21.00
4 YD	\$22.00
6 YD	\$25.00
8 YD	\$27.00

2. *What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?*

Extra Services are provided and are presented in Exhibit 3.

3. *Please describe the basic approach you used to set the commercial collection rates for the 2013 bid process? Are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the commercial collection rates set for the 2013 commercial customers?*

The bid results from the 2008 bid had one hauler bidding a very high collection rate for residential curbside service and a very low cubic yard collection rate for commercial customers. Another hauler bid a very high commercial collection rate and a low residential rate. This outcome clearly demonstrated one service subsidizing the other rather than a fair balance bid for the actual collection services provided. We applied a few methods in an effort to calculate a fair set commercial collection rate.

4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?

By the enacting legislation the solid waste and recovered materials residential and commercial collection contracts have a defined term of five (5) years. We must provide a competitive process every five (5) years for these services. Many haulers will claim if there is an extension option rates would even be lower.

5. Did you have any "phase-in" period to the new rate structure?

No.

6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?

No, all customers pay the same rate for service. However, back door/side yard service is provided at no additional charge for physically challenged customers.

7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?

No.

8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)

A franchise fee of three (3) percent is paid net of disposal expenses.

9. What escalation clauses are in effect in your franchise compensation agreement?

The payment adjustment schedule is presented in Exhibit 4

D. Waste Exemptions

1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?

Construction and demolition waste is collected by permit outside of the exclusive franchise program. In addition, special waste, hazardous waste, bio-hazardous or biomedical waste and sludge collection are not required services.

E. Recycling Requirements

1. Does the contract include requirements for a recycling program?

There are no diversion requirements. The SWA uses pricing as an incentive for businesses to recycle.

2. What are the benchmarks or recycling targets established for your diversion programs?

The State of Florida in the future has established a 75 percent recycling goal. Due to the peculiarities of the accounting, the SWA should greatly exceed this goal.

3. *How is the performance of your diversion programs measured?*

The DEP calculates the diversion based on incoming waste types and recovered tonnages reported from the SWA and all approved permitted recycling facilities.

4. *Does your program include disposal caps that decrease over time?*

No.

5. *What penalties or incentives do you enforce for missing or exceeding recycling diversion targets?*

There are none.

F. Traffic Changes and Collection Efficiency

1. *Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?*

No.

2. *If so, could you share any studies conducted or methodologies used in preparing those estimates?*

N/A.

G. Incentives to Exceed Contractual Requirements

1. *Has the County included any other liquidated damages for non-compliance? If yes, please explain.*

Yes, see Exhibit 5.

2. *Has the County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.*

No.

H. Implementation, Staffing, Customer Interface

1. *How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? Please provide a breakdown by function.*

The SWA customer service team is responsible for the daily unincorporated collection activity and the county wide residential and commercial disposal assessment. We have (1 field manager, one assistant field manager, one assessment research manager, 6 field reps and 5 customer service reps making sure our customers are provided the highest level of collection services and we have the most accurate annual assessment possible.

2. *Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?*

Approximately one (1) year before the contracts expire, a new procurement begins. The procurement is a 2-step process (e.g., qualifications, pricing) with two pre-bid meetings. Approximately 6-7 months are used for the service providers to mobilize and conduct dry runs.

NO.	ACTIVITY	DATE
1	Issue Invitation to Bid (ITB)	November 13, 2012
2	Mandatory Pre-Bid Conference #1	November 20, 2012
3	Last Date for Authority to receive inquiries - Pre-Bid Conf #1	November 21, 2012
4	Issue Addendum #1 - Pre-Bid Minutes & responses to inquiries	November 28, 2012
5	Mandatory Pre-Bid Conference #2	December 4, 2012
6	Last Date for Authority to receive inquiries - Pre-Bid Conf #2	December 5, 2012
7	Issue Addendum #2 - Pre-Bid Minutes & responses to inquiries	December 10, 2012
8	Bids Due	January 4, 2013
9	Pre-Qualification Committee Meeting	January 10, 2013
10	Pre-Qualification Results Posted - Start of 5-day Protest period	January 10, 2013
12	Sealed Bids Opened - 9:00 a.m. - Awards Posted	January 24, 2013
13	Board Approval of Contract Hearing of any Bid Protests	February 13, 2013
14	Services start	October 1, 2013

Mobilization and Preparation

Task	Completion Deadline
Hire Operations Manager and provide verification to SWA	4/15/13
Submit Residential Curbside Routing to SWA	5/3/13
Provide SWA with truck orders or verification of vehicle source(s)	6/3/13
Hire supervisors and provide verification to SWA	7/5/13
Secure container source and provide verification to SWA	7/5/13
Equipment yard and office sited and set up	8/23/13
Office and accounting staff hired and in place	8/23/13
Maintenance staff hired and in place	8/23/13
Disposal bond in place with SWA for October 1, 2003	8/23/13
Provide transition report to SWA outlining plan to minimize disruptions during transition period	9/2/13
Secure vehicles	9/2/13
Supervisors run routes	9/2/13 through 9/30/13
Drivers hired and in place	9/13/13
Drivers and supervisors run routes	9/13/13 through 9/30/13
Disclosure notices mailed to commercial customers	9/13/13

3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?

The SWA has in-house purchasing, operations and legal resources. All work is performed by SWA staff.

4. How do customers interact with you and/or the haulers for service issues, new programs (e.g., phone, web-system, personal contact)?

All customer service call are received by SWA and complaints are faxed three (3) times daily to each service provider.

I. Additional Information

- The population of Palm Beach County is approximately 1.4 MM and is approximately 2,400 square miles in area.
- By enacting legislation that created the SWA, contracts cannot exceed five (5) years in duration. Would prefer to have a five (5) year base contract with an option to extend by five (5) years.
- Franchisees are required to submit a local SBE plan showing how it will achieve the fifteen (15) percent goal.
- Currently, four (4) service providers manage the 11 collection zones.
 - Republic: Zones 1, 3, 4, 7 and 10
 - Waste Management: Zones 5, 6, and 11
 - Waste Pro: Zones 8 and 9
 - Veolia: Zone 1

EXHIBIT 1

Current Collection Zones

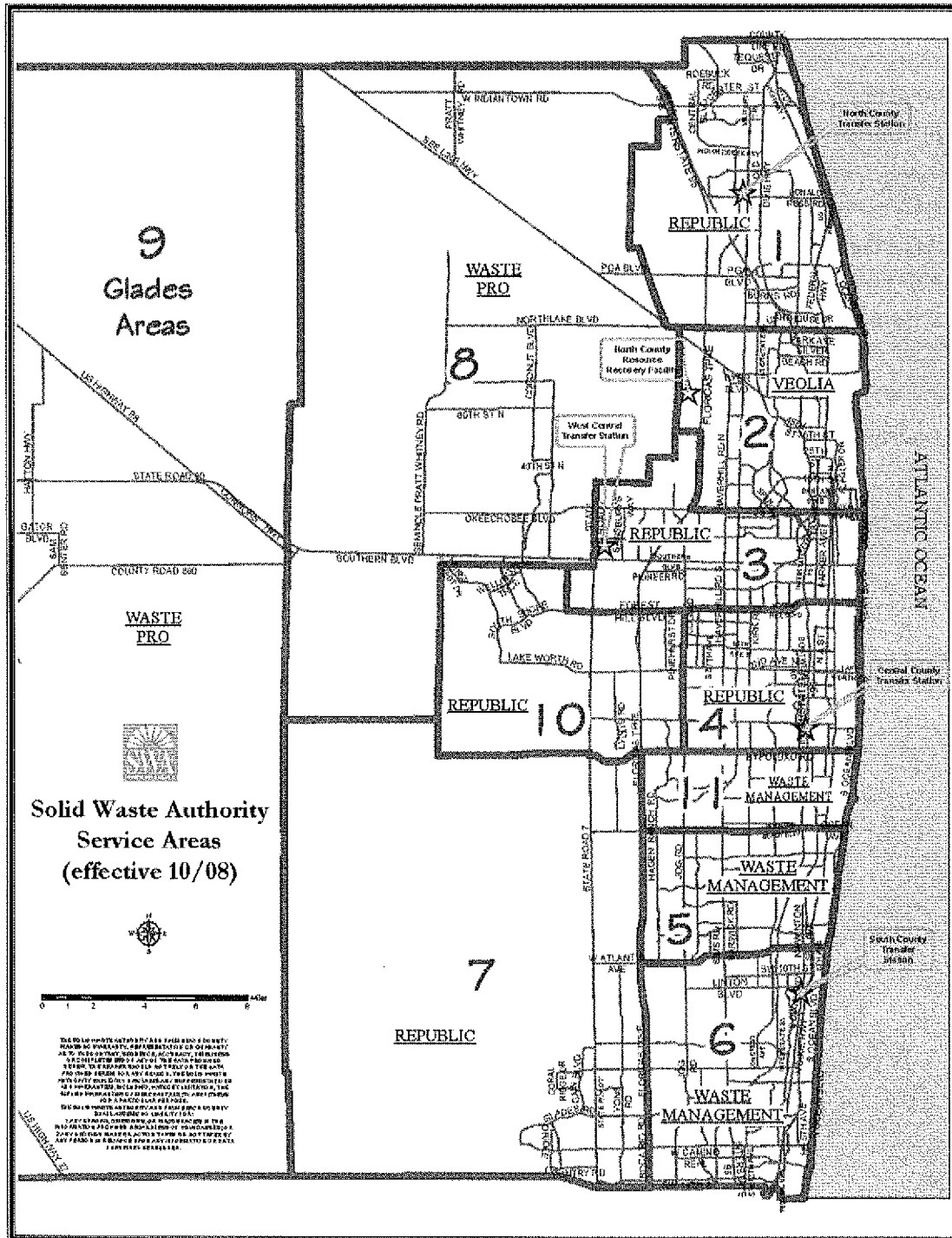


EXHIBIT 2

Planned Collection Zones

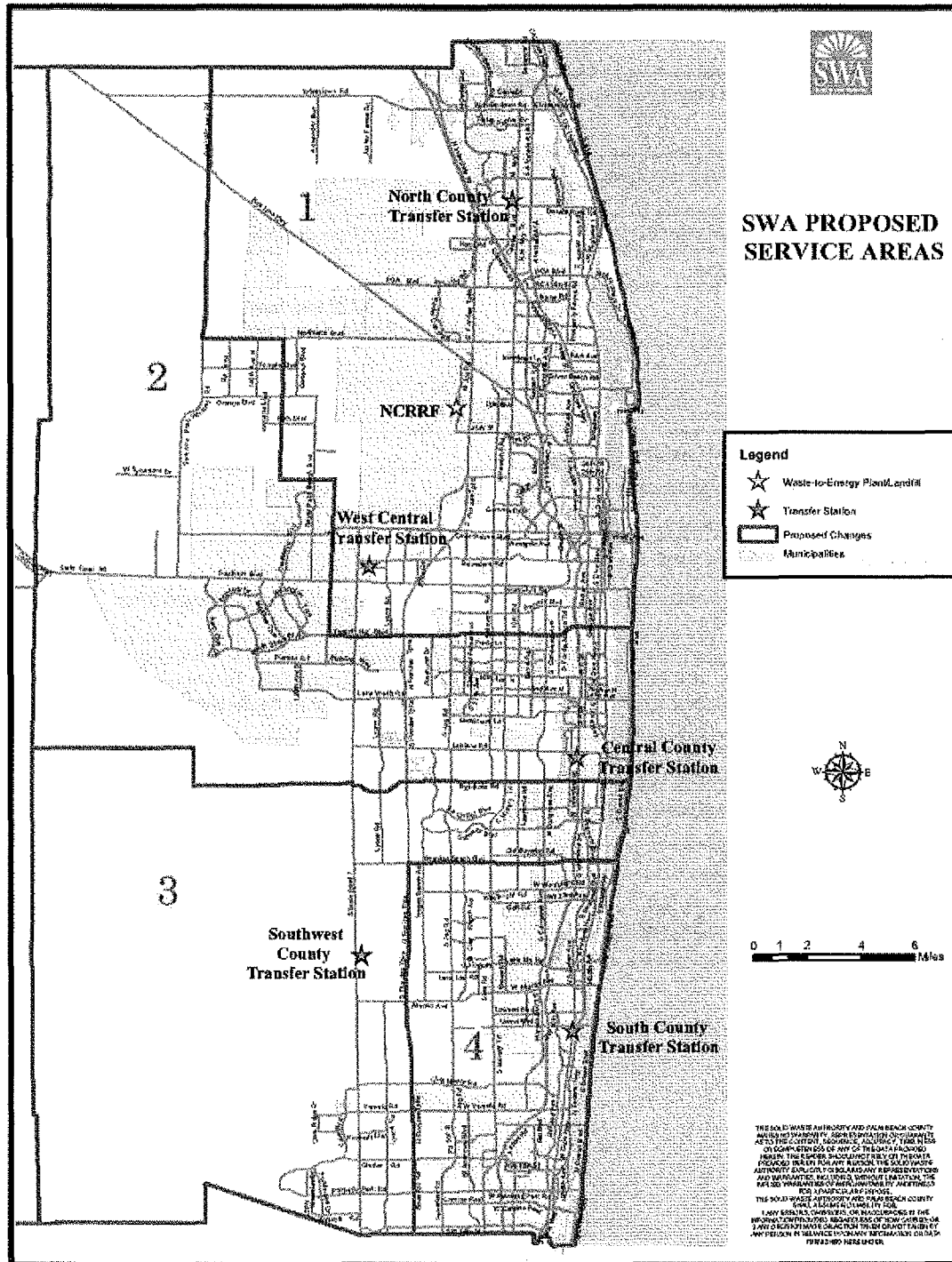


EXHIBIT 3

Extra Services

Special Services Rates Established by the Authority
(Not to be Adjusted During the Term of the Agreement)

SERVICE	RATE PER SERVICE
Rolling Out Commercial 95 or 101 Gallon container , with 10 or more feet per direction	\$1.00 (no charge for Residential regardless of distance, no charge for commercial less than 10 feet per direction)
Rolling Out Container (and returning it to original location)	\$8.00 per month per container times frequency of collection
Back Door Service (Residential Curbside Only)*	\$22.00 per dwelling unit
Opening (and closing) Doors or Gates	No Charge
Locks for Containers	\$9.00 (one time) Charge for Replacements based on cost +10%
Unlocking Containers	\$1.35
Supplying (and retrofitting) locking mechanism on container per customer request only	\$55.00
Adding wheels to or changing wheels on Containers	No Charge
Adding lids to or changing lids on Containers	No Charge
Moving Container Location Per Customer Request	No Charge
Changing Out Sizes (above twice per year)	\$25.00
Additional Scheduled Pick-ups for Residential Containerized Customers	Same as Applicable Commercial Collection Rates (No Disposal Charges)
Additional Unscheduled (picked up by end of business the following day but not including "on-call") Pick-ups for Commercial and Residential Containerized Customers	\$25.00 Special Service Fee Plus Applicable Commercial Collection and Disposal Rates Per Dumpster (No Disposal Charges for Residential)
Special Service or special equipment required because of impaired accessibility	Negotiable
Turn around compactors (commercial customer only)	\$10.00 (No Charge for Multi-family)
Stump/Land Clearing Collection	Negotiable
Residential Vegetation Collection	\$9.00 Per CY
Residential Mixed Collection (vegetation with C&D and/or bulk)	\$22.00 Per CY

EXHIBIT 4**Payment Adjustment Schedule****A. Annual Adjustment**

The annual adjustment shall be applied to the base residential and commercial collection rates as shown in Exhibit II and as provided within this Agreement.

- 1) The following cost components and weights shall be used to calculate the annual adjustment for all components except for fuel:

Labor	35%
Vehicle Maintenance	05%
Maintenance	10%
Other/Administration	40%

- 2) The following indices are used to calculate the adjustment for each cost component category. The change in each index shall be calculated by dividing the average of the index over the twelve month period ending the December preceding the effective date of the adjustment by the average over the previous twelve month period.

Cost Component

Labor	Index: Employment Cost Index , Series ID CU20156000000001, Not Seasonally Adjusted; Compensation - Total Compensation; Sector - Private Industry; Periodicity - Quarterly Index Number; Industry/Occupation - Administrative and Support and Waste Management and Remediation Services (see Note 2 below)
Vehicle Replacement	Index: Producer Price Index - Commodities , Series ID WPU141106, Not Seasonally Adjusted; Group - Transportation Equipment; Item - Trucks over 14,000 lbs. GVW.
Maintenance	1/3 Labor: Index: Producer Price Index - Commodities , Series ID WPU141106, Not Seasonally Adjusted; Group - Transportation Equipment; Item - Trucks over 14,000 lbs. GVW.

2/3 Parts:**Index:**

Consumer Price Index – All Urban Consumers, Series ID
CUUR0000SETC, Not Seasonally Adjusted; Area – U.S. City
 Average; Item – Motor Vehicle Parts and Equipment.

Other**Index:**

75% of:

Consumer Price Index – All Urban Consumers, Series ID
CUUR0000SA0, Not Seasonally Adjusted; Area – U.S. City
 Average; Item – All Items.

Notes:

- (1) All indices as published by the United States Department of Labor, Bureau of Labor Statistics (www.bls.gov).
- (2) Labor Index uses average of four quarterly periods. All others use average of twelve monthly periods.
- (3) The percentage weight for each cost component is multiplied by the change in each appropriate index to calculate a weighted percentage change for each component cost factor. The weighted percentage changes for each cost component are added together to calculate the Refuse Rate Index, as follows:

RRI Sample

Cost Component Chng	Weight	Source	%Change	%Weighted
Labor	35%	ECI	1.20%	0.42%
Vehicle Replacement	5%	PPI - Trucks	3.74%	0.19%
Maintenance Parts & Equipment	10%	2/3 CPI 1/3 ECI	3.21%	0.32%
Other	40%	CPI - All Items at 75%	1.84%	0.55%
Total	90%			1.48% RRI

B. Monthly Fuel Adjustment (Fuel Surcharge/Credit)

The rates subject to adjustment shall be subject to a monthly fuel price surcharge/credit for fluctuations in the price of fuel. For the purpose of this Agreement, fuel is assumed to represent 10% of the Contractor's costs, therefore 10% of the approved rates shall be so adjusted.

The rates shall be adjusted as follows:

For the rates subject to adjustment, a monthly fuel surcharge/credit shall be charged/credited basis based on the percentage change in the monthly average price of fuel as published by the Oil Price Information Service (OPIS) and measured by the OPIS Standard Rack, OPIS No. 2 Distillate Gross Prices, Unbranded Average for Miami, Florida between the month of November 2012 and the month two (2) months prior to the effective date.

For example:

For the month of October 2013, the fuel surcharge/credit shall be calculated by dividing the reported unbranded average price for August 2013 by the unbranded average price for November 2012, multiplying the result by ten (10) percent of the bid or Authority established price, and subtracting ten (10) percent of the bid or Authority established price.

Assuming:

Index for November 2012	315.98
Index for August 2013	340.67
Commercial Solid Waste Collection Rate (per yd.)	\$3.25

Surcharge: $340.67/315.98 \times .10 \times 3.25 - (.10 \times 3.25) = \0.254

The surcharge/credit shall be rounded to the nearest cent, which in this example would result in a \$.03 per cubic yard surcharge.

EXHIBIT 5**QUALITY OF PERFORMANCE OF CONTRACTOR**

- A. **Complaints:** All complaints received by the Contract Administrator, or his designee, and reported to the Contractor shall be promptly resolved pursuant to the provisions of Section 18 of this Agreement. Complaints shall not include customer informational requests or Recycling Container requests. A complaint not resolved by 3:00 p.m. on the next Business Day, unless otherwise provided in this Agreement, shall count as two complaints. In the event complaints received from curbside customers exceed any of the following percentage(s), which reflect the percentage of the residential curbside customers within the Service Area served by the Contractor during any Fiscal Year, the Contract Administrator shall levy as liquidated damages in the amount of \$200.00 per incident to reimburse the Authority for the cost of receiving, logging, investigating, and following up on the complaint.

Complaint Type	Annual %	Monthly %
Garbage, Trash and Damage	4%	0.5%
Recycling	2%	0.25%
Vegetation	2.5%	0.35%

- B. **Other Administrative Charges:** In addition to the liquidated damages provided for in Subsection 19A related to customer complaints, the Contract Administrator may, without regard to the percentage of customer complaints, also levy liquidated damages at the rate of \$200.00 per day per incident for any other infraction of this Agreement to reimburse the Authority for the cost of receiving, logging, investigating and following up on the complaint and or failure to perform, and additional costs that cannot be reasonably quantified. Such infractions include but are not limited to:

1. Failure to provide clean, safe, sanitary equipment;
2. Failure to maintain office hours as required;
3. Failure to provide documents and reports in a timely and accurate manner;
4. Failure to repair or replace and/or deliver a Container, Compactor, Recycling Container, Garbage Can, or mailbox within the required time period;
5. Failure to clean spillage other than the clean-up required by the Palm Beach County Health Department, as provided in Section 19(C)4 below;
6. Failure to cover and or secure materials on collection vehicles;
7. Collection employees out of uniform;
8. Name and phone number, and if applicable, size not displayed on Collection vehicles or Containers;
9. Failure to provide schedule and route maps;
10. Using an improper truck for the specific service provided;
11. Failure to submit a disclosure notice to either a customer or the Contract Administrator;

12. Failure to report recycling activity monthly (on or before the 10th day of the following month), in the format determined by the Authority, for the purpose of tracking and verifying countywide recycling activity;
13. Failure to collect Recovered Materials, Solid Waste or Vegetative Waste on schedule for any customer who has been missed more than three times within a 12 month period;
14. Failure to respond to customer calls, including all residential and commercial customers, in a timely and appropriate manner;
15. Failure to place a contamination sticker in Recycling Containers, as required;
16. Failure to repair damage to property resulting from Contractor's (including agents, employees or subcontractors) equipment failure or negligence within five (5) Business Days.

C. Major Prohibitions and Liquidated Damages: The following constitute serious violations of this Agreement that have negative impacts on the Authority, the costs of which are not reasonably quantifiable, and are subject to liquidated damages and potentially loss of Franchise.

- a. Intentionally commingling Solid Waste, Vegetative Waste and/or Recovered Materials is prohibited and may result in liquidated damages in the amount of \$5,000.00 per incident to reimburse the Authority for the cost of inspecting, sorting, handling and disposing of the contaminated load, and the costs associated with potential injury to employees and workers who are exposed to said contamination, and upon the fifth offense may constitute default of contract and result in loss of Franchise.
- b. Changing routes, including the starting point of a route without approval from the Authority or notification to the Authority and the customer is prohibited and will result in liquidated damages of \$2,000.00 per incident to reimburse the Authority for the costs of managing the service disruption, including the cost of receiving, logging, investigating and following up on customer complaints, communicating with the Contractor and coordinating the return to normal service. Additionally, the Contractor shall be required to return to the previous route(s) and schedule and properly notify customers in accordance with the requirements of this Agreement at no cost to the Authority or customer.
- c. Billing commercial customers service charges unauthorized by this Agreement, such as special fuel surcharges, handling charges or billing charges is prohibited and will result in the assessment of liquidated damages in the amount of \$500 per incident to compensate the Authority for the cost of receiving, logging, investigating and following up on customer complaints, communicating with the Contractor and the customer, and coordinating the reimbursement to the customer for all non-approved charges. Contractor shall also be required to reimburse the customer for all non-approved charges paid by the customer.
- d. Violating the exclusive Franchise in another contractor's Service Area without approval from the Authority is prohibited and will result in the assessment of liquidated damages of \$5,000.00 per incident to compensate the Authority for managerial, and investigative costs associated with defending and reinstating the exclusive Franchise rights of the Authority's franchisee, in addition to reasonable attorneys fees incurred by the Authority. Additionally, Contractor will be required to pay restitution to the offended contractor in an amount equal to the contractor's lost collection charges at the rate per

cubic yard, or pull, whichever is applicable, as of the time of the infraction for every cubic yard, or pull.

