



MARK PESTRELLA, Director

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS**

"To Enrich Lives Through Effective and Caring Service"

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IN REPLY PLEASE
REFER TO FILE

January 07, 2025

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

32 January 7, 2025

Edward Yen

EDWARD YEN
EXECUTIVE OFFICER

**SERVICES CONTRACTS
ENVIRONMENTAL SERVICES CORE SERVICE AREA
AWARD SIX NEW AND APPROVE A SOLE-SOURCE AMENDMENT TO ONE
EXISTING RESIDENTIAL WASTE COLLECTION FRANCHISE CONTRACTS
FOR VARIOUS UNINCORPORATED AREAS
(SUPERVISORIAL DISTRICTS 1, 4, AND 5)
(3 VOTES)**

SUBJECT

Public Works is seeking Board approval to award six new exclusive residential waste collection franchise contracts for the unincorporated areas of Bassett/Valinda/San Jose Hills/West Puente Valley, Charter Oak/Covina, La Crescenta/Montrose, Rowland Heights/South Diamond Bar, South San Gabriel/Whittier Narrows, and South and West Whittier/East La Mirada/Los Nietos/Sunshine Acres; and for a sole-source amendment to extend the term of the existing exclusive residential waste collection franchise contract for services for the unincorporated area of West Whittier.

IT IS RECOMMENDED THAT THE BOARD:

1. Determine that the recommended actions are within the scope of the Residential Waste Collection Franchise Contracts project impacts analyzed in the Negative Declaration and Addendum previously adopted by the Board.
2. Find the health, safety, and welfare of the public require that the County award the exclusive franchise contracts for residential waste collection services for the unincorporated areas of Bassett/Valinda/San Jose Hills/West Puente Valley, Charter Oak/Covina, La Crescenta/Montrose, Rowland Heights/ South Diamond Bar, South San Gabriel/Whittier Narrows, and South and West Whittier/East La Mirada/Los Nietos/Sunshine Acres; and extend the existing exclusive franchise

contract for residential waste collection services for the unincorporated area of West Whittier.

3. Award an exclusive residential franchise contract consisting of two separate tasks. Task 1 - Customer Services for the collection of refuse, recyclables, and organic waste from carts; and Task 2 - County Services for daily monitoring for illegal dumping and collection of solid waste discarded in public rights of way and alleys for the following unincorporated communities:

a. La Crescenta/Montrose to Burrtec Waste Industries, Inc., for a period of 6 years, beginning on April 1, 2025, and expiring on March 31, 2031, with one 2-year renewal option and month-to-month extension of up to 12 months, for a maximum potential contract term of 9 years. The initial monthly rate per customer for Task 1 - Customer Services will be \$39.06. Task 2 - County Services will be for an initial annual contract sum not to exceed \$686,823 and a potential contract sum of \$9,087,951 for the maximum term of the contract.

b. South and West Whittier/East La Mirada/Los Nietos/Sunshine Acres to Arakelian Enterprises, Inc., dba Athens Services, for 7 years, beginning on September 1, 2025, and expiring on August 31, 2032, with two 2-year renewal options and month-to-month extensions of up to 12 months, for a maximum potential contract term of 12 years. The initial monthly rate per customer for Task 1 -Customer Services will be \$36.98. Task 2 - County Services will be for an initial annual contract sum not to exceed \$1,162,668 and a potential contract sum of \$22,207,605 for the maximum term of the contract.

c. Rowland Heights/South Diamond Bar to Arakelian Enterprises, Inc., dba Athens Services, for a period of 7 years, beginning on July 1, 2025, and expiring on June 30, 2032, with month-to-month extensions of up to 12 months, for a maximum potential contract term of 8 years. The initial monthly rate per customer for Task 1 - Customer Services will be \$