- e. Failure to clean up spillage of any substance required to be cleaned up by and in accordance with the Palm Beach County Health Department will result in the assessment of liquidated damages in the amount of \$2,500.00 per day, per incident to compensate the Authority for the cost of receiving, logging, investigating and following up on customer complaints, assessing the extent of the damage, and communicating with the Contractor, the Health Department and the customer(s). Additionally, in the event of such failure to clean up spillage, the Authority retains the right to perform or contract for the performance of such clean-up and assess the Contractor for all costs incurred.
- f. The Contractor, providing Collection service on behalf of the Authority, excepting as provided for in Section 5, is required to deliver all Commercial and Residential Solid Waste, Vegetative Waste and Recovered Materials collected pursuant to this Agreement to disposal facilities and/or Recovered Materials Processing Facilities, designated by the Authority. Diversion of these materials to any facility not designated by the Authority without the written consent of the Contract Administrator, whether within or outside Palm Beach County, is prohibited and will result in the following assessments:

The first offense will result in the assessment of liquidated damages in the amount of \$100,000.00 to compensate the Authority for the investigative and legal costs and expenses incurred to ascertain and quantify the extent of the violation. Additionally, in the case of Solid Waste, the Contractor shall reimburse the Authority for lost revenue based on the per ton tipping fee for garbage in effect at the time of the offense for each ton of material diverted, plus reimbursement for lost energy revenues, if any. In the case of Recovered Material, in addition to liquidated damages, the Contractor shall reimburse the Authority for lost net revenue based solely on the then current average commodity value as determined by Authority sales and the then current incremental processing cost paid by the Authority for processing at the Authority-owned Recovered Materials Processing Facility.

The second offense may result in, loss of franchise(s) and a ten (10) year ban on the ability to bid on future Solid Waste Authority of Palm Beach County Solid Waste and recycling collection agreements.

Provided that the Contractor provides timely notification to the Authority, and notwithstanding the above, the parties agree that it is not the intent of this subsection to punish the Contractor, beyond the payment of restitution, for the random, infrequent or inadvertent actions of an employee, acting in a manner other than as directed by the Contractor, that result in the diversion of materials from an Authority approved facility.

To the extent allowed by law, the imposition of the above liquidated damages is in addition to any fines or penalties that may arise out of any proceeding, criminal or civil, for violations of the Palm Beach County Solid Waste Act (Ch. 2001-331), any Authority rule, or any other Federal, State, or local act, ordinance, resolution or rule.

- g. Failure to complete, defined as failing to provide scheduled service to a minimum of 95% of the households, a route or community on the regular scheduled pick-up day shall result in the assessment of liquidated damages in the amount of \$1,000.00 for each route/community per day not completed to reimburse the Authority for the value of

services not rendered, costs of managing the service disruption, including the cost of receiving, logging, investigating and following up on customer complaints, communicating with the Contractor and coordinating the return to normal service. Each missed route/community shall be completed by 10:00 a.m. of the next Business Day following regular scheduled collection day. Failure to collect missed routes/communities by 10:00 a.m. the next Business Day as required will result in an additional \$1,000.00 assessment for each route/community not completed.

For the purpose of this Section, the Contract Administrator may deduct any charges from payments due or to become due to the Contractor. In the event the Contractor fails to repair damages as a result of the Contractor's equipment failure or negligence within the time provided within this Agreement, the Contract Administrator may arrange for the repairs and assess the Contractor for the cost of the repairs and any applicable administrative charges. The Contract Administrator may assess administrative charges and liquidated damages pursuant to this Section on a monthly basis in connection with this Agreement and shall at the end of each month during the term of this Agreement notify the Contractor and the Governing Board of the Authority in writing of the charges assessed and the basis for each assessment. In the event the Contractor wishes to contest such assessment it shall, within five (5) Business Days after receiving such monthly notice, request in writing an opportunity to be heard by the Authority Board and present its defense to such assessment. Notwithstanding the foregoing, any individual assessment of liquidated damages in an amount greater than or equal to \$10,000, or loss of Franchise, shall be imposed only upon the prior approval of the Governing Board of the Authority. The Authority shall notify the Contractor in writing of any action taken with respect to Contractor's claims and the decision of the Authority Board will be final. Any aggrieved party that wishes to appeal may apply in the Circuit Court of Palm Beach County, Florida, within thirty (30) days of the rendition of such decision, for review by Writ of Certiorari in accordance with the applicable Florida Appellate Rules.

Phoenix, Arizona

Results of Document Review and Interview with:

Tony Miano,
City of Phoenix, AZ.
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(602) 256-5625
January 14, 2013

The City of Phoenix has a competitive market for commercial collection. Their experiences are of interest because of the City's long history of managed competition with multiple zones for residential collection. Unless otherwise noted, the responses below refer to residential collection.

A. Collection Zone (Franchise) Boundaries

The City began using a managed competition process to award collection contracts in 1979 and have been using that process ever since. Contracts are for 6-years. After one 6-year contract to a private firm, City crews automatically get the next 6-year contract (to ensure the public sector stays engaged to its customers).

1. How many exclusive collection zones have you established?

There are ten service areas. These are allocated within four service regions (N, S, E and W): with three each in the north and east, and two each in south and west regions .

2. Approximately how many accounts do you have per zone (SF, MF, Commercial)?

Average of about 40,000 living units per service area (395,000 total as of end-2012).

3. Are those zone boundaries the same for multi-family and commercial collection?

Not applicable.

4. What criteria did you use to establish this number?

See below.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

In 2006-07, public works staff worked with a consultant to research and conduct an analysis of service areas. (Note: we requested a copy of this study, but it is an internal "draft" never finalized that they use to help them prepare their bids during the City's managed competition process, and is thus not available.) The study concluded that the optimal number of residential living units for each zone was 30,000 to 60,000. The City targets its zones to range between 45,000 to 65,000 units.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

The City used major roadways, mountain ranges, and made faster growing boundary zones smaller than inner-city zones that are growing more slowly. One area is isolated with only one route in and out: it was made a single zone. The capacity of maintenance shops (truck throughput) was another consideration.

- 7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?**

See above.

- 8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?**

No.

- 9. What lessons did you learn or what would you do differently in the future?**

The City pays all contractors on a \$/dwelling unit basis. It learned that some zones are more attractive than others because of differences in route density (stops per mile) and containers per stop (the fewer the containers per stop, the less costly dwellings are to serve).

Another lesson is that some smaller contractors found it difficult to meet the City's customer service requirements. One small hauler filed for bankruptcy protection. The City began requiring sizable performance bonds. In time, all the smaller haulers elected to not bid: the cities only contractors today are Waste Management and Republic.

Poor customer service by some haulers led to development of a single call center for all franchise zones (for the past 16 years). City does quarterly surveys in all zones and prepares a score card for each collector in each zone comparing customer service metrics.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

Every two years, the City conducts an RFP process for one zone. There are practical limitations to the number of zones a firm can have, because after a private firm completes a six-year contract, that zone reverts back to the City. This ensures that the City doesn't totally lose touch with customers in any part of the city.

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

See above.

- 3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?**

In 1980 when the program was launched there were 6 collection companies. Today there are just 2 companies (WMI and Republic) that typically bid on franchises.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

See above (A9).

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

One zone is bid at a time.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

As outlined in a recent RFB issued by the City for Collection Area F, contractors submit an invoice monthly based on the number of dwelling units in the prior month times the dwelling unit bid price for collection.

- 2. What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?**

Collection companies are only contracted to do collections. Delivery of containers and customer outreach efforts are handled by the City staff or through separate contracts. Franchisees are required to conduct a certain percentage of courtesy pickups as requested by customers. If there is a dispute between a customer and a collection agency regarding a missed pick up, the City uses the ABL tracking devices (on most trucks) to verify what transpired (i.e., if hauler was at designated location at specified time, the customer container must not have been set out).

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

Rates are uniform throughout the City and are set by the City Council. The City charges \$26.80 per living unit for a basic set of containers. Additional containers cost \$13.40 each.

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

Collection companies wanted longer terms (i.e. up to 10 years). Six years seemed like a reasonable balance in order to give the City the opportunity to get out of contracts that weren't working well and still allow collection companies to realize operating efficiencies.

- 5. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?**

Low income multi-family households are handled as institutions (i.e. differently from other residential accounts) and their collections are managed by the City. Discounts are given on a per yard basis at a rate of approximately \$17 per yard.

- 6. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?**

All rent-controlled housing is owned and collected by the City. Rates are structured to encourage increased diversion (i.e. discounts provided for downsizing).

7. *Does the City receive a franchise fee or payment other than the \$/stop payments? If so, how is it assessed? (i.e., x% of revenues or y% annually)*
8. *The City currently only receives payment on a \$/living unit basis. Implementation of other payments including franchise fees has been discussed. Phoenix is currently the only City in the local area that doesn't collect additional fees from haulers.*
9. *What escalation clauses are in effect in your franchise compensation agreement?*

The dwelling unit price is adjusted annually for inflation using the percentage change in CPI (Western Region "A") for the previous 12 months, or 3 percent, whichever is less. There is no fuel surcharge in the contract.

D. Waste Exemptions

1. *Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?*

Not applicable in the City's residential system.

E. Diversion Requirements

1. *Does the contract include requirements for diversion programs?*

No percentage requirements; contractor performs residential curbside collection as directed by contract with City.

2. *What are the benchmarks or diversion targets established for your diversion programs?*

The Mayor has established a goal of 40% diversion by 2020. A task force consisting of multiple stakeholders (e.g. haulers, grocers) has been established to establish strategies to meet this goal. Diversion is defined as the percentage of waste that is recycled (or composted?) relative to the amount that is landfilled (i.e. material used as alternative daily cover would not count towards the diversion goal).

3. *How is the performance of your diversion programs measured?*

Performance is assessed against the established goal for diversion. Some accounting issues have come up which are being addressed (e.g. organic "green" waste was not being accounted for) in order to increase the accuracy of performance evaluations.

4. *Does your program include disposal caps that decrease over time?*

No.

5. *What penalties or incentives do you enforce for missing or exceeding diversion targets?*

Not applicable.

F. Traffic Changes and Collection Efficiency

1. *Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?*
2. *Not applicable.*
3. *If so, could you share any studies conducted or methodologies used in preparing those estimates?*

Not applicable.

G. Incentives to Exceed Contractual Requirements

1. *Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.*

Missed collections, if not rectified by specified times are \$200 each for 1-5/month, and more as the number of misses increases. Recyclable loads greater than 9 tons may be rejected at the materials recovery facility. Contractor pays for containers deemed damaged by contractor. \$200 charged if contractor responds inappropriately to hot loads, and \$1,000 for spills, leaks. Contractor pays LD if City GPS unit is damaged (\$2,500 for automated vehicle locator; \$60 for RFID tag). \$5,000 for delivering material to inappropriate facilities. \$500 for not cleaning up appropriately at disposal facilities, or for littering.

2. *Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain*

There aren't additional incentives for contractors but exceptional performance is recognized based on report card results as well as findings from a third party research group that performs audits and surveys (of customers and City employees) related to contractor performance. Survey results are distributed widely and performance measures are considered as a selection criteria for future franchise bids.

H. Implementation, Staffing, Customer Interface

1. *How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)*

There are a variety of staff engaged in various related functions. The call center has 10 FTE staff who handle all public works customer service issues. The staff functions include: specialist, support service aid, contract person, and contract evaluators (responsible for monitoring customer complaints).

There are six people engaged in contract administration and conducting RFPs. These staff perform other duties as well: there is about 3 FTE engaged in contract administration.

In addition, each of the 10 service areas has 2 specialists responsible for customer outreach, monitoring for contamination from operations (e.g. hydraulic fuel leaks) and the presence of vectors; these specialists are also tasked with verifying that remedies are done correctly.

2. *Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?*

After many years of experience, the City now has a fairly routine 18-month process for implementation: about 6 months for the RFP process and selection of a contractor; about 12-months allowed from notice of award to startup.

- 3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?**

All implementation is done in-house.

- 4. How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)**

Haulers and City use email for service issues. Work orders are developed in MS-Word from the City's work order system and emailed to haulers. They mark them up and email them back.

Customers interact with the City and haulers by phone or email and provide feedback through survey responses.

Portland, Oregon

Results of Document Review and Interview with:

Bruce Walker,
City of Portland, OR.
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Bruce.Walker@portlandoregon.gov
January 8, 2013

The City of Portland has a competitive market for commercial collection. Their experiences are of interest because of the City's aggressive pursuit of reducing waste sent to landfill, and their system of multiple collection franchises for residential collection. Unless otherwise noted, the responses below refer to residential collection.

A. Collection Zone (Franchise) Boundaries

In 1992, Portland adopted a franchise system as a means to carry out the changes in its "residential" sector. Because the franchise system did not include any of the "commercial" sector Portland's business owners did not block it, as they had done with previous proposals for franchising. From February 1992 to today, Portland garbage and recycling companies have served "residential" customers in specific city-assigned territories, but they may serve "commercial" customers anywhere in Portland.

1. How many exclusive collection zones have you established?

As of the mid-1950s, there were around 250 companies operating in Portland. By 1980, attrition had lowered the count to 143, and by 1989, to 112. By 1996, the number of haulers had dropped to 49 as haulers consolidated, and as of May 2011, the number of haulers had declined to 19. In 1992 when the exclusive franchise system was established, 69 haulers were part of the initial franchise system.

2. What is the range in number of accounts per zone?

The City has approximately 145,000 residential accounts. Today, the largest zone has approximately 51,700 accounts, and the smallest has just 250 accounts.

3. What criteria or methodology did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)? Please forward a copy of any available report or study that was done.

City staff obtained customer lists and addresses from all haulers. They then prepared maps of hauler service areas and made suggestions for hauler boundaries. In some instances they identified a larger area served by multiple haulers and told the haulers to develop boundaries that were fair and efficient.

4. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

No.

5. What lessons did you learn or what would you do differently in the future?

There may have been too many small haulers allowed for efficient collection. Even the 19 haulers currently operating may be too many. It would have been preferable if haulers had a minimum of 3,000 accounts in order to operate (with 3,000 accounts being an estimate of minimum number of households for a recycling collection service on a 5-day week).

- 6. On your website it states: "During 2005, staff worked to develop and evaluate regulatory options. These include a couple of variations on franchising, city-set rates, and additional mandates on business customers to recycle more. Staff convened focus groups representing businesses, neighborhood and environmental groups, and garbage and recycling." Are there any reports or studies you could send us about City deliberations about franchising commercial collection in the City?**

No reports or studies. The City received a number of comments demonstrate a dislike of a commercial franchise system by the business community and a split in opinion among the haulers. Many referenced commercial rates that are 30-40% higher in surrounding communities with exclusive franchises for commercial collection, and comments about service being poorer in those communities than in Portland's competitive market.

Some haulers supported moving to an exclusive commercial franchise system; others opposed it because they felt it would limit their opportunities for growth.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

City Code limits any single hauler to a maximum of 40 percent of Portland's customer base and requires that no *hauler may be a subsidiary of another hauler*.

- 2. What was the basis for the limitations you set on the number of zones (see question 1)?**

Initially there was a hard limit of 50,000 accounts, which seemed adequate when the largest hauler at the time the franchises were established had 12,000 accounts. After 20 years and some market consolidation, the limit was revised to 40 percent after one large hauler began to bump up against the 50,000-account limit.

- 3. Were there specific criteria, or studies and analysis that helped inform how you set this limit? If so, would you send us a copy of these please?**

No studies or analysis was done. It is felt by the City that the 40 percent limit is adequate to allow for growth yet still maintain an adequate level of competitiveness.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

See response to A.5 above.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

Rates are based on weighted average hauler cost including 9.5 percent hauler operating margin (profit plus state and federal taxes) and include a 5 percent franchise fee. Haulers provide audited financial records that are analyzed by City staff. Haulers do billing and remit franchise fee to the City. A diagram of the rate setting process is shown in Figure 1 of July 2012 audit report. With this system, operating margins vary among collection firms because of various factors including those affecting collection costs (e.g., labor rates, route density).

- 2. What “extra services” do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?**

Nothing in particular.

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

Section 8.1(A) of the Franchise Agreement between the City of Portland and franchised residential haulers requires the City to perform an annual rate review to establish a rate schedule for all levels of residential solid waste, recycling and yard debris service. Rates are developed based on the following objectives:

- Having uniform solid waste, recycling and yard debris collection services citywide.
- Providing customers with a variety of service level options to meet individual needs.
- Identifying the true cost of individual services before considering incentives and disincentives to increase recycling and reduce solid waste generation.
- Allowing service providers to recover allowable costs and earn a reasonable profit.

The City Bureau of Planning and Sustainability (BPS) conducts the annual rate review process, assisted by an independent economist. The economist analyzes various factors that affect rates and produces the actual rate calculation. BPS also contracts with an independent Certified Public Accountant (CPA) to review hauler financial records, with Portland State University (PSU) to sample the weight of the various sizes of solid waste containers set out for collection, and with a consulting firm that specializes in forecasting the market price of recyclable paper products. The proposed rates are reviewed by the Portland Utility Review Board (PURB), a citizen panel with no hauling industry representation, and then forwarded to City Council for consideration and final adoption.

In setting rates, the adjustments for rollcart size are based on an annual study of rollcart weights, and a time and motion study completed in 1997. A terrain charge is then added to rates for most customers west of the Willamette River, to account for additional costs of collection in hilly areas. This charge is also based on the time and motion study.

Once rates are allocated by rollcart size based on actual cost of service, further customer incentives and disincentives are added to rates. These incentives and disincentives are not based on cost of service, but are policy decisions by BPS and Council intended to further encourage waste reduction. Generally, BPS managers told us they try to balance incentives for small rollcarts and cans with disincentives for large rollcarts, so that collectively the changes are revenue-neutral for haulers.

If the cost of small rollcart incentives is not exceeded by the revenue from the large rollcart disincentives, BPS reimburses the hauler for the difference through a reduction in franchise fees. Any additional profits due to disincentives are retained by the haulers. This may create a profit incentive for haulers to market large rollcarts to customers, which is contrary to City waste reduction goals.

4. Did you explore the implications of different contract term lengths on rates and/or costs? If so, please elaborate.

Contract terms are set for 10 years but there is a mid-term review process at year 5 which effectively resets the contract term for an additional 10 years. This benefits the Council by allowing them to make a decision on whether or not to continue with a franchise and it also provides haulers adequate time to amortize vehicles and other major expenses.

5. Did you have any "phase-in" period when you went from open competition to the new franchise system and rate structure?

The process took over a year to implement including multiple reviews by Council and the public. In all the process took almost two years. Initially there were numerous calls from customers with questions about changes in collection day or hauler.

6. Does your rate structure provide any discounts for low income households, and if so, could you provide us with documentation that describes how they function?

There are no substantial discounts for low income households because there are significant incentives in place that allow for reduction of costs (i.e. reducing can size by decreasing waste generated and increasing diversion). However, water and sewer rates are discounted for these households.

7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?

No such mechanism exists.

8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)

The City funds the commercial recycling program primarily using a fee collected from garbage and recycling companies based on the amount of garbage they collect from Portland business customers. This fee revenue totaled about \$1,250,000 in 2005-06. The current tonnage fee is \$8.30 per ton. The City uses these funds:

- to purchase recycling containers which garbage and recycling companies then must provide to their customers at no cost.
- to provide garbage and recycling companies with printed educational materials for their customers
- to provide personal assistance and printed information to interested businesses
- for enforcement staff
- to measure program results

The current franchise agreement allows franchise fees of up to 8 percent, with any fee in excess of 5 percent dedicated to stabilize rates for residential customers. In practice, the franchise fee is set at 5 percent of gross revenues. The City collects franchise fees quarterly based on actual hauler revenues. Quarterly franchise fee reports are validated by the CPA during the annual review of hauler costs.

All City fees related to solid waste collection and disposal are deposited in the Solid Waste Management Fund, including fees on commercial waste haulers. City Code requires that the funds be spent on solid waste, recycling, composting, and sustainable development policies approved by Council. In practice,

BPS further restricts the use of money in the fund, separately accounting for residential and commercial revenues and expenditures.

9. *What escalation clauses are in effect in your franchise compensation agreement?*

None. Rates are adjusted annually .

D. Waste Exemptions

- 1. *Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?***

There are no exemptions currently.

E. Diversion Requirements for Business and Multi-Family Owners

City of Portland Administrative Rules referencing business and multi-family recycling requirements can be found in **City of Portland Business Administrative Rule, 5.2, Recycling and Solid Waste Requirements for Commercial Customers, Generators and Self Haulers – B. Business Recycling Requirements, (1) and (2).**

Staff worked extensively with Portland's business and multifamily owners in 1993-95 to find practical and effective ways to increase recycling in the commercial sector. The end result of this process was City Council adoption of a requirement that every business and multifamily property have, and use, a recycling system for at least 50% of their waste.

There are now about 52 garbage and recycling companies serving Portland's commercial customers: about 20,000 businesses and 2,500 multifamily complexes.

Under a 1996 mandate, all garbage and recycling companies continued to be required to offer recycling for a wide variety of materials. Customers, on the other hand, began to be required to set up recycling systems and to ensure that at least 50% of their material was recycled, as of January 1, 1996.

The financial incentive for all was the possibility of a penalty payable to the City. If compliance is not achieved within 30 days, fines will be issued. Fines are \$200 per month for the first infraction. Subsequent infractions will increase by \$200 each month, i.e., second infraction will be \$400, third infraction will be \$600 and continues at that level until the infraction is resolved. Through the garbage and recycling companies, the City provided every business customer with printed information about the mandate, and required that every customer sign a commitment to recycle at least 50%, specifying which materials they would recycle.

1. *What are the benchmarks or diversion targets established for your diversion programs?*

In 1996, the City Council adopted a requirement that every business and multifamily property have and use a recycling system for at least 50% of their waste.

In 1997 the Council set a goal of recycling 60% in 2005. The current system did not reach the 60% goal in 2005, achieving an overall estimated rate of 52% in 2005.

Currently, the City of Portland has a goal to reduce waste and to raise the recycling rate to 75 percent by 2015.

2. *How is the performance of your diversion programs measured?*

The City follows the methodology outlined by the State Department of Environmental Quality (DEQ).

3. What penalties or incentives do you enforce for missing or exceeding diversion targets?

There is no requirement placed on collection firms, instead requirements are place on business owner. For businesses, there is a financial penalty for noncompliance of a maximum of \$500 per incident, increasing for each subsequent incident. However, since the City's intent is to encourage compliance, not to raise money, city regulations provide for an "assistance period" of 30 days, instead of enforcing an immediate penalty for noncompliance.

F. Traffic Changes and Collection Efficiency**1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system? If so, could you share any studies conducted or methodologies used in preparing those estimates?**

This hasn't been done yet but may be looked at in the future. The City's economist modeled commercial collection and estimated that changing from an open market to exclusive franchises would result in a reduction in vehicle miles traveled (VMT) for collecting garbage of 30 percent. Bruce thinks this estimate may be high because haulers work hard to keep their routes efficient. He thinks savings of perhaps 15-20 percent might result, but it's hard to know for sure.

G. Incentives to Exceed Contractual Requirements**1. Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.**

Nothing out of the ordinary.

2. Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.

No.

H. Implementation, Staffing, Customer Interface**1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)**

There are five employees currently engaged in customer interface and **enforcement with the residential franchise system**. Most of this consists of phone calls and emails, with a small portion of them engaged mainly in enforcement.

When the City added food waste and went to every other week garbage collection, the City added an additional five temporary staff for customer engagement. After a few months, the call volume went back to normal.

2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?

Not available.

3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?

Not available.

4. *How do customers interact with you and/or the haulers for complaints, service issues, new programs? (e.g., phone, web-system, personal contact)*

City staff interact with haulers mainly by phone for service and billing issues. Occasionally, they get calls about commercial service, but most customers resolve issues directly with their hauler.

Reno, Nevada

Results of Document Review and Interview with:

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January 22, 2013

In 1992, the City of Reno enacted a 25-year exclusive franchise agreement for commercial collection with Waste Management. Over time, other firms began competing by offering dry waste (trash) collection services (which was not explicitly covered in the franchise) and there was litigation surrounding this issue. In 2012 after many years of deliberation, the City established two exclusive franchise areas for commercial collection: one with Waste Management, and one with Castaway Trash Hauling. As part of that agreement, Waste Management is building a single-stream materials recovery facility to help provide the infrastructure necessary to significantly expand recycling opportunities.

The City's current franchises are rolling 10-year agreements, in that every 5 years there's a performance review. If hauler performance is acceptable, the City authorizes another 10-year contract.

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

There are two exclusive collection zones; one is managed by Waste Management (WM) and the other by Castaway Trash Hauling (CTH).

2. Approximately how many accounts do you have per zone (SF, MF, Commercial)?

There are approximately 2,500 accounts in the zone managed by WM and 625 in CTH's zone.

3. Are those zone boundaries the same for multi-family and commercial collection?

Yes, multi-family is covered within commercial accounts.

4. What criteria did you use to establish this number?

Market share as of November 2012 was the criteria used to establish the number of accounts in each zone. Other cities, including Seattle and Portland, were consulted during the process.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

No.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

The City let WM and CTH decide on the zone boundaries. These boundaries were then approved by the City.

- 7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?**

No.

- 8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?**

No.

- 9. What lessons did you learn or what would you do differently in the future?**

Currently, WM has 80% of the customers, and CTH has 20%. The City would have created 5 zones, all of the same size (i.e. to match CTH's 20% of market) and allowed bidding on zones if performance issues arose.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

Not applicable.

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

Not applicable.

- 3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?**

WM was the sole franchised commercial hauler, yet other haulers used legal loopholes to provide commercial service leading to a negotiation and creation of zones. Haulers with existing customers were allowed to retain them under the new system, but the number of those customers is quite small (5 haulers with 31 accounts out of 3,000). There are 12 other haulers that provide C&D and drop box services.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

Would have created five zones each with a similar number of accounts as stated above (A9).

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

No RFP was created; collection areas were determined through negotiations.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

Collection companies bill customers and remit franchise fees and other payments to the City.

- 2. What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?**

WM provides a CNG fueling station that is open to the City and other public agencies, 25 solar compactors for placement by the City, and provides services to the City valued at \$215,000 per year. WM and CTH also collect in City buildings and parks for free up to \$900,000.

Collection firms provide public education and information, customer service, billing, and dispute resolution services (ombudsman). The City and the companies are currently negotiating the scope of the public education program. WM's contract includes providing a recycling coordinator at its new MRF.

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

The rate schedule was negotiated as part of the Exclusive Area Franchise Agreement (most recent version November 07, 2012). Rates are based on the container type, volume, and frequency of collection as shown in Exhibit D of the agreement. Rates for single stream recycling are approximately 25 percent lower than rates for garbage. All rates were set by City and are in agreements provided. Rate increases are performed annually per the agreements for the first 3 years; after that increases are based on the CPI, but only if profits are less than 8%. The City requires companies to submit audited financial statements, and they retain the opportunity to audit the companies' books.

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

Original contract was through 2019: new contract will go through 2029 with a review every five years.

- 5. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?**

No.

- 6. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?**

No.

- 7. Does the City receive a franchise fee or payment other than the \$/stop payments? If so, how is it assessed? (i.e., x% of revenues or y% annually)**

Franchise fee is 8% of gross revenue. The city collects a host fee of \$0.42 per ton on franchised collection materials at its transfer station. City may change franchise fee: rates will adjust accordingly.

- 8. What escalation clauses are in effect in your franchise compensation agreement?**

Rates adjust annually with consumer price index (CPI), and also are adjusted for changes in law, increases in franchise fees and other events outside contractor's control.

D. Waste Exemptions

1. ***Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?***

The franchise covers solid waste and approved recyclable materials. Exclusions include: construction and demolition materials, self-hauled materials, materials requiring special handling (such as liquid waste, sewage, manure), scrap metals, paper shredded materials, bulky items, electronics, rendering facility materials, hazardous waste, medical waste, special waste, and recyclables sold directly by generator to a buyer.

Food waste recycling is not exclusive.

Companies with permanent drop box service may continue providing that service.

E. Diversion Requirements

1. ***Does the contract include requirements for diversion programs?***

No.

2. ***What are the benchmarks or diversion targets established for your diversion programs?***

Not applicable.

3. ***How is the performance of your diversion programs measured?***

Not applicable.

4. ***Does your program include disposal caps that decrease over time?***

No.

5. ***What penalties or incentives do you enforce for missing or exceeding diversion targets?***

Not applicable.

F. Traffic Changes and Collection Efficiency

1. ***Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?***

It was considered as we are switching to natural gas collection vehicles. The City also only wanted one vehicle per route and not multiple haulers.

2. ***If so, could you share any studies conducted or methodologies used in preparing those estimates?***

No studies performed.

Incentives to Exceed Contractual Requirements

3. ***Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.***

Yes, they are in the agreements.

- 4. Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain**

No.

G. Implementation, Staffing, Customer Interface

- 1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)**

One franchise administrator, city attorney as needed, and code enforcement (less than 0.5 FTE) as needed. Each *franchisee is required to submit annual audit results conducted by third party auditors.*

- 2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?**

The new agreements evolved in part from a desire to move toward a single stream recycling system, which included a materials recovery facility. Waste Management made an initial proposal on June 2008. After discussions between staff, collection firms, the City of Sparks, and Washoe County, Waste Management submitted a revised proposal in November, 2010. Staff delivered a memo to Council in June, 2011. After further deliberations, the new franchise agreements were approved by Council in November, 2012.

New system starts within 120 days of signed agreements, and implementation is to be complete after one year.

- 3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?**

No.

- 4. How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)**

Phone and email to franchise administrator. Franchised haulers have ombudsman requirements. Any issues not resolved by franchisees go to franchise administrator to resolve with power of City Manager.

Seattle, Washington

Results of Document Review and Interview with:

Tim Croll, Director, Solid Waste Line of Business
Hans Van Dusen, Solid Waste Contracts Manager
City of Seattle, WA
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A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

Four.

2. Approximately how many accounts do you have per zone (SF, MF, and Commercial)?

- Residential (garbage): 28k-47k services per zone (4 zones); recycling service counts are similar
- Apartments (garbage): 820 – 2400 services per zone (4 zones); recycling service counts are similar
- Commercial (garbage): 1200-3200 services per zone (4 zones); most commercial recycling occurs outside the scope of the City's contracts

3. Are those zone boundaries the same for multi-family and commercial collection?

Yes.

4. What criteria did you use to establish this number?

The City, in previous RFPs, had divided the City into three collection areas. In the 2007 RFP the City added a fourth area to promote the entry of new firms (and possibly smaller firms) into the Seattle market. The City, based on a study by Ecodata (see below) could have created up to seven areas and still achieved the economies of scale associated with one collector per area, but decided that more than four collection areas would make the RFP evaluation and selection process overly complex (as well as increasing the complexity of contract management).

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

Yes. Barbara Stevens, Ecodata, prepared a study that concluded that the maximum number of collection areas the City could be divided into is seven (7), without losing the economies of scale/efficiencies associated with one collector per area.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

Natural geographic barriers (e.g. the Ship Canal which divides North Seattle from the Central Business District and South Seattle); arterial boundaries that result in a reasonably similar number of services per area (because to the distribution of single family homes, apartments and commercial businesses around the City, it is nearly impossible to create collection areas with an "equal" number of services); and

"constructed" barriers that divide the City into distinct areas (I-5 splits North Seattle into two similarly sized zones (east and west).

- 7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?**

No.

- 8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?**

No.

- 9. What lessons did you learn or what would you do differently in the future?**

Would not do anything differently. No major lessons learned; previous experience with the RFP process where very helpful in shaping the 2007 process (e.g. the construction of the RFP).

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

3 (of the 4 zones established). The City would/will not consider having just one hauler for the entire City. The City does not want to completely eliminate competition for collection service contracts either in the short or long term.

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

See 1.

- 3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?**

N/A. The City has contracted for residential collection services for decades, under authority granted by State law. The City assumed control over commercial collection in 2001, which had previously been regulated by the State Utilities and Transportation Commission. Prior to 2001, two haulers provided commercial collection services in the City and competed city-wide.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

Yes.

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

The 2007 Collection Services RFP allowed proposers to bid on each of the four (4) collection areas independently, and on "packages" of adjacent collection areas (e.g. 2/3/4, 1/2, etc.). The City hoped that solicitation of bids on packages would drive bids down, by promoting increased economies of scale, and creating four collection areas to allow smaller firms to compete, that the City would get competitive pricing and a new smaller entrant into the market. The City got both.

6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?

The only condition placed on proposers was on those that chose to bid on "packages" of collection areas. If a proposer bid on one package, they were required to bid on all of them. See question 6 for additional discussion of why the City created packages.

7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?

CH2MHILL has the City's 2007 RFP for residential, multifamily and commercial collection, the City's two executed contracts (with Waste Management and CleanScapes), and Barbara Steven's report regarding options for the number of collection areas.

C. Rate Structure

1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?

Waste Management and CleanScapes are paid a fixed amount per month that has two components. Residential payments are escalated using a weighted price index, and also to account for increases in structures and residential tonnages. Commercial payments include a fixed payment that is escalated using the same price index as the residential payment, as well as a payment per pickup based on size of container. The first year payments for all of these services are established in each company's contract, and are escalated from one year to the next using a weighted price index (using the CPI, Producer Price Index, and a fuel cost escalator) as well as the adjustment factors described above. Except for a small amount of waste, the City does not compensate the companies for disposal or transfer (and it is expected that these payments will drop to zero by 2014 after the City directs all waste to its facilities). Most garbage is taken to the City's two transfer stations now and transfer and disposal costs are built into rates and bill directly to the customer. Recycle and composted material is taken to private facilities and the City is billed by those facility owners; again, the costs are built into rates and billed directly to the customer. The companies also provide street side litter and public place recycling collection in their service territories, and are compensated fixed monthly for these services. The companies provide, and are compensated for, occasional services provided for special events, etc. The companies are compensated for cart deliver/container deliveries, bulky item and white goods collection, and few other items.

2. What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?

See 1. The companies are also compensated negotiated amounts for providing services offered under as part of pilot programs.

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

The City sets all rates for services, based on a rate study conducted by SPU staff periodically. The payments to the collection companies are treated as one cost center in the development of the solid waste revenue requirement. Other costs included taxes, solid waste program administrative costs, customer service costs (call center staff and inspections staff), solid waste program planning costs, disposal and transfer costs, debt service on bonds issues for solid waste system purposes, etc. The City use a widely accepted methodology for establishing the revenue requirement, allocating costs and designing rates. The City's rates are designed to encourage recycling and waste reduction. Recycling service costs are embedded in garbage collection rates, while yard/food waste are charged for separately.

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

The City gave proposers the option of proposing an 8 year contract (with two, two year extensions), or a 10 year contract (with one, 2 year extension), to determine if there would be a savings from a longer term contract. Waste Management's 10 year proposal offered cost savings relative to its 8 year proposal; CleanScapes did not.

- 5. Did you have any "phase-in" period to the new rate structure?**

N/A

- 6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?**

The City has a low income rate assistance program; qualified customers pay a reduced rate for City provided utility services (50% of regular rates); program participants are qualified through a process administered by the City's Human Services Department. To be qualified, an applicant cannot have gross annual income greater than 70% of State median income for a household of his/her size. Customers who use a large amount of water for medical purposes (e.g. kidney dialysis) are eligible for the rate discount for water and wastewater services only.

- 7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?**

N/A

- 8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)**

The City levies a utility tax (gross receipts tax) on all utility services provided in the City (both public and private). The proceed from this tax flow to the City's General Fund.

- 9. What escalation clauses are in effect in your franchise compensation agreement?**

See 1.

D. Waste Exemptions

1. *Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?*

The City has separate contracts for construction and demolition debris, and does not exempt specific industries from the requirement to use the City's collection contractors. The City does allow certain institutions to collect and haul their own waste, including the University of Washington, and the Federal government.

E. Diversion Requirements

1. *Does the contract include requirements for diversion programs?*

No.

2. *What are the benchmarks or diversion targets established for your diversion programs?*

The City's Zero Waste Plan sets a recycling rate goal of 60% by 2012, and 70% by 2025. The City also emphasizes waste reduction, and recently instituted a ban on single use plastics bags at grocery stores, etc.

3. *How is the performance of your diversion programs measured?*

The City conducts periodic waste composition studies, and requires haulers, transfer stations, and processing facilities operators to report materials received by waste stream. These data are then used to develop a profile of the City's waste – what's landfilled, what's recycled, etc.

4. *Does your program include disposal caps that decrease over time?*

No.

5. *What penalties or incentives do you enforce for missing or exceeding diversion targets?*

N/A.

F. Traffic Changes and Collection Efficiency

1. *Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?*

No.

2. *If so, could you share any studies conducted or methodologies used in preparing those estimates?*

N/A

G. Incentives to Exceed Contractual Requirements

1. *Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.*

Contracts include both penalties for poor performance and incentives for exceeding standards; performance metrics include customer service call answering response times (for commercial customers), missed collections, response time to missed collections, etc.

- 2. Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.**

The City offers a minor incentive for reducing disposal tons through neighborhood outreach. Section 845 of the contract.

H. Implementation, Staffing, Customer Interface

- 1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)**

The City has 4 staff in its Contracts Management unit (one Manager, one invoice/payment specialist, and two staff who work with the collectors on day to day issues). This group also has three Service Inspectors supporting it, who conduct field inspections when a problem/issue require it, and who work with customers who need/request changes in services, advice about placing recycling containers, etc.

- 2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?**

CH2MHILL has this.

- 3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?**

Yes. The City has long standard relationships with consultants with solid waste RFP expertise, collection system design expertise, and has dedicated City attorneys to advise and assist with solid waste contracting issues.

- 4. How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)**

The City provides all customer services for single family and multifamily customers. The City operates a Call Center that takes customer calls live (Monday-Friday) and offers customers the option making service changes, etc. via the web. Customers can also pay their bill via the web, and pay using ACH debit (auto payment).

The collection companies provide all customer services for commercial customers, and are required to take and respond to calls live. The companies have their own web sites where customers can obtain information, make some service requests or changes, etc.

Regarding educations about new program offerings, etc. the City communicates directly with the customer (mostly through direct mail).

Stockton, California

Results of Document Review and Interview with:

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City of Stockton, CA.
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Gretchen.Olsen@stocktongov.com

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

2 exclusive zones for residential (one hauler per zone); two franchise haulers for multifamily and commercial (the same haulers who collect residential) who compete city wide for accounts.

2. Approximately how many accounts do you have per zone (SF, MF, and Commercial)?

Approximately the same number per zone for residential; haulers compete city wide for commercial and multifamily accounts.

3. Are those zone boundaries the same for multi-family and commercial collection?

N/A. Haulers compete city wide.

4. What criteria did you use to establish this number?

Information not available; the current franchise agreements were established in 2004 when the City decided not to bid out service provision via an RFP process and, instead, negotiate franchise agreements with the two haulers operating in the City at the time (WMI and Allied). The negotiations result in the current arrangement of exclusive zones for residential and open competition for multifamily and commercial.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

Information not available.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

Information not available.

7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?

Information not available.

8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

No.

9. What lessons did you learn or what would you do differently in the future?

N/A.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

N/A. The City's current franchise agreements (signed in 2004) extend through 2019 (with a City option to extend each 5 years); the City has not conducted an RFP process in the past and has not contemplated what it might do in 2019.

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

N/A. See 1.

- 3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?**

N/A. According to the City's Solid Waste Franchise Manager, the two existing franchise haulers have been only providers of residential, multifamily and commercial service for many years. The Manager did express a strong desire to maintain a system where at least two haulers are operating and viable in the local market.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

N/A.

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

N/A. No RFP has been issued in the past.

- 6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?**

N/A. See 3 above.

- 7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?**

CH2MHILL has the franchise agreements.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

The rates for collection services were negotiated by the City and the haulers at the time the current franchise agreements were established (2004). The City was able to negotiate a rate schedule that is the same for both haulers. The rates increase (year over year) at 50% of the CPI. The City does not compensate the haulers for several "free services", the costs of which are presumably embedded in residential, multifamily and commercial rates.

The rates charged to customers include a 23.5% franchise fee – 20% that goes to the City's General Fund and 3.5% that goes to Public Works' Solid Waste Program. Both fee components are authorized by State law.

The City performs billing and collection of residential solid waste payments. The City keeps the portion of residential rate revenue due to it, and remits the balance to the haulers. The haulers bill and collect multifamily and commercial payments. The haulers keep the portion due them, and remit the balance to the City. The City can audit the haulers billing and collection processes, but has conducted very limited billing audits to date.

2. What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?

The list below shows the services included in the scope for each franchise agreement. Street sweeping, neighborhood clean up services, Christmas tree collection, side yard service for the disabled, collection services for city facilities, collection from public containers, special events collection, and community clean up services are not compensated by the City (so presumably the costs of these are embedded in what the customers pay for residential, multifamily and commercial services. The haulers also provide public education and other informational service to customers without additional compensation.

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3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?

Rates are contained in the franchise agreements, and adjust annually upward by 50% of the change in the CPI from the previous year. Disposal and processing facility rate adjustments pass throughs can be applied for but are not guaranteed approval in the franchise agreements. Rates are the same across the City. See 1 above for additional information.

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

N/A.

- 5. Did you have any "phase-in" period to the new rate structure?**

N/A.

- 6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?**

The City's low income rate assistance program does not provide discounts for multifamily customers. The City offers discounted residential service for seniors (over 65 years of age) and for seniors below median income.

- 7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?**

N/A.

- 8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)**

See 1 above. In addition to the franchise fee revenue the City receives, the City received an upfront payment from each hauler at the beginning of the term of the agreements (2004). The upfront payment was made over 4 years. According to the City's Solid Waste Franchise Manager, this payment was, in part, compensation for the City's street sweeping equipment which the haulers took possession of when they took over sweeping activities from the City.

- 9. What escalation clauses are in effect in your franchise compensation agreement?**

See 3 above.

D. Waste Exemptions

- 1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?**

Services to manufacturing facilities, factories, food processors, refineries, and publicly operated treatment works are exempt from the franchise agreement. C&D and commercial recyclables are exempt as well.

Construction and demolition waste is generally handled through the City's Industrial Permit program so is not regularly handled through the franchised system. Hazardous waste and electronic waste is directed to the County's HHW facility. The state allows state agencies to exempt themselves from local franchise systems so schools, universities, and other state agencies have a variety of service arrangements.

E. Diversion Requirements

- 1. Does the contract include requirements for diversion programs?**

Yes.

2. What are the benchmarks or diversion targets established for your diversion programs?

The benchmarks are established by State Law and they are enforced via the liquidated damages provisions of the City's franchise agreements. See 5 below.

3. How is the performance of your diversion programs measured?

Using data collected by the haulers on tons of material collected by service type (single stream recyclables, yard waste, food waste and garbage). The City currently estimates that it's diversion rate is somewhere between 50% (using hauler provided data) and 65% (based on State calculations).

4. Does your program include disposal caps that decrease over time?

No.

5. What penalties or incentives do you enforce for missing or exceeding diversion targets?

Exhibit J of the franchise agreements establishes liquidation damages for not meeting diversion requirements/targets. These targets are based on the State's AB 939 requirements. The liquidated damages are show in the table below.

Diversion Requirements

1. Failure to comply with a substantive requirement of the Diversion Plan contained in Exhibit D: \$500.00 per incident.
2. Failure to comply with a substantive requirement of the Public Education Plan contained in Exhibit E: \$500.00 per incident.
3. Beginning January 1, 2005, failure to achieve and maintain in each following calendar quarter Diversion of Collection Materials in the following percentages: 42 percent: \$6,250 per quarter 37 percent: \$12,500 per quarter 32 percent: \$25,000 per quarter [For example, if during the 1st quarter of 2005, Contractor Diverts 31,000 tons of Collection Materials and Disposes of 69,000 tons of Collection Materials, the liquidated damages assessed by the City would be \$25,000. If the Contractor Diverts 45,000 tons of Collection Materials and Disposes of 55,000 tons, there would be no liquidated damage assessed.]
4. Beginning January 1, 2005, failure to achieve and maintain in each following calendar quarter Diversion of all materials collected within the City by the Contractor in the following percentages: 50 percent: \$6,250 per quarter 45 percent: \$12,500 per quarter 40 percent: \$ 25,000 per quarter
5. Failure to use Best Efforts to divert fifty (50) percent of materials collected through Neighborhood Cleanups and Bulky Items collection: \$500 per incident.

J-3

Liquidated Damages for failure to achieve and maintain the Diversion percentages specified in "Diversion Requirements" Items 3. and 4. above, shall be assessed by the City each calendar quarter. In addition:

Liquidated Damages shall be maintained in a segregated Recycling fund to be used by the City to promote Recycling programs.

The City shall not assess Liquidated Damages that exceed \$25,000 in any single calendar quarter. In the event that in any calendar quarter the City could assess Liquidated Damages under both "Diversion Requirement 3. and 4., the City shall assess and the Contractor shall owe only the larger of the two separate amounts that otherwise would be due under the two requirements

If in any calendar year Contractor achieves 42 percent diversion of all Collection Materials collected that year, the City shall reimburse the Contractor for Liquidated Damages assessed in any previous quarter of that year pursuant to "Diversion Requirement" 3. above.

If in any calendar year Contractor achieves 50 percent diversion of all materials collected by the Contractor within the City that year, the City shall reimburse the Contractor for the Liquidated Damages assessed in any previous quarter of that year pursuant to "Diversion Requirement" 4. above.

- a. Any City-retained Liquidated Damages remaining in any calendar year shall be used by the City to offset any fines assessed by the State pursuant to Article 9.2 assessed within that calendar year.

F. Traffic Changes and Collection Efficiency

1. *Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?*

N/A

2. *If so, could you share any studies conducted or methodologies used in preparing those estimates?*

N/A

G. Incentives to Exceed Contractual Requirements

1. *Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.*

Yes. Exhibit J in the franchise agreement includes a long and detailed list service and diversion related requirements that are subject to liquidated damages, if the collector fails to meet standard.

E.5 above presents the liquidated damages associated with a hauler not meeting diversion targets. According to the City's Solid Waste Franchise Manager, damages were applied often during the first few years after the current agreements were established, but are not often applied today because the standards are typically achieved.

Exhibit J also spells out a number of service related expectations, where failure to the meet the standard results in liquidated damages. Examples included penalties for failure to commence a new service request within 7 days, failure to collect a missed collection within 24 hours, etc.

- 2. Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.**

No.

H. Implementation, Staffing, Customer Interface

- 1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)**

The City has six (6) staff in its Solid Waste Franchise administration unit; one manager, one other staff who assists with contract administration, one staff member who performs field inspections, and three other supporting staff.

- 2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?**

N/A.

- 3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?**

N/A.

- 4. How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)**

The haulers maintain web sites where customers can access service information, make certain service changes, etc. The haulers are also required to maintain a live call answering presence, where customers can report missed collections, register complaints, etc. These "call centers" must operate during normal business hours Monday-Friday.

The City has two different "hotlines" where customers can register (or elevate) complaints regarding hauler service provision. The City has a web-based system for all City services, (Ask Stockton) including garbage, recycling, and street sweeping inquiries or complaints. City staff coordinate responses to customers with representatives from the haulers.

Vancouver, Washington

Results of Document Review and Interview with:

Tanya Gray
Solid Waste Supervisor
City of Vancouver, WA.
360-619-4123
Tanya.Gray@cityofvancouver.us

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

1 (with one hauler); prior to 2005 the City had two haulers (Waste Management and Waste Connections) collecting in two "exclusive" zones but each hauler was, in fact, providing services in both zones. In 2003, the City began rationalizing the delivery of services so that each hauler provided a full package of services in its primary zone. In 2004, Waste Management determined it was not profitable to continue operating in the City; the other hauler (Waste Connections) purchased the other hauler's franchise (with the permission of the City) and is now the sole contractor for the City.

2. Approximately how many accounts do you have per zone (SF, MF, and Commercial)?

41k residential (single family)
2600 commercial
457 multifamily complexes (with a total of 23k units)

3. Are those zone boundaries the same for multi-family and commercial collection?

Yes. There is now only one collection zone.

4. What criteria did you use to establish this number?

N/A.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

City staff indicates that a study may have been conducted in the 1990s but a copy is not available.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

See 5.

7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?

See 5.

8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

No.

9. What lessons did you learn or what would you do differently in the future?

Would probably have included a commercial recycling service in the current franchise when it was negotiated in 2004-2005; Waste Connections is now offering such a service and participation is continuing to grow; the service is a competitor to privately provided services.

B. Collection Zone (Franchise) Caps**1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

N/A.

2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?

N/A.

3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?

N/A.

4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?

The City is currently satisfied with a single hauler system.

5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?

N/A.

6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?

N/A.

7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?

CH2MHILL has a copy of Waste Connection's franchise agreement. The City has also provided CH2 with a copy of a 1994 RFP for garbage and yard waste service that may be of interest to LA.

C. Rate Structure**1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

The City's franchise collection agreement with Waste Connections establishes a first year monthly compensation amount by type of service (garbage and yard waste, and recycling). The amounts are derived based on the sum of collection and disposal payments by level of service (e.g. 1 yard once a week, 1.5 yards twice a week, etc.). The recycling component of rates is flat fee per household (residential) and per unit (residential). Waste Connections does all billing and collecting of payments

from customers, keeps the collection and disposal monthly payment amount per the franchise agreement with the City, and remits the balance to the City, which covers the City's solid waste program costs, and the City's utility tax. The collector is responsible for paying the City's disposal contractors. Payments to the haulers escalate from year to year at 80% of a weighted price index (the components include the local CPI and a west coast fuel cost index).

The City establishes the rates for each level of service using an in house developed model and methodology. The collector does not have discretion to establish the proportional differences in rates between different levels of services. The City process for updating the number of accounts and service levels by account is very thorough, and utilizes a combination of in house and contract resources.

The City's franchise agreement requires Waste Connections to contribute \$10k over the life of the contract to pilot programs. The City does not compensate the collector for attending public meetings with City staff, collecting from multi-family properties with difficult to access container locations, special services required by Handicapped, Elderly and Low-Income qualified residents (e.g. back yard or carry out service), and several other service related activities. The contractor is required to provide "spring clean event" cleanup services (drop box services) up to a dollar amount of \$55k per year (additional services are compensated). The City does not compensate the collector or assistance with special studies (for example, waste composition analyses). Compensation with assistance with pilot programs is negotiated between the haulers and the City.

The hauler did not receive any compensation for initial contract mobilization.

- 2. *What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?***

See 1. The City requires that the hauler provide 4.5 staff, at its own expense, to support recycling education and public information.

- 3. *Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?***

See 1. CH2MHILL has a copy of Vancouver's rate model and rate ordinance.

Note that Vancouver has a rate stabilization fund (RSF) that can be used from time to time to mitigate rate increases. The RSF is built into the fee that the City includes in the hauler's rates.

- 4. *Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?***

No. The City does have a practice of extending the agreement's length by 1.5 years for every annexation of 5,000 or more homes (as specified in section 2.1.2 of the comprehensive contract).

- 5. *Did you have any "phase-in" period to the new rate structure?***

N/A.

6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?

See 1. The discount is for the disabled and elderly only, who meet certain income requirements. VMC 6.12.201 (D) and contract section 2.1.7 of the comprehensive contract.

7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?

N/A.

8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)

A franchise fee is built into the rates charged by the hauler (the hauler bills and collects customer payments). The fee is a fixed amount per year that the City can change, which covers City solid waste program administration and programs. Also included in rates is a 20% City utility tax (a gross receipt tax), proceeds from which go to the City's general fund.

9. What escalation clauses are in effect in your franchise compensation agreement?

See 1.

D. Waste Exemptions

10. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?

CDL that includes MSW is included in the contract; any CDL that is substantially recyclable (diminimus amounts of garbage) may be collected as a recyclable material outside the franchise scope. Hazardous waste is outside the contract scope. Certain E-Waste (televisions, monitors, computers, laptops and tablets) are banned from disposal and may be recycled at several convenient recycling drop off locations or a handful of community events held each year. The e-waste program is funded by the electronics industry with the program overseen by the State. The City does not exempt specific industries from having to use the City's hauler.

E. Diversion Requirements

1. Does the contract include requirements for diversion programs?

The collector is required to provide garbage, yard waste and recycling service to all single family customers, garbage and recycling services to all multifamily customers, and may offer yard waste service to multifamily and commercial customers. The City has a limited food waste collection pilot program for non-residential source separated food waste. The pilot has been in place since 2006.

The collector is also required to install recycling signage in all new multifamily dwelling units at no cost to the City, and decals on containers indicating what can/can't go in the container. The collector is required to provide 4.5 FTEs dedicated to recycling outreach at no extra cost to the City.

The County does require Waste Connections to perform a minimum amount of recycling (source separation) at its stations. The minimum is 10% as described in Article 9 of the Contract Regarding Solid Waste Recycling, Transfer, Transport and Out-of-County Disposal between Clark County and Columbia

Resource Company (a Waste Connections company). The City indicates that there is a penalty for not meeting this target, but doesn't believe the penalty has been applied any time recently. Article 9 of this contract describes how to calculate the Minimum Annual Recycling Requirement (MARR) and how to determine if the contractor qualifies for a bonus (exceeding the MARR) or liquidated damages (not meeting the MARR). I confirmed with Mike Davis at Clark County that the contractor has never been penalized due to missing the MARR. They have also not received a bonus to his recollection.

2. What are the benchmarks or diversion targets established for your diversion programs?

50%, with no established year to hit the target by. The City met the target in 2012.

3. How is the performance of your diversion programs measured?

Data are provided by the haulers that allow the City to estimate total diversion, but the State also estimates total diversion using the same and additional data.

One week per quarter (now once a year), the collector is required to collect residential and multifamily recycling and deposit the material in designated bays separate from other incoming recyclables, in order to estimate the share of non commercial recycling attributable to each sector. This data is used to calculate recycling revenue sharing amounts (between the City and Waste Connections and Clark County).

4. Does your program include disposal caps that decrease over time?

No.

5. What penalties of incentives do you enforce for missing or exceeding diversion targets?

See 1 above.

F. Traffic Changes and Collection Efficiency

1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?

N/A.

2. If so, could you share any studies conducted or methodologies used in preparing those estimates?

Not available.

G. Incentives to Exceed Contractual Requirements

1. Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.

Yes. Examples include failure to notify the customer of reasons for not collecting the customer's container, failure to maintain a clean and sanitary vehicle, failure to notify the City when a recycling vehicle is used for a non-recycling purpose, land filling or incineration of recyclables, and failure to perform other collection and customer service related activities. The franchise agreement has a 2.5 page list of events that trigger liquidated damages and the penalty amount per incident.

2. Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.

No. However, the County does require transfer stations to become ISO 1400 certificated.

H. Implementation, Staffing, Customer Interface

- 1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)**

Administering contracts	.5 FTE
Auditing (contract compliance)	.25 FTE
Enforcement	.5 FTE
Customer Service/Program support	.25 FTE

- 2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?**

Not available.

- 3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?**

N/A. The City has not conducted an RFP in the recent past.

- 4. How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)**

City maintains a web site and phone line, which are primarily intended to provide answers to questions about recycling and waste reductions programs. The City and Company make joint presentations at community events regarding recycling programs, etc., at no extra cost to the City.

www.cityofvancouver.us/solidwaste

Waste Connections also maintains a web site where customers can get service related information, register complaints, pay bills, and make service changes. The company also maintains a 24/7 phone line (call center) allowing the customer to get live service. Waste Connections is now able to send targeted phone messages to customers (for example to notify customers in an area that may not be collectable due to bad weather) and is planning to implement a "notification of collection day" messaging service for customer who want a reminder (e.g. one day prior to collection day. Waste Connections uses the telephone number on the customer's account record to support "push" phone messaging.

www.wcnorthwest.com

ATTACHMENT B



San HaulerFranchise <san.franchisecomments@lacity.org>

Resent Re: Request for information by January 16, 2013 in regards to Franchise Implementation Plan

Eric Casper <eric@californiawasteservices.com>
To: San HaulerFranchise <san.franchisecomments@lacity.org>

Thu, Jan 10, 2013 at 2:27 PM

See answers below Erin.

Eric Casper
President
California Waste Services, LLC
621 W. 152nd St.
Gardena, CA. 90247

Phone: 310-538-5998 Ext. 101
Fax: 310-538-9040
Cell: 310-962-9458
<http://www.californiawasteservices.com>



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names of the firms granted operational rights, yet they control all using the old names as fronts.

3. The maximum number of zones a hauler may be awarded;

In the first period, I believe that no firm should be able to have more than 6 zones. This will allow the greatest number of participants in the original period. It could be raised or lowered if the system isn't working. The majors will howl as they always do, but the mid-size and smaller firms will survive and give majors a challenge. Smaller firms are more nimble and responsive to customers. This constitutes a reasonable transition from the open market now. Rates should not be needed when evaluating the prospective franchise winners. The market will naturally reduce rates to the lowest possible.

4. Ideas to increase the collection and recycling of organic material (food waste and green waste);

This is evolving with the market. Crown and Athens do it. Make it conditional of the franchise that the material must go to a MRF and the whole industry will expand. I would build a facility if you did this.

5. The length of transition needed once the Franchise agreements are executed;

I am not in MSW. Thus I cannot answer this competently.

6. Ideas on a dynamic data interchange between vendor's computer systems and the City in order for the city to track vendor's vehicles in real time; and

This is a question for a waste industry municipal auditing firm.

7. Any other items you would like the City to consider in the implementation plan.

The absolute most important thing is to make sure the majors and mid-majors cannot roll-up other competitors and consolidate the market by buying the firm and operating them as separate entities or as a shell. They can buy another firm while not holding more than six zones, yet in the zone where they are buying; another designated alternate may enter that zone in the absence of the lost franchise holder.

Please limit your entire response to three pages. Responses can be emailed to san.franchisecomments@lacity.org or mail your Franchise Comments to:

Franchise Comments, Attn: Erin Knight

SRCRD M/S # 944

1149 South Broadway, 5th Floor

Los Angeles, CA 90015

We look forward to receiving your response by January 16, 2013.

Sincerely,

ALEXANDER E. HELOU, Assistant Director

Bureau of Sanitation

--

Thank you for contacting
Solid Resources Citywide Recycling Division
Bureau of Sanitation
City of Los Angeles

From: erin.knight@lacity.org [mailto:erin.knight@lacity.org] **On Behalf Of** San HaulerFranchise
Sent: Wednesday, January 09, 2013 9:18 AM
To: Erin Knight
Subject: Resent Re: Request for information by January 16, 2013 in regards to Franchise Implementation Plan

January 8, 2013

The Los Angeles City Council (Council) directed the Bureau of Sanitation (Sanitation) to prepare an implementation plan for an exclusive commercial franchise system. Sanitation began this task and will present a preliminary plan to the Council by the middle of February 2013.

Sanitation is seeking your input on the following topics:

1. The number of Franchise zones you suggest for the City;

11 is logical. These are rough zones but provide the basic geography.

North Valley: Northridge, North Hills, Sun Valley, Pacoima.

SW Valley: West Hills, Warner Center, Recida, Encino

SE Valley: Sherman Oaks, Van Nuys, Studio City, Universal City.

West LA: Century City, Bel Air, West LA, Westwood, Brentwood, Palisades.

Venice: Venice, Westchester, LAX, Playa Vista, Palms.

San Pedro: Harbor Gateway South, Wilmington, San Pedro, Port Complex

South Central: Harbor Gateway North, Watts, Labrea Park, Hyde Park, Jefferson Park, USC.

Hollywood: Park Labrea, Beverly Center, Hollywood, Hollywood Hills, Loz Feliz, Silver Lake, Mt. Olympus.

Mid-town: Miracle Mile, Korea Town, Hancock Park, Mid-City, Country Club Park

Downtown: Downtown, China Town, Boyle Heights

Eagle Rock: Lincoln Heights, Atwater village, El Serino, Mnt. Washington, Eagle Rock.

2. The number of accounts per zone;

To maintain robust competition, you need to have at least four, however, you also must carve out space for Small Business designation and Women and Minority business designation. Thus, I think five is the right number. The most important condition you must adopt is that a firm must perform the actual work. They cannot be a shell company holding the franchise and then broker the work to other franchise holders. In addition, if a firm is purchased (bought out) or fails due to BK, breach, etc, an pre-designated alternate firm is then allowed to enter the market. Most importantly, if a firm is sold, the name cannot be retained as a shell and then owned by another franchise holder or entity of another franchise holder. Look to Long Beach as an example of this abuse. One company owns multiple franchise licenses under the original



San HaulerFranchise <san.franchisecomments@lacity.org>

Inquiry from New York City Business Integrity Commission

Kairam, Jayant <JKairam@bic.nyc.gov>
To: san.franchisecomments@lacity.org

Fri, Jan 11, 2013 at 3:18 PM

Hello,

I'm reaching out on behalf of the NYC Business Integrity Commission. We are the City agency that regulates the commercial waste sector in the five boroughs. I was hoping to speak to somebody in your office regarding the private hauler franchise initiative.

I look forward to hearing from you soon. My contact information is below.

Best,

Jay

Jayant Kairam

Assistant Commissioner, Policy, Planning & Operations

Business Integrity Commission

100 Church St, 20th Fl

New York, NY 10007

(o): 212-676-1881

(m): 347-538-0552

Law Offices of
Michael Millman & Associates

January 14, 2013

Mailing Address: P.O. Box 64637
2100 Sawtelle Boulevard, Suite 105
Los Angeles, California 90064

(310) 477-1201
FAX (310) 477-0260

Alexandra Helou, Assistant Director
Bureau of Sanitation
1149 S. Broadway
Ninth Floor
Los Angeles, CA 90015

Franchise Comments
Aaron Knight
SRCRDMS
No. 944
1149 S. Broadway
Fifth Floor
Los Angeles, CA 90015

Re: Franchise System

1. Franchise zones per city 25
2. Number of haulers per zone 15
3. Each qualified hauler may compete in every zone without limitation or exception.
4. Demand and require that every Tenant in every apartment building subject to the RSO be responsible for all responsibilities and obligations in connection with food waste. After all, they live at building; not the Owner.
5. Nine months.
6. No opinion.
7. Fairness. The cost associated with hauling should be the exclusive responsibility of the Tenant. Whatever the precise costs of the contract to be issued to an Apartment Owner for a building, the costs should be calculated wherein the number of units are divided into the monthly costs and Tenants pay 90%. 10% would be allocated to the Owner for some trash associated with common areas. For example, for a 10-unit building in West Los Angeles with a metal medium-sized bin wherein service is once a week, the cost is merely \$99 per month. With water increasing at 18% per year, sewer charges at 28% per year, and the Bureau of Sanitation suggesting that solid waste trash will go up 44% there needs to be a mechanism wherein the Tenants pay for trash. After all, under the current RSO the Owners may only increase rent by only 3% per year. This is unfair.

Thank you, Very truly yours,

Michael Millman,
On behalf of Small Apartment Owners in West Los Angeles/Mar Vista

Law Offices of
Michael Millman & Associates

January 14, 2013

Mailing Address: P.O. Box 64637
2100 Sawtelle Boulevard, Suite 105
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(310) 477-1201
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Alexandra Helou, Assistant Director
Bureau of Sanitation
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Los Angeles, CA 90015

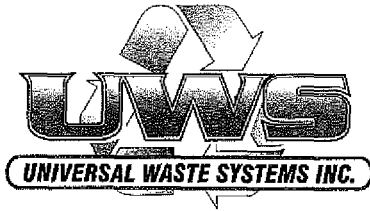
Franchise Comments
Aaron Knight
SRCRDMS
No. 944
1149 S. Broadway
Fifth Floor
Los Angeles, CA 90015

Re: Franchise System

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Thank you, Very truly yours,

Michael Millman,
On behalf of Small Apartment Owners in West Los Angeles/Mar Vista



Universal Waste Systems, Inc.
P.O. BOX 3038 • WHITTIER, CA 90605 • (800) 631-7016

Telephone: (562) 941-4900 • Fax: (562) 941-4915

Erin Knight

1/15/2013

SRCRD M/S #944

1149 S. Broadway, 5th Floor

Los Angeles, CA 90015

Ms. Knight:

I would like to start by thanking you and the Bureau for the opportunity to provide our feedback on such an important project. Universal Waste Systems Inc and my family have been servicing Los Angeles since 1963. Our company has taken great strides and continues to transform to this continually changing industry. UWS operates our trucks for Los Angeles out of our LA yard located at 2460 E. 24th St., Los Angeles CA complete with a transfer station for our solid waste and recycling and a CNG station that is in the process of being completed. UWS has replaced half of our fleet to compressed natural gas and has plans to be 100% CNG in the next few years. UWS has been very proactive in dealing with disposal options and has plans to be self sufficient in terms of our ability to offer disposal, recycling, and specialized collection and processing services in the very near future.

In response to your questions I have outline our current ideas and look forward to providing more input as this process begins to take shape.

1) The number of Franchise zones for the City:

UWS favors multiple zones of varying size and density that would allow various sized companies to bid and work in the City. If we start with 11 zones and break several of the larger zones into sub-zones that smaller sized haulers could be able to compete for and be competitive.

2) The number of accounts per zone:

This question clearly depends on questions number 1 depending on the size of the zones and how many if any sub zones. It is our experience that the average zone would consist of between 5,000 to 10,000 business and multifamily buildings depending on the area. This data alone is larger than any City that I am familiar with and we believe is another reason for breaking the zones in to sub zones.

- 3) Maximum number of zones a hauler may be awarded.

This question again reverts back to questions number 1. We don't believe that any hauler should have more than the equivalent of 1 large zone or around 10% of the City. There is a wide range of qualified companies in the City. It is our belief that the more haulers (in their own zone) will give the City the most flexibility and control. For example if there are 11 zones and the larger companies are allowed 2 or more zones you could very well have the whole City controlled by 3 to 4 companies. We believe that this approach will eliminate competition and the City will basically be under the control of the larger companies with no alternatives. Having 15 to 20 haulers in their own zones will give the City a lot more options and keep rates competitive and service levels at a higher level.

- 4) Ideas to increase the collection and recycling of organic material.

Green waste collection is an important component of a collection program and should continue to be so. UWS realizes that with the closure of Puente Hills Landfill in November and probable loss of ADC credits, this material is going to be much more expensive to recycle or dispose of. That is why our company is working internally and with another company to be able to process and reuse the material we collect. We believe that with proper planning and established partnerships this material can be utilized for compost and other beneficial uses.

Food waste is also becoming an important component of a waste collection program. The challenge is disposal. There are very few disposal options available. UWS is currently working some alternative technologies and is confident that shortly we will be able to be more competitive in this market.

- 5) The length of transition needed once the Franchise agreements are executed:

UWS believes that this again depends on the size of the zones, number of zones, and the number of zones per hauler. We have a fleet of existing CNG vehicles, we make our own containers, and have experience in the market place. However, it is our belief that transition will be the most complicated part of this process. There is no database that has complete access information, container size, container quantity, billing, service levels, service address, special or customized containers, collection times, etc that can be handed over. So there will have to be extensive time spent in the field gathering and collecting data, then routing and delivering. We believe the process of actually transition depends on how the City breaks up the zones in the City. At this point we don't feel we have enough information to give an accurate estimate.

- 6) Ideas on a dynamic data interchange between vendor's computer systems and the City in order for the City to track vendor's vehicles in real time.

UWS has a fully operational GPS system on our vehicles and very comprehensive billing systems. However, we see this as a very large undertaking on the City part. Tracking what we believe to be between 600-700 vehicles by between 10 and 30 companies on a daily basis. Trying to account for break downs, truck replacements, etc. This could be very difficult

and cause more confusion than simply requesting customer service reports on a monthly or quarterly basis. However, UWS would be willing to provide access if necessary or required.

We believe that this is going to be a very complex process, and appreciate being able to provide the above information as you begin to gather and put together this proposal. We definitely are in support of higher operational standards, higher worker standards, and expanding service for the businesses of Los Angeles. We look forward to being able to continue to submit responses to the questions that you come across as the process progresses.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Blackburn', with a stylized, flowing script.

Mark Blackburn

Universal Waste Systems Inc.



San HaulerFranchise <san.franchisecomments@lacity.org>

Comments from Waste Resources in regards to Franchise Implementation Plan

David Oeffling <DOeffling@wasteresources.com>
To: san.franchisecomments@lacity.org

Wed, Jan 16, 2013 at 11:09 AM

Hi Erin Knight:

Thank you for the opportunity to comment on your Franchise Implementation Plan. We believe that if there are 11 zones in the City, then a hauler may be awarded no more than one zone.

Thank you,

-Dave

Best Regards,

David Oeffling

Waste Resources, Inc.

Cell (805) 404-9575

Office (310) 366-7600

Email doeffling@wasteresources.com

P.O. Box 2410, Gardena, CA 90247

Web www.wasteresources.com

From: Tony Thomas

Sent: Wednesday, January 09, 2013 11:08 AM

To: Tommy Gendal (AOL); David Oeffling

Subject: FW: Resent Re: Request for information by January 16, 2013 in regards to Franchise Implementation Plan

We look forward to receiving your response by January 16, 2013.

Sincerely,

ALEXANDER E. HELOU, Assistant Director

Bureau of Sanitation

--
Thank you for contacting
Solid Resources Citywide Recycling Division
Bureau of Sanitation
City of Los Angeles



San HaulerFranchise <san.franchisecomments@lacity.org>

FRANCHISE COMMENTS FROM LACDA

rsal212@aol.com <rsal212@aol.com>

Wed, Jan 16, 2013 at 6:16 PM

To: SAN.FRANCHISECOMMENTS@lacity.org

Erin, attached are the comments to your January 8 letter from the Los Angeles County Disposal Association. We recognize various association company members may have differing points of view and we have encouraged all of our members operating in Los Angeles to offer individual comments. Myself and our association members look forward to working with you and the Bureau during this franchise process. Please let me know if I can offer any help or input along the way.
Ron Saldana, LACDA Executive Director



Franchise 1.odt
28K

LOS ANGELES COUNTY DISPOSAL ASSOCIATION

January 16, 2013

Attn: Erin Knight
SRCRD M/S #944
1149 South Broadway, 5th Floor
Los Angeles, CA 90015

The Los Angeles County Disposal Association (LACDA) has taken the position that a Non-Exclusive Franchise System, with increased standards and environmental regulations, represents the best commercial waste franchise system to serve the more than 110,000 Los Angeles businesses. We support competition as the best system to keep collection rates low and service levels high.

LACDA looks forward to continue working with the Bureau of Sanitation in anticipation of a commercial franchise system in Los Angeles, including the promised full Environmental Impact Report study.

Attached are the LACDA comments in response to your January 8, 2013 letter requesting input on the following questions:

1. The number of Franchise zones you suggest for the City:

In a City as diverse as Los Angeles creating any near equality in zones is next to impossible. The existing waste shed areas do not reflect any kind of balance in numbers and types of businesses, and just dividing these waste sheds in half would only create a greater imbalance. LACDA along with others familiar with the current system in Los Angeles recognizes that there are many unregulated waste haulers operating in the City and we support a franchise system which sets and enforces waste hauler standards and allows all qualified waste haulers, irregardless of size, an opportunity to compete for business and work in the City.

In this respect, under an exclusive system, the more zones the better. Based on discussion of current proposals, if five of the six existing waste sheds were divided that would create 11 zones. Of these zones several would be much larger than others based on the number of businesses and multi-family units in a particular zone. The larger zones should be divided into "sub-zones" that would allow qualified private, locally owned and managed waste haulers to operate in these exclusive areas.

Adding a provision to each Franchise that a percentage of the work in that Franchise be sub-contracted to waste haulers who currently are permitted to work in the City is not opposed, but it should be recognized that strict guidelines be imposed. Success of this sub-contractor participation is vital to the overall success of the program. The sub-contractors should be selected by the City, meet City requirements, and should be able to operate independently of the Franchisee, while following all Franchise requirements, to insure their ability to service a range of accounts in a specific geographic area at established rates that will allow them the ability to make a profit.

where it becomes cost prohibitive. However, this seems to be a challenge that must be met. LACDA believes that adding a food waste collection component to the franchise requirements must be done in a gradual manner in order for the technology to progress. This is not material that can be stored or even allowed to sit for very long. Most commercial food waste, from markets, many restaurants, wholesale markets, etc., is already being recycled. The residential sector is where the real challenge is. The City should work with industry to expand new facilities for this material. This would include site selection and approvals, assist with funding, and working with State agencies to insure the practicality of proposing a facility. This is another topic which requires a thorough analysis through an EIR study, including impacts on the San Fernando area due to the concentration of landfills.

5. The length of transition needed once the Franchise agreements are executed.

We could go into a lot of details, however LACDA believes to adequately transition the entire City this could take as long as five years. Consider that EVERY business is going to change waste haulers, and each and EVERY business has varying collection requirements. We have seen much smaller Cities who have changed waste haulers who are still struggling to eliminate commercial collection problems after several years.

6. Ideas on a dynamic data interchange between vendor's computer systems and the City in order for the City to track vendor's vehicles in real time.

We are not sure this is necessary. Under existing systems in every area we are aware of, if a complaint comes in, that complaint immediately is forwarded to the company representative who is charged with managing collection in a specific area, and usually under the franchise agreement a company is given a time limit, say 24 hours, to investigate/correct the situation with the customer. How is this response system going to be improved with the City tracking waste vehicles? There will probably be over 600 vehicles involved in City commercial collection. How large of a staff is the City planning on employing to monitor this program?

7. Other items to consider in the implementation plan.

One of the things not covered in this set of questions, but VERY important to our industry is **"What criteria will be used to select the franchisees?"** We would assume that the criteria for privately owned local companies would be somewhat different than that used for larger public companies. Also it is important that those current City commercial waste haulers who can meet the increased standards and have a good track record with the City will have scoring advantages over those haulers who are not active in the City. Who will be selecting the franchise areas? The full EIR study must study this.

LACDA recognizes that this is a huge undertaking and thousands of questions will need answers before this is finalized. We look forward to working with the City and the Bureau of Sanitation in working through this process.

L.A. County Disposal Association
Ron Saldana, Executive Director

cc. Los Angeles City Council



San HaulerFranchise <san.franchisecomments@lacity.org>

Franchise Input

2 messages

Richard Nino <rnino@burrtec.com>

Wed, Jan 16, 2013 at 3:04 PM

To: san.franchisecomments@lacity.org

Cc: "Rnino@Burrtec.Com" <rnino@burrtec.com>

Attached please find input on the exclusive commercial franchise system.

Please confirm receipt.

Thank you.

Richard Niño

Director, Municipal Services

Burrtec Waste Industries

"We'll Take Care Of It"



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29K

San HaulerFranchise <san.franchisecomments@lacity.org>

Wed, Jan 16, 2013 at 4:05 PM

To: Richard Nino <rnino@burrtec.com>

Mr. Niño:

Thank you for contacting Solid Resources Citywide Recycling Division, Bureau of Sanitation, City of Los Angeles.

We have received your input re: Request for information by January 16, 2013 in regards to Franchise Implementation Plan.



BURRTEC

WASTE INDUSTRIES, INC.

"We'll Take Care Of It"

January 16, 2013

Alexander e. Helou
Bureau of Sanitation
City of Los Angeles
1149 South Broadway
Los Angeles, CA 90015

RE: Exclusive Commercial Franchise System Implementation Input

Dear Mr Helou:

Thank you for the opportunity to provide input as the City develops the implementation plan for an exclusive commercial franchise system. We welcome the solicitation for input and look forward to ongoing dialogue with the City as it works toward establishing the system.

1. The number of Franchise zones you suggest for the City.
Eight to ten Franchise zones is the suggested number in order to effectively manage all aspects of the franchise.
2. The number of accounts per zone.
The number of accounts per zone should not be a particular concern given that the process is certain to identify companies that are capable and fully qualified to effectively offer solid waste collection and recycling services to a large commercial and multi-family customer base. Zones could be delineated in such a way that the number of customers is equal (to the extent possible and reasonable) in each respective zone.
3. The maximum number of zones a hauler may be awarded.
A hauler should be awarded no more than one zone for the initial term and consideration for multiple zones in subsequent terms based on performance and program compliance.
4. Ideas to increase the collection and recycling of organic material (food waste and green waste).
The collection and recycling of organic material can increase through a combination of measures including the following: a) Require organics material generators to subscribe to organics collection program, b) Develop a rate structure for organics waste collection and recycling that is partially subsidized by the trash collection rates, c) offer initial incentives that equate to monetary benefits.



San HaulerFranchise <san.franchisecomments@lacity.org>

Request For Information In regards to Franchise Implementation

Passantino, Susanne <SPassantino@republicservices.com>

Wed, Jan 16, 2013 at 5:05 PM

To: "erin.knight@lacity.org" <erin.knight@lacity.org>, "san.franchisecomments@lacity.org" <san.franchisecomments@lacity.org>

Good Afternoon Erin,

Please find attached Republic's response to the City's request for Information regarding the commercial franchise implementation. I appreciate the opportunity to submit this letter with our input the Exclusive Commercial Franchise System (Franchise System) currently being planned for waste hauling in the City of Los Angeles (City).

Please fee free to contact me directly with any questions or for any further detail.

Sincerely,



Susanne Passantino | Senior Area Municipal Services Manager | Los Angeles Area
o. 818.683.1607 c. 818.974.5136 f. 866.224.0985 spassantino@republicservices.com

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Republic Services Input on Commercial Franchise.pdf
36K



January 16, 2013

Franchise Comments, Attn: Erin Knight
SRCRD M/S # 944
1149 South Broadway, 5th Floor
Los Angeles, CA 90015

SUBJECT: Input on Exclusive Commercial Franchise System

Dear Ms. Knight,

On behalf of Republic Services, I appreciate the opportunity to submit this letter with our input on the Exclusive Commercial Franchise System (Franchise System) currently being planned for waste hauling in the City of Los Angeles (City). Republic Services (Republic) is the City's largest provider of commercial and multi-family residential waste hauling services, providing more than 34% of the waste hauling service to these customers throughout the City.

As the waste hauler providing more service than any other in Los Angeles County (County), Republic holds long-term exclusive solid waste collection contracts with 30 municipalities, non-exclusive contracts or permits for residential and/or commercial solid waste collection in 21 jurisdictions/municipalities and 34,000 open area commercial/industrial accounts, all in the County. Additionally, in the greater Los Angeles area, Republic owns or operates six transfer stations, two materials recycling facilities, a landfill and a driver training .

As the City and the Department of Sanitation (Sanitation) begin to prepare plans for the operating structure for the Franchise System, we believe there are some highly important principles and practices that should be embodied in this system.

High Rates of Diversion – As the City seeks to prepare policies to achieve the goal of “Zero Waste”, Republic believes that mandating high rates of diversion of recyclable and compostable materials away from landfills will be an essential component of this effort. We support the City's goals towards zero waste and high diversion requirements in the Request For Proposal (RFP) process for qualify haulers for participation in the Franchise System.

Strict Environmental Standards – Republic believes that one of the benefits of the Franchise System will be the ability to reduce the green house gases currently emitted by older trucks. We support the establishment of stringent clean truck standards that reduce green house gas emissions by requiring significant percentages of truck fleets to be powered by Liquefied Natural Gas or Compressed Natural Gas.

Maximum Number of Zones a Hauler May Be Awarded – Republic believes that the City, its residents and its businesses deserve the highest level of service the marketplace can provide. One of the benefits of the City's proposal is that each zone will have its hauler selected by way of a



San HaulerFranchise <san.franchisecomments@lacity.org>

re: Comments from Waste & Recycling Services, Inc.

Diana Klistoff <wasterecycserv@gmail.com>

Wed, Jan 16, 2013 at 6:06 PM

To: san.franchisecomments@lacity.org

Hello! Please see attached.

Thank you!

--

Sincerely,

Diana Klistoff
Waste & Recycling Services, Inc.
13714 Chestnut Street
Whittier, CA. 90605
Direct: (562) 760-3048
Business Phone: (562) 945-2688
Fax: (562) 945-4311
e-mail: wasterecycserv@gmail.com

Franchise Comments.pdf
220K



For all your waste needs

Waste & Recycling Services, Inc.

January 16, 2013

Franchise Comments, Attn: Erin Knight
SRCRD M/S # 944
1149 South Broadway, 5th Floor
Los Angeles, CA. 90015

In response to the letter we received, below is my input.

1. The number of Franchise zones you suggest for the city: There should be enough zones so that each hauler that has a license in the city can be awarded one zone
2. The number of accounts per zone: depends on what type of zone
3. The maximum number of zones a hauler may be awarded: One

Respectfully,

Mark Klistoff

Mark Klistoff, President



San HaulerFranchise <san.franchisecomments@lacity.org>

Los Angeles City Exclusive Commercial Franchise System - response to January 8, 2013 request for comments

2 messages

Corcoran, Doug <dcorcora@wm.com>

Wed, Jan 16, 2013 at 9:55 PM

To: "san.franchisecomments@lacity.org" <san.franchisecomments@lacity.org>, "Erin.Knight@lacity.org" <Erin.Knight@lacity.org>

Cc: "Cassin, Joe" <JCassin@wm.com>, "Moulton, Susan" <SMoulton@wm.com>, "Metter, Larry" <Lmetter@wm.com>

Waste Management of California is pleased to offer the following input.

Los Angeles City Exclusive Commercial Franchise System - response to January 8, 2013 request for comments

Hauler Response Jan 2013 x

Corcoran, Doug 9:55 PM (14 hours ago)

to san.franchisec., me, Joe, Susan, Larry

Waste Management of California is pleased to offer the following input.

Responses to City questions

- | | |
|---|--|
| 1. Number of Franchise zones | 9 – 11 |
| 2. Number of accounts per zone | Up to two zones with 5,000+/- account to provide opportunity for small and medium sized haulers; All others with 10,000 to 15,000+/- accounts |
| 3. Maximum number of zones per hauler | Up to 3 |
| 4. Ideas to increase collection/recycling of organic material | Enact a mandatory organics recycling ordinance, giving time for viable outlets to become established |
| 5. Length of transition needed once Franchise agreements executed | 6 months for smaller zones, up to 1 year for larger zones |
| 6. Ideas on dynamic data interchange to allow City to track vendor vehicles in real time | Make this a mandatory element of each successful bidder. |
| 7. Any other items | <p>The following elements should be made part of the proposal evaluation criteria, and part of the Franchise Agreement</p> <ul style="list-style-type: none">• Safety - Vigorous standards for Safety including written safety programs, robust and comprehensive training programs, demonstrated history of safe operations, inspection of contractor facilities, vehicles and work practices must confirm safety culture of proposer |
-

providing service in the City in order to be eligible; Firms who own facilities in Los Angeles to receive up to 10 points credit for proposal evaluation purposes .

- **Source separated recycling using single-stream facilities versus Dirty MRFs** – Require recyclables to be source separated and processed in Single Stream processing facilities versus Dirty MRF facilities which are known throughout the industry to provide inferior recyclable recovery performance
 - **Indemnifications** – Selected franchisees must provide indemnification for Superfund liability at disposal sites utilized
-

We thank the City for providing this opportunity to comment on the process. WM looks forward to further communication and collaboration with the City. We will forward additional comments as we continue to identify issues, suggestions and concerns.

Please contact Doug Corcoran, Director of Public Sector for Waste Management if you have any questions. I can be reached at 818/252-3147 or by email at dcorcora@wm.com



San HaulerFranchise <san.franchisecomments@lacity.org>

Input for Implementation Plan for an Exclusive Franchise System

Phillip <Phillip@aaarubbish.com>

Thu, Jan 17, 2013 at 12:03 PM

To: san.franchisecomments@lacity.org

Ms. Knight:

I hope you are doing well. Attached AAA's input for the implementation plan for an Exclusive Franchise System. We thank you for the opportunity to provide our input. If you have any questions please feel free to contact me anytime.

Sincerely, Phillip Kotanjan



DOCCity of Los Angeles.PDF
1744K



AAA Rubbish, Incorporated

"Where every customer is a priority, not just a number" since 1924

January 17, 2013

Franchise Comments, Attn: Erin Knight
SRCRD M/S #944
1149 South Broadway, 5th Floor
Los Angeles, CA 90015

Re: Input for implementation plan for an Exclusive Franchise System

Ms. Knight:

AAA Rubbish would like to thank the City of Los Angeles Bureau of Sanitation for the opportunity to provide our input for the implementation plan for an Exclusive Franchise System. Our company's 90 year history in the City of Los Angeles has provided us with invaluable industry experience and knowledge of all the complex intricacies of the City's waste and recycling needs; placing AAA in a unique position to take an active role in working with the City to achieve its zero waste goal.

AAA Rubbish supports the City of Los Angeles implementation of an Exclusive Franchise System. As a waste and recycling company that is environmentally conscious we recognize the need for change in the current system and would like to work with the City revolutionize the waste and recycling industry. As fourth generation Angelinos we take great pride in our City, and share the City of Los Angeles desire for a clean and safe environment for future generations.

The number of Franchise zone you suggest for the City:

AAA supports the City's plan for eleven Franchise zones. However, we would like the City of Los Angeles to consider fifteen Franchise zones, establishing one zone for each of the fifteen Council Districts. We believe that a fifteen zone system would help streamline the needs and demands of customers, while maintaining the City's highest environmental standards. Furthermore, basing the Franchise zones in each council district provides the City with a standardized map system and eliminates the necessity to create an arbitrary map system.

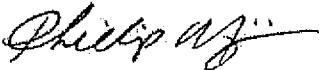
In addition, we urge the Bureau of Sanitation to consider incorporating medium zones in both the City's original plan and our suggested fifteen zone plan. These medium zones would incorporate all the same processes, Request for Proposal (RFP) and standards as any other zone but are sized geographically to create opportunities for responsible mid-size companies. We are not suggesting that such medium zones be of sub-contracted basis, we are suggesting that these medium zones be directly franchised between the City and the hauler. These medium sized zones will act as an incubator for good actors to develop and grow and potentially take on RFP's for the larger zones in the future. This will provide the City with more hauler options for future RFP's thus giving the City leverage during negotiations for Franchise zones.

Any other items you would like the City to consider in the implementation plan

We would like the City to consider medium size zones for mid-size companies to compete in. We strongly believe that such zones would serve as incubators for good actors to compete for larger zones in the future. Such incubator zones will allow the medium size haulers to develop, grow, and establish an excellent track record with the City. The City will benefit from an increased number of good acting haulers, potentially six to eight as opposed to two to three, providing greater leverage for the City in future RFP negotiations.

We thank the Bureau of Sanitation again for allowing our input. We look forward to continuing our relationship during this implantation process.

Sincerely,



Phillip Kotanjian
General Manager



San HaulerFranchise <san.franchisecomments@lacity.org>

Resent Re: Request for information by January 16, 2013 in regards to Franchise Implementation Plan

jack <jack@nasaservices.com>

Thu, Jan 17, 2013 at 12:06 PM

To: San HaulerFranchise <san.franchisecomments@lacity.org>, Erin Knight <erin.knight@lacity.org>

Mr, Helou

Attached is our comments for the implementation plan for an exclusive commercial franchise system. Please do not hesitate to contact me should you have any questions.

NASA Services, Inc looks forward to working with the Bureau of Sanitation and the City of Los Angeles on this monumental and exciting undertaking.

Thanks,

Jack Tepalian



1701 Gage Rd

Montebello, CA 90640

888-888-0388 phone

323-888-0398 fax

www.nasaservices.com

From: erin.knight@lacity.org [mailto:erin.knight@lacity.org] **On Behalf Of** San HaulerFranchise

Sent: Wednesday, January 09, 2013 9:18 AM

To: Erin Knight

Subject: Resent Re: Request for information by January 16, 2013 in regards to Franchise Implementation Plan

January 8, 2013

[Quoted text hidden]

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1701 Gage Road, Montebello, CA 90640

January 16, 2013

Franchise Comments, Attn: Erin Knight
SRCRD M/S #944
1149 South Broadway, 5th Floor
Los Angeles, CA 90015

Dear Mr. Helou and Staff;

Thank you for the opportunity to provide comments on the implementation plan for the commercial franchise system. We have provided some brief comments on these key issues for your review and would be happy to further discuss these ideas and other options as you move forward.

1. **The number of Franchise zones you suggest for the City;** - In order to maintain a healthy balance and opportunity for local independent haulers, the City should consider at least 15-20 zones.
2. **The number of accounts per zone;** - To assure that zones do not become too large, a maximum number of 5000 accounts, or something in that range is preferable. Additionally, looking at zones of varying sizes, including some smaller zones is a means to help provide opportunity for local independent haulers to bid during the process. (see item 7.a for more details)
3. **The maximum number of zones a hauler may be awarded;** - A maximum of 1-2 zones should be awarded per company (including subsidiaries). This is a critical point. If multiple zones are awarded, it is possible that publicly owned large companies could dominate the contract award, which would decrease competitiveness and also put many locally owned businesses out of business. Currently there are a large number of permitted and qualified haulers in Los Angeles. There should be an emphasis in this process to ensure that these haulers are allowed to continue to operate in the City and that the process, designed to simplify the City's over site and raise funds, does not ultimately put local businesses out of business and cause a huge increase in rates to the customers.

TELEPHONE

888-0398

888-886-0388

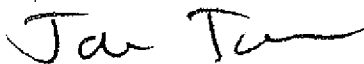
We are not aware of any City that tracks contractor vehicles in real time and doing so would require a huge amount of City staff time to oversee. Further details on the specific need of this information by the City would be useful to help determine exactly what data is needed to be tracked and therefore the most useful computer system to use. It would be great to develop more simple computerized systems for monthly reporting and data tracking (other than vehicles).

7. **Any other items you would like the City to consider in the implementation plan. – Two key things.**

- a. One of the key items not listed is the method for determining which companies may be considered for award of a contract. It is NASA's position, that award of contracts should only be offered to existing, current City of Los Angeles permit holders, that are current with all reporting and fees. The worst thing for the City of Los Angeles and its existing haulers is to have multiple companies and organizations propose on the contracts when they have not been actively working in Los Angeles. In order to ensure a smooth transition, haulers need to have adequate experience, not just in collections but specifically in the Los Angeles area. We respectfully request that the Call for Proposals does not allow non-permitted, non-local companies to participate, especially in light of the fact that a 5-year notice has been provided, which allows the City to exclude haulers which have not been grandfathered into the process.
- b. One other item for consideration is what was discussed during the council meeting, in which there would be some sort of requirement that awarded contractors would sub-contract with smaller companies on a minimal portion of the zone. It's been long stated that this franchise would kill all small, independent companies currently operating. Many of these companies will not have the financial means or resources to bid on a zone; therefore, some mechanism to ensure the ability of small businesses to participate should be included.

Thank you for your consideration.

Sincerely,



Jack Topalian
General Manager



San HaulerFranchise <san.franchisecomments@lacity.org>

Resent Re: Request for information by January 16, 2013 in regards to Franchise Implementation Plan

George Nazaroff <rexnaz@verizon.net>

Mon, Jan 21, 2013 at 9:11 AM

To: San HaulerFranchise <san.franchisecomments@lacity.org>

Erin

Nothing I can input will do me any good!

The City has made a decision that is putting me OUT OF BUSINESS!

My company is small and there is no way I would qualify for a waste shed.

Shouldn't you people have a plan already?

Why do you keep asking the Independent Hauler for help when you know we don't have a chance?

You have not listened to any of our ideas for the City.

The small owners have been working WITH the city for over 50 years and together we have handled all the trash needs.

And now you are saying you don't need us anymore!

George Nazaroff

From: erin.knight@lacity.org [mailto:erin.knight@lacity.org] **On Behalf Of** San HaulerFranchise
Sent: Wednesday, January 09, 2013 9:18 AM
To: Erin Knight
Subject: Resent Re: Request for information by January 16, 2013 in regards to Franchise Implementation Plan

January 8, 2013

[Quoted text hidden]



San HaulerFranchise <san.franchisecomments@lacity.org>

comments

Greg Loughnane <GLoughnane@athensservices.com>

Thu, Jan 24, 2013 at 11:17 AM

To: "san.franchisecomments@lacity.org" <san.franchisecomments@lacity.org>

We apologize for the tardiness- there have been several illnesses to reckon with.

<u>Greg Loughnane</u>	<u>Athens</u>
	<u>Services</u>
Executive Vice President	Valley
	Office
Cellular (626) 255-8121	
	14048
Office: (626) 855-7233	Valley
	Blvd.
gloughnane@athensservices.com	
	La
	Puente,
	CA.91746
	Fax: (626)
	513-0984

Got Trash? Visit www.athensservices.com

Jan1.16.13 Cityresponse.pdf

55K



2 of 2

14048 Valley Blvd.
P.O. Box 60009
City of Industry, CA 91716-0009
Fax (626) 330-4686
(626) 336-3636

January 16, 2013

To: franchise Comments- City of LA

From: Greg Loughnane - Athens Services

Response to City of Los Angeles

1. The City has proposed dividing the 6 Sanitation collection areas of the City into 11 zones. Athens has no objections to this as long as there is no maximum number of zones a hauler can be rewarded. Athens also believes the City should have 2 or 3 haulers per zone to compete for the business. This will allay fears from business owners that there is no competition for their business
2. Let the geographical divisions of the zones dictate the number of accounts.
3. See item 1- there should no maximum. Winners should be chosen on merit and value added-price and service offering. Awards should be based on choosing the companies with the best responses to the RFP that meets the goals of the City and its stakeholders. Consideration and preference in the RFP should be given to companies with experience, tenure and market share. Specifically only haulers who have 5 years of experience hauling with a business license in the City of LA should be allowed to participate in the RFP process. Companies who have been processing waste in the City or in LA County should also be given preference, as well as companies that use technology to provide the most diversion with the fewest number of trucks on the street.
4. If the City wants to increase food waste diversion, they should select companies through the RFP which have experience in food waste collection as well as recycling infrastructure in their selection process.
5. The City should not transition the entire City to exclusive at one time. The City should take into consideration that using haulers who are best qualified and already have prominent market share will greatly simplify the transition program and will take considerably less time to implement the exclusive arrangement.
6. There is not enough information or time allotted to address this question.



Providing Solid Waste and Recycling Services Since 1968

25 January 2013

Ms Erin Knight
SRCRD MS 944
1149 South Broadway, 5th Floor
Los Angeles, California 90015 2238

RE: Comments to Exclusive Commercial Franchise System Request of 8 January 2013

Dear Ms Knight:

Ware Disposal Inc. has received your agency's 8 January 2013 request for input regarding seven specific topics related to the implementation plan for the exclusive commercial franchise system.

Ware Disposal Inc. believes offering specific comments to the seven topics at this time without additional information related to the design of the exclusive commercial franchise system would be imprudent considering the fact the CEQA work on the project has yet to be completed. When certain variables become constants in this process, Ware Disposal Inc. will be able to comment more effectively at that time.

Ware Disposal Inc. appreciates the opportunity to participate in both the project's overall design, as well as the final delivery system to the City's commercial sector. As a City provider over the last forty-five (45) years (and established in the City of Los Angeles), Ware Disposal Inc. desires to (at the very least) maintain a relationship with the City in the new system.

As always, if you should have any additional questions and/or concerns, please feel free to contact me.

Sincerely,



JUDITH WARE

President
Ware Disposal Inc.



Erin Knight <erin.knight@lacity.org>

Franchise Implementation Plan

Aide Gaytan <AG@astor-kingsland.com>

Mon, Feb 4, 2013 at 3:47 PM

To: "erin.knight@lacity.org" <erin.knight@lacity.org>

Please find attached the Los Angeles County Waste Management Association's comment letter with regard to the franchise implementation plan. Thank you.

Aide Gaytan, Legal Assistant

ASTOR & KINGSLAND

1851 East First Street, Suite 1220

Santa Ana, California 92705-4052

Telephone: (714) 245-0995

Facsimile: (714) 245-0171

ag@astor-kingsland.com

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As required by U.S. Treasury Regulations governing tax practice, you are hereby advised that any written tax advice contained herein was not written or intended to be used (and cannot be used) by any taxpayer for the purpose of avoiding penalties that may be imposed under the U.S. Internal Revenue Code.

Letter to Knight - Franchise Comments.pdf
36K

**LOS ANGELES COUNTY
WASTE MANAGEMENT ASSOCIATION**

February 4, 2013

Franchise Comments
Attn: Erin Knight
SRCRD M/S #944
1149 South Broadway, 5th Floor
Los Angeles, CA 90015

Dear Ms. Knight:

I am responding to your letter of January 8, 2013 requesting input on several topics relating to the City's plan for an exclusive franchise system. The Los Angeles County Waste Management Association is comprised of companies who haul the majority of private collected tonnage in the City of Los Angeles. Please excuse the delay in submitting these comments, but our Association Board only recently met to review and consider your request.

1. Los Angeles County Waste Management Association favors 11 zones.
2. Los Angeles County Waste Management Association has no opinion on the number of accounts per zone, but urges that the number take into consideration demographics of the area to be served and the number and size of commercial businesses, rather than artificial geographic boundaries.
3. Our Board generally agreed that a hauler should be eligible for as many as 3 zones, with some suggesting no limits whatsoever.
4. Each member of the Association will incorporate organics collection and recycling recommendations as part of their individual responses.
5. Up to 12 months, depending on the size of the zone and the extent to which accounts in that zone are already serviced by the hauler selected as the franchisee.
6. More information is needed regarding this topic. We do believe that any data interchange requirement should be applied to all franchisees.
7. We have several additional comments to offer for your consideration. First, we feel it is imperative that existing service providers be given a preference over all others who may now have an interest. These incumbents have demonstrated success in delivering this critical service in a highly competitive environment, and have done so in a

Ms. Erin Knight
February 4, 2013
Page 2

manner that enabled the City to comply with AB 939. The reward for that commitment should NOT be to divest them of their hard earned role in the City. We propose a minimum experience level of 5 years by the parent entity as a permitted hauler within the City in order to qualify for incumbent status. The amount of weight to be given for incumbency is an open question for us, but we believe it should be substantial, perhaps 15% or more.

Similarly, we urge that the City structure the procurement in a fashion that also recognizes existing market share, and that endeavors to sustain current market share wherever possible. Again, incumbent haulers deserve that much for their many years of service, and we are confident that commercial customers would prefer access to their existing hauler where possible. This has the added benefit of limiting the transition period required.

The award of a franchise should also consider the availability of extra or bonus credit for those companies with waste processing facilities in the County of Los Angeles.

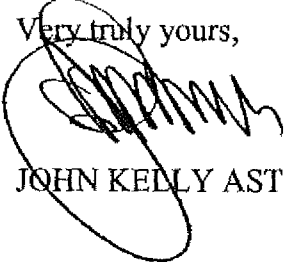
Merit and performance should be the overriding selection criteria, rather than political considerations or the existence or absence of a collective bargaining agreement. Simply requiring adherence to the City's living wage law will be sufficient.

Finally, we would simply note that State law authorizes the City to design a new system and select from the pool of incumbent haulers without resort to a competitive bid process. In past years, the Counties of Orange and San Bernardino and Santa Barbara, to name but a few, opted to simply negotiate new franchise agreements in this way, thereby avoiding additional delay and the expense of an openly competitive procurement.

Whatever course the City ultimately selects, due regard for those that have many years of successful operations in the City is a must.

We appreciate this opportunity to communicate on a matter of such importance and look forward to continuing the dialog in the near future.

Very truly yours,



JOHN KELLY ASTOR

JKA:ag

**LOS ANGELES COUNTY
WASTE MANAGEMENT ASSOCIATION**

February 4, 2013

Franchise Comments
Attn: Erin Knight
SRCRD M/S #944
1149 South Broadway, 5th Floor
Los Angeles, CA 90015

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Ms. Erin Knight
February 4, 2013
Page 2

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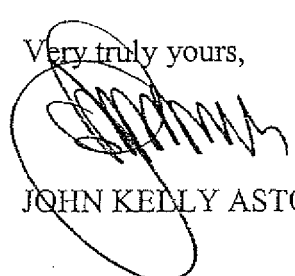
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Whatever course the City ultimately selects, due regard for those that have many years of successful operations in the City is a must.

We appreciate this opportunity to communicate on a matter of such importance and look forward to continuing the dialog in the near future.

Very truly yours,



JOHN KELLY ASTOR

JKA:ag



San HaulerFranchise <san.franchisecomments@lacity.org>

Franchise Zone Map Invitation

David Burtch <dburtch@ameritelinc.com>

Thu, Mar 28, 2013 at 3:46 PM

To: San HaulerFranchise <san.franchisecomments@lacity.org>

I am absolutely opposed to this boondogle of an over reach by the City of LA. Let the free market work and it will take care of itself. City of LA interferes with the free market and the law of unintended consequences will take control and service levels will decline and costs will go up.

Please don't do this.

From: daniel.meyers@lacity.org [mailto:daniel.meyers@lacity.org] **On Behalf Of** San HaulerFranchise

Sent: Thursday, March 28, 2013 3:35 PM

To: San HaulerFranchise

Subject: Franchise Zone Map Invitation

[Quoted text hidden]



San HaulerFranchise <san.franchisecomments@lacity.org>

Franchise Zone Map Invitation

jeffry carpenter <secretary@greaterwilshire.org>

Thu, Mar 28, 2013 at 4:00 PM

To: San HaulerFranchise <san.franchisecomments@lacity.org>

Cc: Owen Smith <osmith1930@sbcglobal.net>, Gerda McDonough <gmcdono@mac.com>, Greg Wittmann <greg.t.wittmann@gmail.com>, Elizabeth Fuller <zilf@leapinliz.com>

To Whom It Might Concern--

Thank you for including the Greater Wilshire Neighborhood Council on the distribution for this hearing. It appears that the GWNC is to be divided between two franchise areas, the SLA and NC, but it was difficult to tell from the attached map what that boundary was (between La Brea and Western). Can you identify that boundary for us?

I think there is strong community support for initiatives that would help increase the levels recycling at multi-family and commercial properties and reduce unnecessary and duplicative truck movements in neighborhood streets and alleys. Has the City authored a summary report as to what the impacts of the proposed franchise collection system would be on individual apartment and commercial property owners that we could make available to our constituents?

Respectfully,

Jeffry Carpenter
GWNC Board Secretary

----- Forwarded message -----

From: **Jeffry Carpenter** <jeffry.p.carpenter@gmail.com>

Date: Thu, Mar 28, 2013 at 3:46 PM

Subject: Fwd: Franchise Zone Map Invitation

To: Jeffry Carpenter <jeffry.carpenter@gmail.com>

Begin forwarded message:

From: San HaulerFranchise <san.franchisecomments@lacity.org>**Subject:** Franchise Zone Map Invitation**Date:** March 28, 2013 3:19:33 PM PDT**To:** San HaulerFranchise <san.franchisecomments@lacity.org>**Bcc:** info@greaterwilshire.org

[Quoted text hidden]



San HaulerFranchise <san.franchisecomments@lacity.org>

Franchise Zone Map Invitation

San HaulerFranchise <san.franchisecomments@lacity.org>
To: Karen Coca <karen.coca@lacity.org>

Fri, Mar 29, 2013 at 9:33 AM

----- Forwarded message -----

From: **Lisa Schechter** <lisa.schechter@lacity.org>
Date: Thu, Mar 28, 2013 at 4:01 PM
Subject: Re: Franchise Zone Map Invitation
To: San HaulerFranchise <san.franchisecomments@lacity.org>

Is this meeting open to the public??? and the waster haulers??? Let me know I have just placed this on the Councilmember's calendar. Regards

On Thu, Mar 28, 2013 at 3:03 PM, San HaulerFranchise <san.franchisecomments@lacity.org> wrote:

You're invited to provide input on the proposed franchise boundaries within the City (see attached flyer and franchise boundary map).

Date: Thursday, April 4, 2013

Time: 12:00 pm - 2:00 pm

Location: City Hall Rm 1035

Solid Resources Citywide Recycling Division
Bureau of Sanitation
City of Los Angeles

--

Lisa Schechter
Director of Legislation
Councilmember Tom LaBonge, Council District #4

Office: 213-485-3337
Blackberry: 213-924-6549



San HaulerFranchise <san.franchisecomments@lacity.org>

Franchise Zone Map Invitation

Mary Benson <c-maryb@msn.com>
To: san.franchisecomments@lacity.org

Sun, Mar 31, 2013 at 12:31 PM

Date: Thu, 28 Mar 2013 15:29:19 -0700to
Subject: Franchise Zone Map Invitation
From: san.franchisecomments@lacity.org
To: san.franchisecomments@lacity.org

Public Comment

RE: Include identification of truck parking locations when issuing any franchise to fairly allocate environmental impacts.

For local franchise boundaries within the City of Los Angeles, please consider adding the following as part of qualification and criteria for franchise award.

Verify the compliance of all delivery/ haul vehicle contracts, and if they will be company owned or 3rd party haulers.

For the sake of environmental justice, where will this fleet deploy from and return to at the end of each shift?

Are the franchisees and their operations headquartered in the City of Los Angeles? If not, what jurisdiction will they be operating from.

What haul routes will materials leaving the zones be using? Require a plan that informs all drivers and 3rd party haulers of these routes.

Identify and submit a report on at least a semi annual basis the name and physical destination of all recyclable materials.

Mary Benson
Sun Valley resident
[Quoted text hidden]



Teamsters Local Union No. 396

Package and General Utility Drivers

Affiliated with the

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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Ron Herrera
Secretary Treasurer

Jay Phillips
President

Javier Bonales
Vice President

Barbara Liddy
Recording Secretary

Rafael Camacho
Trustee

John Campa
Trustee

Henry Manuel
Trustee

April 2, 2013

Honorable Members, Los Angeles City Council
Joint, Energy and Environment and Ad Hoc Committee on Waste
Reduction and Recycling
Councilmember Jose Huizar, Co-Chair
Councilmember Richard Alarcon, Co-Chair
Councilmember Dennis Zine
Councilmember Paul Koretz
Councilmember Paul Krekorian
Councilmember Tom LaBonge

Dear Committee Members:

I am writing to you today, on behalf of the more than 2,500 waste and recycling workers of Teamsters Local 396, to express our Local Union's support for the exclusive waste and recycling franchise map proposed by the City of Los Angeles Bureau of Sanitation.

As you are probably aware, the waste and recycling industry is one of the most dangerous industries in the nation, and consistently ranks among the highest in workplace injuries, illnesses and fatalities. It is also an industry with a history of scofflaw employers - notorious for operating within the shadows of the underground economy.

It is for these reasons that we feel strongly that any commercial and multifamily waste system that the City sets out to establish *must* seek to strengthen and maximize the enforcement of laws and regulations that protect worker health and safety and workplace rights. As important, it is imperative that accountability for adherence to those laws and regulations - and recognition of those rights - be among the foremost principles guiding the system's development.

We believe that the eleven service zones proposed by the Bureau (with three of these zones set aside for small to mid-sized haulers) are consistent with this guiding principle. Further, we believe that a mandatory sub-contractor hauler requirement for each zone would be a serious mistake - undermining the accountability made possible with 11 zones, as well as the environmental, zero waste and community goals that have been core objectives of this endeavor.



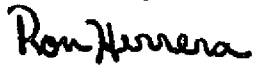
Additionally, we believe that adopting more than eleven zones – and requiring an additional hauler in every zone - would create an unnecessary and costly administrative burden on the City, making it that much more difficult for the City to enforce those environmental and workplace standards.

It has been our strong belief all along that having less than ten zones would unduly limit the long-term ability of the City to cultivate a pool of qualified and experienced haulers, and unnecessarily stifle the high-road innovation and competition we feel will bring the best and brightest out of the hauling community.

However, again, we agree with the Bureau of Sanitation that there is, in effect, a tipping point past which accountability, enforceability and practicability are irrevocably compromised. We believe the Bureau of Sanitation has found that crucial balance with its proposed service zone map – and we urge you to adopt its proposal.

We will continue to follow this process with great interest, and look forward to providing input and feedback to the great work that the Bureau is carrying out.

Sincerely,

A handwritten signature in black ink that reads "Ron Herrera". The signature is written in a cursive, slightly slanted style.

Ron Herrera
Secretary-Treasurer
Teamsters Local Union No. 396



LOS ANGELES COUNTY
FEDERATION OF LABOR,
AFL-CIO

Maria Elena Durazo
Executive Secretary-Treasurer

Ricardo R. Icaza
President

April 3, 2013

Honorable Members, Los Angeles City Council
Joint, Energy and Environment and Ad Hoc Committee on Waste Reduction and Recycling
Councilmember Jose Huizar, Co-Chair
Councilmember Richard Alarcon, Co-Chair
Councilmember Dennis Zine
Councilmember Paul Koretz
Councilmember Paul Krekorian
Councilmember Tom LaBonge

Dear Committee Members:

On behalf of the Los Angeles County Federation of Labor, AFL-CIO, and the 300 unions and hundreds of thousands of working women and men throughout Los Angeles County that we represent, I write to you today to urge your adoption of the service zone map proposed by the Bureau of Sanitation in its implementation plan for the imminent exclusive waste and recycling franchise system.

The Federation and its members are deeply invested in the success of this plan as it impacts not only the thousands of workers in this industry, but also the communities that bear the brunt of the truck traffic and the pollution produced by this industry. This plan is a product of a *multi-year* process, including countless stakeholder meetings all over the city. Through that process, the Bureau of Sanitation has engaged with labor, business, environmental and community partners - *and they heard those voices*. This plan lays out the best course for establishing a system with real standards for the health and safety of workers, communities and our environment, and we thank and applaud the Bureau for all their dedication and hard work.

As you know, the Bureau's plan calls for 11 waste collection service zones -- with three of those being smaller zones, intended to maximize long-term competition. We not only support this recommendation, but feel it is absolutely critical to stay within this number to ensure the enforceability and success of the franchise. As it is, 11 zones will prove a significant challenge in ensuring accountability to worker health and safety, environmental and zero waste standards. Any increase in that number risks weakening the City's ability to ensure compliance with those standards to a point of undermining the purpose of this transition.

Please approve of the Bureau's proposed service zone map for the exclusive waste and recycling franchise system, including its designation of 11 waste and recycling collection zones.

Sincerely,

Maria Elena Durazo
Executive Secretary-Treasurer
Los Angeles County Federation of Labor, AFL-CIO

2130 W. James M. Wood Blvd.
Los Angeles, CA 90006
(213) 381-5611
fax (213) 383-0772

BOARD OF DIRECTORS

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Executive Secretary-Treasurer
LA County Federation of Labor, AFL-CIO

Robin Cannon/ Vice-Chair
President
Concerned Citizen of
South Central Los Angeles

Kent Wong/ Secretary
Director
UCLA Center for Labor
Research & Education

Peter Dreier
Professor of Politics & Director of
Urban & Environmental Policy
Program, Occidental College

Cindy Ensworth
Regional Organizer
California Teachers Association

Eddie Iny
Assistant Director
UFCW Making Change at Walmart

Marvin Kropke
Business Manager
IBEW Local 11

Nury Martinez
Executive Director
Pacoima Beautiful

Manuel Pastor
Professor of Geography
University of Southern California

David Pettit
Senior Attorney
Natural Resources Defense Council

Angelica Salas
Executive Director
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Sabrina Smith
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California Calls

Danny Tabor
Mayor (Ret.)
City of Inglewood

Manny Valenzuela
Western Region Organizing Director
International Brotherhood of Teamsters

Tom Walsh
President
UNITE HERE! Local 11

EXECUTIVE DIRECTOR

Roxana Tynan

April 8, 2013

Joint Committee: Energy and Environment/Ad Hoc on Waste Reduction & Recycling Committee

Councilmember Jose Huizar, Co-Chair

Councilmember Richard Alarcón, Co-Chair

Councilmember Dennis Zine

Councilmember Paul Koretz

Councilmember Tom Labonge

Councilmember Paul Krekorian

Los Angeles City Hall

200 N. Spring St.

Los Angeles, CA 90012

Dear Councilmembers,

We write today to express our strong support for the Bureau of Sanitation's service zone proposal for the City of Los Angeles' exclusive commercial and multi-family waste and recycling franchise system. We believe the Bureau's proposed service zone map, with eleven franchises overall, including three smaller "incubator" zones, is the best way to successfully realize the City's goals for the new system - goals critical to the health and well-being of our environment, workers, communities and the economy.

The Don't Waste LA Coalition is impressed with the evident and thorough research that went into the Bureau's proposed number, size, and boundaries of the service zones. The City's goals for the new waste and recycling system center around diversion, worker health and safety, route efficiency and clean truck fleets, uniform rates and consistent service, long-term competition and sufficient staffing to meet program needs – and the Bureau's proposed service zone map is effectively designed to address these areas of focus.

The transition to a new waste and recycling system is critical and urgent. However, some business lobbyists are attempting to delay progress by pushing for twenty or more service zones, essentially replicating the status quo that has resulted in a dismal 19% commercial diversion rate. This unacceptably low figure is in sharp contrast to the over 70% commercial diversion rate made possible in San Francisco, which has only one hauler. Protecting the status quo and diluting an exclusive franchise system's strengths simply does not make sense.

The Bureau's proposal successfully balances the number of service zones

that can be reasonably held accountable to the highest possible standards with the crucial goal of maintaining robust, long-term competition. A manageable number of zones ensure that the Bureau can practicably enforce the standards necessary to accomplish the City's ambitious goals, while an increase in zones would put undue strain on this capacity, perpetuating the current Wild West and jeopardizing success.

Additional zones also undermine the efficiencies and economies of scale that ensure haulers can succeed. Haulers will need to replace their truck fleets, conduct waste characterization studies and extensive public education and outreach, expand their processing capacity, invest in infrastructure and personnel, compensate their workers fairly – all while meeting the highest possible customer service standards. Valuable long-term exclusive franchise agreements will allow haulers to finance these investments and spread their costs over time.

Finally, on a broader level, the creation and management of this system is akin to asset management. After all, this is likely the second largest waste market in the United States. With that as the framework, it is incumbent on the city to maximize that asset – and make it worth fighting for. If the city creates a patchwork of too many, overly small zones, it undermines that value. It cheapens the asset.

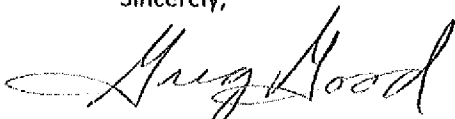
Alternatively, the city needs to provide franchisees with reasonable, but relatively long-term, contracts and attendant market certainty, the ability to sell enough post-consumer recyclables and organics to make money, and the economies of scale and time to spread and amortize costs. This creates, in effect, "gold rings" – and with that comes gold standard bids, gold standard performance and gold standard investment.

One clear example of how this might manifest is in recovery and processing infrastructure. The Bureau and other waste and recycling experts are uniformly unequivocal about LA's *lack* of infrastructure. Quite simply, we don't have enough MRFs, organics processors, etc. – and these are highly capital-intensive investments. If we fail to make these zones adequately lucrative, we will fail to incentivize hauler investment in these facilities. They simply won't have the potential to make enough money to justify the financial commitment necessary to develop that infrastructure – and they won't have the incentive to provide the high-road system the City deserves.

Councilmembers spoke eloquently about the primacy of environmental protection and worker safety at the most recent joint hearing of the Energy and Environment and Ad Hoc Waste Reduction and Recycling committees. We encourage the City to continue to focus on these key goals and move forward with the Bureau's proposed service zones.

Too many zones risk undermining those goals – and that's a risk the city should avoid.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Good". The signature is fluid and cursive, with a large, stylized "G" and "G".

Greg Good, Don't Waste LA

CC:

Capri Maddox, President

Valerie Lynne Shaw

Jerilyn López Mendoza

Steven T. Nutter

Warren Furutani

Board of Public Works Commission, City of Los Angeles

200 North Spring Street, Room 361

Los Angeles, CA 90012-4801

Bureau of Sanitation Solid Resources Citywide Recycling Division

Enrique C. Zaldivar, Director

Alex E. Helou, Assistant Director

Karen Coca, Division Manager

Dan Meyers, Assistant Division Manager



San HaulerFranchise <san.franchisecomments@lacity.org>

Franchise Zone Map Invitation

Richard Nino <rnino@burrtec.com>

Mon, Apr 8, 2013 at 4:24 PM

To: San HaulerFranchise <san.franchisecomments@lacity.org>

Attached please find comments on the April 4, 2013 meeting.

Thank you.

Richard Niño

Director, Municipal Services

Burrtec Waste Industries

"We'll Take Care Of It"

From: daniel.meyers@lacity.org [mailto:daniel.meyers@lacity.org] **On Behalf Of** San HaulerFranchise

Sent: Thursday, March 28, 2013 3:49 PM

To: San HaulerFranchise

Subject: Franchise Zone Map Invitation

[Quoted text hidden]



Scanned from a Xerox multifunction device001.pdf

28K



BURRTEC

WASTE INDUSTRIES, INC.

"We'll Take Care Of It"

April 8, 2013

Alexander E. Helou
Bureau of Sanitation
City of Los Angeles
1149 South Broadway
Los Angeles, CA 90015

RE: Proposed Franchise Zones

Dear Mr. Helou:

Thank you for hosting the meeting on Thursday, April 4th, to review the proposed zones for the commercial franchise system. We appreciate the opportunity to provide input in the process and look forward to ongoing communications with the City.

It was a pleasure speaking with you and the Public Works staff regarding the planned zones and the issues that the proposed zones address. As requested at the meeting, please accept the following comments.

In general the proposed franchise zones seem reasonable and appropriate given the stated program goals. Although some of the comments below may be redundant, the importance of the issues warrants reinforcement.

1. **Zone Boundaries:** Major roadways are ideal boundaries for franchise zones. This approach appears to be the basis for most, if not all, boundaries in the proposed maps.
2. **Zone Size:** Burrtec Waste Industries understands the City's intent in establishing large and small franchise zones. Burrtec is able to provide successful and cost efficient commercial collection programs for both the small and large zones.

Thank you once again for the opportunity to provide input. Please feel free to contact me if you have any questions or would like to further discuss the input provided. I can be reached via telephone at 909-429-4200 or via email at rnino@burrtec.com.

Sincerely,

Richard Niño
Director Municipal Services

Public Meeting Comment Card

City-Wide Exclusive Franchise System - Franchise Area Map open house

Name: NICOLE BERNSON	Address: 200 N. Spring Street #405 LA 90012
Affiliation: CD 12	Phone: 213-473-7012 Email: nicole.bernson@lacity.org

Comments: Council District 12 continues to have concerns about the final disposition of the residual waste from the commercial + multifamily sector ending up in Sunshine Canyon landfill. Currently, the residents of the 12th District already incur the negative effects of being the depository of the majority of the City's Residential Waste program.

Additional concerns include lack of local capacity for the recycling stream - particularly if putrescible food/green waste is part of the program. This material requires a full solid waste permit + within the city there does not seem to be adequate permitted capacity to accommodate even the tonnage that is accounted for on the draft maps - even though the data from those maps is from 2011 - prior to the implementation of the requirement for any commercial enterprise that generates 4 cubic yards or more of waste to recycle.

We would like to see the RFP require certain conditions that preclude using the Valley as the dumping grounds for the entire City's waste - as is currently the case for the residential stream (excluding the westside (partial) + harbor area).

Thank you for your consideration of these comments.

Public Meeting Comment Card

City-Wide Exclusive Franchise System – Franchise Area Map open house

Name:	G. Bob Crane coin	Address:	
Affiliation:	Resident, city of Los Angeles	Phone:	Email:
Comments:			
Sanitation wastefields should be divided into at least 15-20 zones. all needs to include TRASH, Recycling, Yard waste & horse manure.			
Village communities currently pro serviced by city of LA, should also Recieve a break from the cost, As Councilmember La Bong-Said.			
All Bids should also have a time/date restriction, Such as No pick ups on SUNDAYS AND NOT during the hours of 9pm - 7am; IN fact this should be a current law to private providers			

Public Meeting Comment Card

City-Wide Exclusive Franchise System - Franchise Area Map open house

Name: LISA GRITZNER	Address: 320 N. LARCHMONT BLVD, LA CA
Affiliation: CERRELL ASSOC.	Phone: 323-766-3445 Email: LISA@CERRELL.COM

Comments:

I would encourage Sanitation to study 30 zones in the preparation of alternatives as required under CEQA.

Natural boundaries, like freeways and mountain ranges do make sense as further division points within some of the larger proposed zones.

- W Zone → 118 freeway to the North
101 freeway to the south
- W Zone → 405 freeway
- NE Zone → 5 freeway or 170
- SE Zone → 170 freeway

Agree that subparcel arrangement or Carve-outs for larger unique properties, like movie studios, housing communities like Park La Brea, non-public educational facilities and hospitals should be allowed. Also, the bureau should allow for exemptions for 'zero waste' operations like Albertsons.

Public Meeting Comment Card

City-Wide Exclusive Franchise System – Franchise Area Map open house

Name: David Oeffling	Address: P.O. Box 2410, Gardena, CA 90247	
Affiliation: Waste Resources	Phone: (310) 366-7600	Email: doeffling@wasteresources.com

Comments:

We look forward to working with the City of LA and hope to have one of your franchise districts. We currently serve several City businesses trash and recycling hauling needs from Downtown LA to the Harbor. Waste Resources has a fleet of CNG fuel trucks and we are building a CNG fueling station adjacent to the I10 Freeway and Rosecrance. We currently own/operate a 500-TPD MRF/transfer station in Gardena. We are in permit process to expand our MRF to 2500-TPD state-of-the-art facility by 2015. The 11 proposed districts looks good to me, but I would encourage the City to either increase to 15-18 zones, or add flexibility for medium/small haulers to share zones in partnerships. This way we don't turn away remaining local businesses who have been serving the City for so long.

Public Meeting Comment Card

City-Wide Exclusive Franchise System - Franchise Area Map open house

Name: Tony Rivera	Address: 2145 W. 16th St Long Beach, 90813
Affiliation: Easy roll off	Phone: (562) 432-0000 Email: tony@easyrolloffservices.net

Comments:

① move the Harbor corridor from the HB zone to SLA zone.
Doing so is more efficient for truck routes north of the 405.

② Make it clear to Franchisees what accounts ~~are~~ remain open for not only C&D roll off companies, but roll offs for M&W. What ~~what~~ is governed by open ~~are~~ permit system, ~~what~~ is governed by Franchise. (eg. ~~roll~~ roll off bins for non-C&D waste)

Public Meeting Comment Card

City-Wide Exclusive Franchise System - Franchise Area Map open house

Name: <u>Chip Clements</u>	Address: <u>15230 Burbank Blvd #103, Sherman Oaks, CA 91411</u>	
Affiliation: <u>Clements Environmental</u>	Phone: <u>818 267-5100</u>	Email: <u>clementsenvironmental.com</u>

Comments:

① Need more zones so our local smaller haulers have a chance to win one.

I suggest 20 zones as follows:

- 3 around CLARTS as proposed
- 1 in each of the 8 large zones
- 1 at large wherever it makes sense

+ the 8 large = 20 total

Park La Brea?

② Max. 50% market share is TOO HIGH!

Two large companies could win most of the City.

This is not the intent of the plan and puts most of our local guys out of business.

③ More zones provides diversity, flexibility, back-up, and innovation. Many of our smaller companies are our best entrepreneurs.

④ More zones allows use of more of our existing & planned MRF/TS facilities by small winning haulers.



April Mancha <april.mancha@lacity.org>

Fwd: Clements Comments on Zones at Today's Meeting

Karen Coca <karen.coca@lacity.org>

Thu, Apr 4, 2013 at 4:32 PM

To: April Mancha <april.mancha@lacity.org>

FYI

----- Forwarded message -----

From: **Chip Clements** <cclements@clementsenvironmental.com>

Date: Thu, Apr 4, 2013 at 2:14 PM

Subject: Clements Comments on Zones at Today's Meeting

To: Alex Helou <Alex.Helou@lacity.org>, Karen.Coca@lacity.org, Dan Meyers <daniel.meyers@lacity.org>

Alex, Karen and Dan:

Thanks for the opportunity to comment again today on the zones. I'm emailing my comments as some of the haulers wanted a copy so I had to take the sheet with me. As you know, I continue to push for more small zones as a way to give more of our local guys a chance to win a zone and to keep the diversity and flexibility in the system. Even the small zones are significant in size.

Chip Clements

Clements Environmental Corp.

15230 Burbank Blvd., Suite 103

Sherman Oaks, CA 91411

(818) 267-5100 ph

(818) 782-6712 fax

From: canon@centermarketinggroup.com [<mailto:canon@centermarketinggroup.com>]

Sent: Thursday, April 04, 2013 2:14 PM

To: Chip Clements

Subject: Attached Image

April 4, 2013

Dear Los Angeles City Council Members,

As a resident of Westlake and a member of Westlake North Neighborhood Council, I want to express my support for the Bureau of Sanitation's plan for an exclusive waste franchise in the City of Los Angeles.

In addition to being critical for our environment, this change is needed for neighborhoods like Westlake with a lot of multi family housing and local businesses that are serviced by too many different haulers.

When you talk to people in my neighborhood, this change is a no-brainer. Many of us can't recycle and don't know why. We all live with the constant traffic and noise which takes a toll on our quality of life as a community. So, as you finalize plans for this new system, please ensure that the residents and businesses of Westlake and other neighborhoods around the city are going to have a system that works.

I am also supportive of the Bureau's plan to designate 11 franchise zones to haulers who will provide the best service in return for the right to do exclusive business. In order for the franchise to work, haulers will need to be invested in new ways in serving their customers. They will need to offer better options for recycling, reasonable rate structures, more sensible collection times, and cleaner, greener, trucks in our neighborhoods. This won't happen if you divide parts of the city into smaller and smaller zones. We'll wind up with the same overlapping of truck routes, traffic and confusion.

Please stay the course in implementing a waste and recycling system that will truly work for neighborhoods such as Westlake, enable all Angelenos to recycle, and make Los Angeles the city where everyone looks for the dream of a greener future.

Sincerely,

Erika Patterson
Westlake North Neighborhood Council Board Member

April 3, 2013

Honorable Members, Los Angeles City Council
Joint, Energy and Environment and Ad Hoc Committee on Waste Reduction and Recycling
Councilmember Jose Huizar, Co-Chair
Councilmember Richard Alarcon, Co-Chair
Councilmember Dennis Zine
Councilmember Paul Koretz
Councilmember Paul Krekorian
Councilmember Tom LaBonge

Dear Committee Members:

I am a resident of Los Angeles and currently a graduate student at UCLA. I want to applaud the City Council and the Bureau of Sanitation for adopting a zero waste policy for the city, and for taking concrete action to achieve this lofty, but attainable goal.

Before moving to Los Angeles, I was a small business owner in San Francisco. I saw first hand there how effective and efficient an exclusive franchise system can be if correctly implemented.

One important component of the system in San Francisco was the investment by our service provider in the creation of programs and incentives for maximizing recycling, and in infrastructure like dual-load trucks and facilities. This will also be critical to ensuring the success of the new franchise in Los Angeles. Business and residents who want to recycle need access to basic recycling service, but they also need education – and, realistically, they need incentives for recycling more.

In San Francisco, compost and recycling services were free and we were billed by the size of our black bin. Therefore, as a business owner, we could and did reduce our costs by recycling more. We invested just a few extra minutes to learn about everything that was recyclable and compostable and we realized returns.

None of this can happen if the hauler providing service is not investing in the system itself – and in its long-term collaboration with the City. They are less likely to make that investment if you reduce the size and the value of each service area they are awarded. It's basic math that if you increase the number of service zones in the city, you will be cheapening the asset of the franchise for the hauler. Cheapening the asset means reducing the investment the hauler will make in infrastructure, in efficiencies, and in programs and incentives for greater diversion.

Our current system has consistently failed to serve businesses and failed to help LA move towards zero waste. Providing the service that small businesses in LA deserve and getting to

zero waste will require investment by consumers like businesses and residents, and investment by the waste handling industry.

I urge you not to diminish the investment we'll be making by increasing the number of service zones and cheapening the asset each zone represents. Please move forward on recommendations made by the Bureau for the implementation of the exclusive franchise with 11 service zones and move our city toward a safer, cleaner future.

Sincerely,

Gabriel Peterson

April 4, 2013

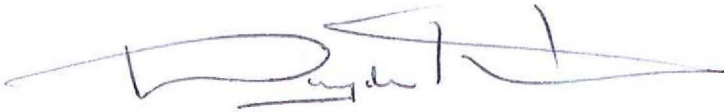
Dear Ms. Coca:

Thank you for the opportunity to comment based on the short BOS introduction, the various maps, and my discussions with staff, all of which occurred at the meeting today for the Proposed Franchise Zones.

As you know both the North Valley Coalition, and the Granada Hills North Neighborhood Council have participated throughout this entire process, shared the same positions, and have submitted independent comments to the record. Because I was representing both organizations today, I am submitting one comment card, which will, represents the comments from both organizations.

As agreed, I would submit comments via email/pdf rather than the rough draft notes that I had written on the Public Meeting Comment Card, and that you offered to submit to the record.

Sincerely,

A handwritten signature in blue ink, appearing to read "Wayde Hunter", with a long horizontal line extending to the left.

Wayde Hunter
President North Valley Coalition of Concerned Citizens Inc., &
Vice Chair, PLUM Granada Hills North Neighborhood Council

Name: WAYDE HUNTER Address: 12354 EL ORO WAY, GRANADA HILLS, CA 91344
Affiliation: NVC / GHNNC Phone: (818) 363-3597 Email: Whunter01@aol.com

Comments:

- **We support additional smaller wastesheds (franchise zones) up to the 20 potential ones contemplated.** Logic: We supported a non-exclusive franchise because we felt it gave the small operators a chance to compete against the big guys (Waste Management, BFI/Republic, Crown Disposal, & Athens). While we understand that we are now talking about exclusive franchises, the smaller size will give our local small haulers a better opportunity to compete. Wastesheds (franchise zones) that are too large will potentially give a monopoly to one or more of the large waste disposers, and/or put the City in an untenable position if they ever have to enforce rules and regulations for violations, and/or if for some reason the franchise hauler cannot fulfill their obligations and Sanitation is forced to provide the service in the interim.
- **While not a part of your presentation, we concur with Mr. Chip Clements' comments regarding his, and his clients' concerns, about the latest amount of the waste stream now being discussed in committee as being up from 25 or 26% to 50%.** Logic: We feel that 50% is too large a portion of the wasteshed/wastestream to be under the control of any one company. If that figure is to be used, then basically 2 companies could control all the franchise zones and the all of the waste.
- **We believe that the boundaries of the 6 existing Sanitation wastesheds must be maintained, and that if any of the proposed new wastesheds (franchise zones) are created, that they must be a subset wholly contained within any one of those wastesheds.** Logic: Historic waste information (past vs present) could be maintained and tracked for comparison purposes. Maintain commitment to RENEW LA (see below)
- **We believe that the boundaries of any wasteshed (franchise zone) should not be created or manipulated to conform to, nor recognize any City Council District boundaries.** Logic: We are talking about waste here, and not Council Districts and the persons who represent them. Council Districts change every 10 years. It would not comply with the intent of the RENEW LA plan.
- **We believe that the wastesheds (franchise zones) as proposed (including any future zones) would fail to comply with nor maintain the RENEW LA plan that has been approved by City Council.** Logic: The approved plan among other things is a 20-year plan, that recognizes the 6 wastesheds, requires that CTs be established in each wasteshed, that waste not be exported from one wasteshed to another, and that there would be a reduction in MSW to the Sunshine Canyon Landfill.
- **We oppose CLARTS as the center of wastesheds (franchise zones) DT, EDT and SE which have been specifically created to provide smaller zones for the small haulers. If CLARTS is included then it must exclude Sunshine Canyon as a landfill it uses.** Logic: The bulk of the trash from CLARTS goes to the Sunshine Canyon Landfill. This would not only be contrary to the RENEW LA plan, but the material collected by these franchises is required to be MRFd first, so that the majority of this material will be the stinky organic fraction, and this will only exacerbate the tremendous odor problems at Sunshine Canyon Landfill. FYI Complaints to SCAQMD regarding Sunshine Canyon Landfill represented 20% of all the calls to the SCAQMD in 2011 & 2012?, and that this landfill had 10 times the amount of complaints than the 15 other landfills combined within their jurisdiction.

- **We believe the nomenclature currently used to define the newly created wastesheds (franchise zones) causes confusion to the public. For instance NE s/b NLA, NC s/b NLAC, and EDT s/b NLAED.** Logic: It is not conducive to the public's understanding of the relationship between the basic subset of the larger BOS wasteshed. Our suggestion would more easily define the relationship, and provide consistent quantities of waste being generated within the BOS wasteshed both in the past and in the future for use in comparison purposes.
- **The DT wasteshed (franchise zone) boundary should be changed to conform to the existing North Los Angeles BOS wasteshed by either adding to the SE wasteshed (franchise zone) or having the BOS redefine their own wasteshed.** Logic: This is the one wasteshed (franchise zone) that crosses over 2 existing BOS wasteshed boundaries. We also do not want to set a precedent for any of the additional zones (up to 20) that have been proposed but not yet created. As it stands, it certainly would not comply with the intent of the RENEW LA plan.
- **The HB wasteshed (franchise zone) does not comport with the existing BOS wasteshed, and should be changed to conform to the existing BOS wasteshed.** Logic: It appears that a finger has been added to the east side, and that a break in the southern portion has been overlain.



April 4, 2013

Enrique Zaldivar
Director
Bureau of Sanitation
1149 S. Broadway St.
Los Angeles, CA 90015

Re: Proposed Zones for Exclusive Waste Franchises

Dear Mr. Enrique Zaldivar:

On behalf of the Natural Resources Defense Council, Sustain LA, and Coalition for Clean Air, we write today regarding the proposed zones for the exclusive waste and recycling franchises for Los Angeles' commercial and multi-family sectors. We appreciate the thought with which the current proposal for 11 zones has been developed by the Bureau of Sanitation. In particular, we find the analysis in version 2 of the Implementation Plan about how the zones were identified persuasive. Given our current analysis, we support a number of zones around the 10 to 11 mark. We think this number of zones provides the appropriate balance to advance environmental and environmental justice issues while also providing robust competition.

At the most recent joint committee hearing, several business lobbyists argued for 20 zones to advance economic protections for all the medium-sized haulers currently participating in the open permit system that currently achieves a 19% diversion rate from landfills for commercial establishments. While we are sympathetic to business concerns, we are unflinching in our belief that carving out a place for *all* the actors who allege a commitment to high environmental standards, should not be an objective of setting the zones. Many companies have demonstrably poor environmental records, particularly as it relates to serving commercial and multi-family properties in Los Angeles. Most importantly, however, the critical lens in drawing the zones should be focused on achieving the overarching goals of reducing truck miles traveled, advancing Los Angeles' Zero Waste goals, and minimizing disproportionate impacts to low income communities of color.

We are also sympathetic to the administrative burden of more zones. In fact, we would err on the side of fewer zones to allow for more practicable oversight and enforcement of a

Enrique Zaldivar
April 4, 2013
Page 2

smaller universe of contracts. We would prefer robust administrative attention go towards ensuring that companies who receive franchises achieve their environmental and Zero Waste goals and commitments. Surrendering maximum environmental performance and administrative efficiency to the cause of providing economic protections for a few extra medium-sized haulers participating in the current system undermines the entire purpose of this overdue programmatic overhaul.

At the recent joint committee meetings for the Energy & Environment and the Ad Hoc Committee for Waste Reduction and Recycling, several councilmembers referenced that environmental protection and worker safety must be the top priority for this program. We completely agree with this assertion. We encourage the Bureau not to be distracted by requests for a multitude of zones that will make this harder from an administrative standpoint and will, in effect, distract the City from achieving these overarching objectives.

We appreciate your consideration of these comments. Please do not hesitate to contact Adrian Martinez at (310) 434-2300 if you have questions about these comments.

Sincerely,

A handwritten signature in black ink that reads "Adriano L. Martinez". The signature is fluid and cursive, with a long horizontal stroke at the end.

Adriano Martinez
Natural Resources Defense Council

Leslie VanKeuren Campbell, LEED GA
SUSTAIN LA

Candice Kim
Senior Campaign Associate
Coalition for Clean Air

LOS ANGELES COUNTY
WASTE MANAGEMENT ASSOCIATION

1851 East First Street, Suite 1220
Santa Ana, CA 92705-4052

March 11, 2013

Capri Maddox, President
City of Los Angeles
Board of Public Works
200 North Spring Street, Suite 361
Mail Stop 464
Los Angeles, California 90012-4801

Re: Franchise Implementation Plan

Dear Ms. Maddox

The members of our Association were very grateful for the opportunity to meet with you and Bureau of Sanitation staff on February 12th to generally discuss our concerns regarding the proposed exclusive franchise system for commercial solid waste collection. These same concerns were set forth in our letter of January 29, 2013 to Erin Knight, a copy of which was supplied to you.

At that time, we also learned from BOS staff that a draft of their proposed implementation plan was due to be formally released on February 20th as part of the staff presentation before a joint meeting of the Energy and Environment Committee and the Ad Hoc Committee on Waste Reduction and Recycling. Based on our review of the draft Implementation Plan, and testimony given at the February 20th hearing, we wish to offer the following additional comments and observations. This communication is intended to supplement our February 12 correspondence.

Zone Design. We submit that an effective and efficient system can only be crafted with the direct participation of the waste haulers themselves, for only they know where the boundary lines should be drawn achieve, to the extent possible, an equitable distribution of accounts and account revenue. Our members have an estimated 85% of the commercial waste business in the City of Los Angeles, and are uniquely suited to contribute to the design of the zone framework. That has not yet occurred.

Rates. Second, because the zones themselves will not be uniform (even those zones that may generate similar revenue will have a different account density and varying proximity to landfills and recycling centers), it is impractical for the City to seek uniform rates. Our

LOS ANGELES COUNTY WASTE MANAGEMENT ASSOCIATION

Capri Maddox, President

March 11, 2013

Page 2

members urge that allowance be made for differential rates, rates which are tailored to meet true costs, rather than utilizing a "one size fits all" approach which inevitably means some accounts or entire areas will subsidize others.

Subcontracting. While our members firmly support creating opportunities for small hauler participation in the new system, any system that relies on the subcontracting of waste collection service per se is likely to create a number of liability issues. Waste collection activity, including the operation of heavy duty vehicles, frequently entails a lot of contact with the general public. It must be undertaken with a great deal of care. Our members do not want to be placed in the position of having to answer for the carelessness of a subcontractor that may perform collection service improperly. The prime contractor would have no practical ability to control the subcontractor's use of equipment, nor effectively manage his/her personnel or performance. Accordingly, any subcontracting requirement should be limited to those aspects of the service that are unrelated to collection.

Similarly, we believe that any waste collector/hauler, regardless of size, should have a direct contractual relationship with the City. Small haulers can be easily accommodated by creating more, smaller franchise zones.

Incumbency. This issue is of such singular importance to us that we want to reinforce it here again. The LACWMA strongly urges that this franchise procurement either be limited to candidates with at least 5 years continuous service in the City of Los Angeles, or that their incumbency be recognized by an award of substantial extra credit in the ranking process. It is vital that the 5 years continuous service requirement should extend to the parent company (to dissuade someone from buying their way into incumbency by simply acquiring an existing permittee).

Mixed Waste Processing. Given the GHG emissions reductions and reduced vehicular traffic objectives of this franchise effort, we would urge that mixed waste processing remain eligible as one of several options available to a franchisee. That is, the City should remain neutral on the issue, and there should be no preference expressed for source-separated collection systems, provided the mixed waste alternative can demonstrate comparable diversion results on a system-wide basis.

Finally, we recognize that the City must follow a fairly aggressive time line if it is to have any chance of accomplishing its objectives in the near future. That being said, the LACWMA respectfully requests additional opportunities to meet with Bureau staff to discuss the issues listed above, those identified in our prior letter, and the general

LOS ANGELES COUNTY WASTE MANAGEMENT ASSOCIATION

Capri Maddox, President

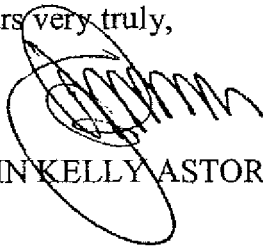
March 11, 2013

Page 3

structure of the new system which the City Council has directed staff to design and implement.

Please do not hesitate to call if you wish to discuss the contents of this letter.

Yours very truly,

A handwritten signature in black ink, appearing to read "John Kelly Astor", is written over the typed name. The signature is stylized with a large, loopy initial "J" and a series of connected loops for the rest of the name.

JOHN KELLY ASTOR

JKA:ag

cc: Enrique Zaldivar
Alex Helou
Karen Coca
Dan Meyer
LACWMA Board of Directors

**LOS ANGELES COUNTY
WASTE MANAGEMENT ASSOCIATION**

1851 East First Street, Suite 1220
Santa Ana, CA 92705-4052

March 5, 2013

Capri Maddox, President
City of Los Angeles
Board of Public Works
200 North Spring Street, Suite 361
Mail Stop 464
Los Angeles, California 90012-4801

Re: Franchise Implementation Plan

Dear Ms. Maddox

The members of our Association were very grateful for the opportunity to meet with you and Bureau of Sanitation staff on February 12th to generally discuss our concerns regarding the proposed exclusive franchise system for commercial solid waste collection. These same concerns were set forth in our letter of January 29, 2013 to Erin Knight, a copy of which was supplied to you.

At that time, we also learned from BOS staff that a draft of their proposed implementation plan was due to be formally released on February 20th as part of the staff presentation before a joint meeting of the Energy and Environment Committee and the Ad Hoc Committee on Waste Reduction and Recycling. Based on our review of the draft Implementation Plan, and testimony given at the February 20th hearing, we offer this letter with a few additional comments and observations.

Zone Design. We submit that an effective and efficient system can only be crafted with the direct participation of the waste haulers themselves, for only they know where the boundary lines should be drawn achieve, to the extent possible, an equitable distribution of accounts and account revenue. Our members have an estimated 85% of the commercial waste business in the City of Los Angeles, and are uniquely suited to contribute to the design of the zone framework. That has not yet occurred.

LOS ANGELES COUNTY WASTE MANAGEMENT ASSOCIATION

Capri Maddox, President

March 5, 2013

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Rates. Second, because the zones themselves will not be uniform (even those zones that may generate similar revenue will have a different account density and varying proximity to landfills and recycling centers), it is impractical for the City to seek uniform rates. Our members urge that allowance be made for differential rates, rates which are tailored to meet true costs, rather than utilizing a "one size fits all" approach which inevitably means some accounts or entire areas will subsidize others.

Subcontracting. While our members firmly support creating opportunities for small hauler participation in the new system, any system that relies on the subcontracting of waste collection service per se is likely to create a number of liability issues. Waste collection activity, including the operation of heavy duty vehicles, frequently entails a lot of contact with the general public. It must be undertaken with a great deal of care. Our members do not want to be placed in the position of having to answer for the carelessness of a subcontractor that may perform collection service improperly. The prime contractor would have no practical ability to control the subcontractor's use of equipment, nor effectively manage his/her personnel or performance. Accordingly, any subcontracting requirement should be limited to those aspects of the service that are unrelated to collection.

Similarly, we believe that any waste collector/hauler, regardless of size, should have a direct contractual relationship with the City. Small haulers can be easily accommodated by creating more, smaller franchise zones.

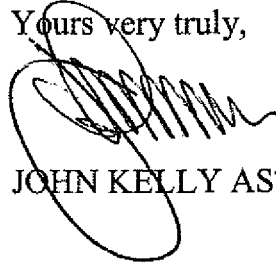
Finally, we recognize that the City must follow a fairly aggressive time line if it is to have any chance of accomplishing its objectives in the near future. That being said, we do not believe that the very waste industry members who are now providing this service throughout most of the City have been adequately involved in shaping the new system. We do not seek to place blame, only to reinforce the thought expressed at our last meeting with you, namely, that LACWMA members are a unique resource that should not be overlooked if the City of Los Angeles hopes to avoid a difficult transition and to streamline the evolution to a zoned system of collection.

LOS ANGELES COUNTY WASTE MANAGEMENT ASSOCIATION

Capri Maddox, President
March 5, 2013
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Please do not hesitate to call if you wish to discuss the contents of this letter.

Yours very truly,

A handwritten signature in black ink, appearing to read "John Kelly Astor", written over a circular stamp or seal.

JOHN KELLY ASTOR

JKA:ag

cc: Enrique Zaldivar
Alex Helou
Karen Coca
Dan Meyers
LACWMA Board of Directors

March 20, 2013

Mr. Daniel K. Meyers, Assistant Division Manager
City of Los Angeles, Department of Public Works
Bureau of Sanitation
Solid Resources Recycling Division
1149 S. Broadway, 5th Floor, MS#944
Los Angeles, CA 90015-2213

E-Mail: san.franchisecomments@lacity.org

Subject: Notice of Preparation (NOP) of an Environmental Impact Report (EIR) for City Ordinance: City-Wide Exclusive Franchise System for Municipal Solid Waste Collection and Handling

Dear Mr. Meyers:

We are pleased to submit our written comments in response to the Notice of Preparation (NOP) concerning the City-wide Exclusive Franchise System for Municipal Solid Waste Collection and Handling. We applaud the City's desire to maximize environmental and economic efficiency generated by conformance with AB 341.

To achieve goals established in NOP the City has the option to proceed with Multi-Stream Collection, Single Stream Collection, or Mixed Waste Collection. The Draft Environmental Impact Report (DEIR) needs to thoroughly evaluate the environmental impacts of the three systems. In addition the DEIR needs to evaluate the materials processing options driven by the collection system alternatives. Items that need to be evaluated include, but are not limited to:

Transportation and Traffic

With the three base collection systems there will be the requirement for one, two or multiple trucks to service an individual site. What will be the differential in traffic, traffic congestion, and road maintenance requirements, for the three base collection systems? What will be the annual total truck miles driven differential for the three base systems?

Often a front-loader truck is used to service commercial and multi-family establishments. When the front-loader truck is servicing a site it often obstructs movement of other vehicles on the site. At times this obstructs traffic flow on the public street. What would be the differential impact of multi-can collection as opposed to mixed waste collection?

Air Quality

With the three base collection systems there will be the requirement for one, two or multiple trucks to service a site. What will be the differential in collection truck emissions for the base collection systems?

US-EPA has developed the Waste Reduction Model (WARM) for solid waste diversion. What will be the CO²e emission differential for organic waste that would eventually be disposed of in a landfill as a result of the three base collection systems and their associated processing systems. Substantial divertible materials are often inadvertently or overtly placed in black bin thereby missing the opportunity for diversion leading to eventual fugitive methane emission from a landfill. Also there are CO₂e emissions resulting from production and transportation of new materials that would have been offset with material recovered in the waste stream if it had not been placed in a black bin? What combination of collection and processing would minimize CO²e emission?

Noise

With the three base collection systems there will be the requirement for one, two or multiple trucks to service an individual site. It could be assumed that most of the commercial and multi-family sites will be serviced with front-loader trucks. There is substantial noise pollution created when bins are moved and emptied. What will be the differential in the number of noise incidence for the three base collection systems? With the potential for substantial increase in noise incidence will there be the need for additional requirements for hours of operation to minimize impact on sensitive receptors during traditional sleep hours?

Going from an existing single bin to a multiple bin system may require expansion of trash enclosures to contain two or more bins. If bins are serviced with a front-loader truck the trash enclosure may need to be more than the total width of all bins plus standard clearances. This will require substantial expansion of trash enclosures. Often trash enclosures are masonry requiring pneumatic (jack-hammer) removal and replacement. What will be the environmental effect of removal and expansion of thousands of trash enclosures?

Parking

With possible required expansion of trash enclosures due to multi-can collection, there is often a loss of adjacent parking spaces. Parking at existing commercial and multi-family establishments is often in short supply. A loss of a single parking space can push a business below minimum municipal parking requirements. What will be the cumulative effect of loss of parking spaces?

Resources

One of the greatest concentrations of resources in the World today is the US waste stream. Waste placed in a bin that does not go to diversion processing is not only lost, but must be replaced with virgin sources, and often results in methane generation to the environment. A number of studies have shown exceedingly large usable commodity value contained in black bin waste. What is the potential resource value of this lost material, the cost to the environment to replace it with virgin sources, and the CO²e generation from its disposal? Cal Recycle has stated in a recent AB 341 meeting, that all material may need to be processed in a material recovery facility (MRF) due to the large volume of usable materials in black bin waste. They went on to say, without processing of black bin waste the goal of 75% diversion may not be obtainable. What is the cumulative environmental effect of usable materials contained in black bin waste in multi-bin collection systems in which the material is not processed and diverted? This should include a discussion on all organic materials.

Odors

With a combination of multiple can collection and front-loader trucks, bins may be serviced only partially full resulting in inefficient collection, or bins will wait to be serviced until full possibly resulting in odors. Single can collection results in much faster turnover of material with less opportunity for odor generation. Odors from all collection systems need to be evaluated along with the net environmental effect of servicing of bins that are not full, in an effort to avoid odors.

Combined Effects and Other Items

In many congested areas of the World waste is collected at night to avoid traffic issues. The downside to night collection is noise created by automated collection during times of heightened sensitive receptors (people sleeping). Lifting and dumping a front-loader bin results in significant metal-to-metal impact creating high frequency, high decibel, objectionable noise that can travel for significant distance. Multi-bin collection will multiply the problem. What will be the net noise, and traffic impact of the different collection options?

To maximize collection efficiency and minimize environmental impact bins must be full or near full when serviced. Also the bin should be as large as practical to again minimize cycles of service. However the longer the material sits in a bin the more there is a heightened opportunity for vectors (rodents, insects) and odors. The document should evaluate bin size, cycle of service, odor generation, and CO₂e emission resulting from cycle of service for the various collection systems.

With multi-bin collection there will be a degree of segregated commodities in concentrated form that will encourage scavenging. This concentration at commercial and multi-residential will be much greater than with single-family residential. Scavenging often results in litter and at times safety and security problems for workers, patrons, and residences in the vicinity. Litter, safety and security needs to be evaluated for the various collection methods.

Public participation is often an issue with multi-can collection in single-family residential programs. What will be the participation when there is an anonymity to participation or the lack thereof. What will be the contamination in multi-bin collection?

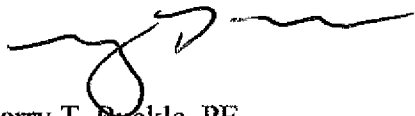
Can 75% diversion of multi-family and commercial waste be achieved without processing of the entire waste stream? If processing of the entire waste stream is required, why have multi-can collection? Would multi-can collection be considered to be a significant environmental impact that is avoidable?

What will be the multi-family infrastructure requirements for transferring segregated materials from the living unit to the place of deposit? Older complexes have garbage shoots that do not have the ability to facilitate segregation.

What will be the environmental effect from expansion of thousands of trash enclosures? What will be the loss of marginal financial businesses when forced to pay for trash enclosure expansion?

Again, thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read 'Larry T. Buckle', with a stylized flourish extending to the right.

Larry T. Buckle, PE
President and CEO
International Engineering Services, Inc.



MITCHELL ENGLANDER

LOS ANGELES CITY COUNCILMEMBER, TWELFTH DISTRICT

March 26, 2013

Daniel K. Meyers, Assistant Division Manager
Solid Resources Citywide Recycling Division
City of Los Angeles Department of Public Works
Bureau of Sanitation
1149 S. Broadway, 5th Floor
Los Angeles, CA 90015-2213

RE: WASTE FRANCHISE IMPLEMENTATION /SCOPING PLAN

Dear Mr. Meyers:

As Councilmember for the district that hosts one of largest landfills in the United States, Sunshine Canyon, I have had the misfortune of hosting the final resting place for the entire city's single-family residential waste stream.

It is my fear that the proposed waste franchise will add the additional burden of the city's multi-family and commercial waste residual to the mix. Doing so would increase exponentially the truck traffic that traverses the north San Fernando Valley on its way to the landfill, as well as many other negative impacts – including odors, pollution and methane emissions.

As you may be aware, the Sunshine Canyon Landfill is already the subject of a Stipulated Order of Abatement for Odors, issued by the South Coast Air Quality Management District.

It is my strong desire and that of the residents of Granada Hills to not see even one additional ton of trash dumped in the landfill until these odor issues are resolved once and for all. However, enduring the additional traffic, pollution, odors and other negative impacts of this program cannot be tolerated, period.

For these reasons, I strongly believe that only waste generated in the San Fernando Valley should be eligible for tipping at the Sunshine Canyon Landfill – and I would like to see any RFP that is issued reflect that intention prior to its issuance and contain provisions for verifying the origin of tipped waste subsequent to its award.

I appreciate your attention to and consideration of these comments.

Sincerely,


MITCHELL ENGLANDER
Councilmember, Twelfth District

City Hall Office • 200 N. Spring Street, Room 405 • Los Angeles, CA 90012 • Phone (213) 473-7012 • Fax (213) 473-6925
Chatsworth Office • 9207 Oakdale Ave. • Chatsworth, CA 91311 • Phone (818) 882-1212 • Fax (818) 701-5254

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March 18, 2013

Steve Nutter
City of Los Angeles
Board of Public Works
200 North Spring Street, Room 361
Los Angeles, CA 90012-4801

Subject: **Commercial Waste Franchise System**

Dear Commissioner Nutter:

Southern California Disposal (SCD) appreciates the opportunity to submit this comment letter regarding the proposed exclusive commercial waste collection franchise system. We recognize that this is a complex and controversial issue and want to acknowledge the Bureau of Sanitation (BOS) for the good work done to date to begin mapping out the implementation plan.

As you are aware, SCD has been and continues to be one of the City's key contractors in good standing and has participated in the Shared Sacrifice program to help the City at a time of need. SCD has provided waste transfer services to your Western Wasteshed out of our Santa Monica transfer station for over 15 years. We are also a small commercial hauler providing collection services to the west LA area. As one of the local family businesses serving Los Angeles since 1962, we are concerned about the ability of companies such as ours to compete for one of the franchise zones as they are currently configured.

As we understand in the current BOS draft plan, there would be 11 franchise zones of which three would be set aside for small haulers only, clustered around the CLARTS facility just south of downtown LA. If we assume that the largest companies may get two of the eight large zones apiece, there will be very few zones left. Secondly, with the small zones all located in one part of the City, it will make it very difficult, if not impossible, for the small haulers located in other areas of the City, such as SCD, to bid effectively on areas so distant from their yards.

To enable a more distributed and expanded means for small haulers to participate, the BOS draft plan also suggests establishing "sub-contracts" for small haulers in the larger zones with the major companies as prime contractors. Although this sounds practical on paper, it is problematic in several ways:

1. These companies have been historic competitors and there is concern that the small companies will be subject to undesirable and/or uneconomical service opportunities.
2. The small haulers may be relegated to collect the poorest accounts, or provide back-up services only.
3. Sub-contractors would need to invest a lot of capital under any agreement with one of the large haulers, which would be very risky; so much so that it could limit the number of small haulers willing to participate.
4. It may also be much more difficult to finance truck and bin purchases as a sub-contractor to a hauler compared to a prime contractor for the City.

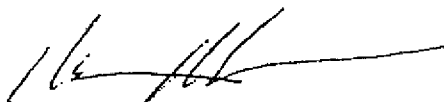
A much better solution across the board for the small haulers would be the establishment of additional small zones across the City. We envision perhaps 12 small zones overall, bringing the total zones to 20. Three can remain clustered around CLARTS, but the remaining nine small zones would be dispersed in all the wastesheds, including one on the west side.

In this scenario, there need be no sub-contracting and a greater portion of our dedicated local companies would have a chance to win a zone and thus stay in business; companies such as SCD that has a corporate office, yard and transfer station in the West Los Angeles area and offers value and benefits only a local hauler can offer. These values and benefits would be lost with the proposed language which would unintentionally prohibit or exclude SCD as a potential contractor. The administrative burden on the BOS should not be any greater under this scenario.

By keeping more companies in business and in the franchise system, the City is better buffered against dependence on a single major hauler in a given area. With as many as 12 small companies as part of the mix, it would be easier to compensate for a dispute or other service disruption involving one of the major haulers.

We appreciate the opportunity to comment and look forward to continuing the dialogue as the plan moves forward.

Best Regards,



Mike Matosian
Vice-President



Daniel Meyers <daniel.meyers@lacity.org>

Exclusive Waste Shed

1 message

Jaime Garcia <jgarcia@hasc.org>

Tue, Mar 19, 2013 at 5:49 PM

To: "Capri Maddox (capri.maddox@lacity.org)" <capri.maddox@lacity.org>

Cc: "Daniel Meyers (daniel.meyers@lacity.org)" <daniel.meyers@lacity.org>, "alex.helou@lacity.org" <alex.helou@lacity.org>

Board President Capri Maddox,

First, thank you and the Bureau staff for taking time to meet with me and a few hospitals to discuss our ongoing concerns with the proposed exclusive franchise ordinance. As a follow-up, attached is a document that outlines issues we've discussed. This document was compiled based on solicited feedback from our hospital workgroup.

Please feel free to contact me at 213-538-0702 should you have any questions.

Best regards,

-Jaime

Jaime Garcia

Regional Vice President - Greater Los Angeles Area

Hospital Association of Southern California

Ph. 213-538-0702 | Fax 213-629-4272 | Cell 213-200-4280



Hospital RFP 3-18-13 (3).pdf

72K

Hospitals are unique service providers that operate in a highly regulated environment. Unlike an office or retail store in the commercial sector, hospitals have a very low threshold for tolerating the accumulation of trash on their loading dock which can expose them to a Public Health violation. The accumulation of trash not only creates an unsanitary condition, but can also have dramatic negative impact on the overall operation of a hospital. Therefore, superior customer service and prior experience with working with hospitals is required.

On the financial front, the Affordable Care Act (ACA) transforms the delivery system with coverage expansion, changes the reimbursement model and promotes efficiency. Coverage expansion is being achieved with payment reductions to hospitals nationwide. To address this cut, as well as additional cuts made by state government, hospitals need to implement efficiencies that can help drive down costs as well address their revenue shortfall. It's estimated that hospital unreimbursed costs in 2012 from government sponsored health programs and indigent care totaled slightly over \$4 billion in Los Angeles County. This total does not include the additional two-percent cut to Medicare under the federal sequester. Identification and implementation of operational efficiencies that yield savings becomes a key strategy for a hospital to transform and survive post-ACA. However, this proposed ordinance impedes a hospital's ability to structure itself in a manner that affords the flexibility to comply with the federal goals associated with health care reform.

There is not one single Request for Proposal (RFP) that is widely used by all hospitals, including those who operate outpatient medical offices across the City of Los Angeles. RFPs are customized to the individual needs of a hospital or hospital system. Therefore, the RFP which the City and hauler agree upon must NOT undermine the current hospital efforts underway in terms of service, safety, sustainability, penalties and revenue guarantees. Below is a list of identified issues.

Service

- Vendor familiarity with hospital campus
- Consistent pick-up hours (within 1-hour of negotiated time)
- 24/7 Customer Service (cell phone contact) with the ability to perform urgent pick-ups within 4-hours
- Deployment of personnel by hauler to assist with collection of recyclable material (up to five days per week). Needs to include the removal of recycling bins from all areas of the hospital (offices, patient care units, etc.)
- Allow schedule modifications to account for waste volume due to hospital activity (up or down) on short notice.
- Monthly reports and charts documenting waste volume by pickup; recycling volume by category; and total diversion as percentage of total waste. Comparison with prior period to show trend.
- Designated back-up hauler to step-in should it be needed at a moment's notice at no additional charge.

Liquidated Damages

- (Dollar amount will vary by hospital)

Penalties

- Associated with late pick-ups two-hours or greater from scheduled times
- Activation of back-up service at hospital discretion if more than two-hours late

Revenue

- Preserve hospital revenue from the sale of recyclable material – (It cannot be reduced nor eliminated.) Minus the cost of hauler's staff to collect recyclables at the hospital.

Arbitration Process

- City must ensure a timely and efficient process that does not exceed one week from the issue occurrence

Administrative Oversight

- RFP must not increase hospital administrative cost (Important to hospital/hospital systems with multiple offsite medical office buildings. Increased cost counters the federal mandate under ACA to reduce costs and improve efficiencies).
- Must provide alternative hauler within six-hours of labor actions taken against the exclusive hauler
- RFP must stipulate that current levels of service at each hospital must not be reduced.
- RFP cannot slow down innovation and ability of hospital, medical offices, specialty facilities to innovate and reduce waste, reduce costs and achieve environmental stewardship goals.
- Need to preserve ability to send solid waste to waste-to-energy and incineration facilities – or other sort of destruction/conversion facilities as technology develops to make such processes a realistic alternative to a landfill. This could lead to arrangements outside of an exclusive hauler.
- Ability to use waste-to-energy facilities or other upcoming technologies without prohibitions or excessive hauling charges. Or, will this waste stream be exempted from solid waste?
- Ability to inspect or audit a waste hauler and their facilities to ensure that waste is being properly handled. If not, corrective action/penalties for the hauler, and protection for the hospitals that entrusted the material to the hauler.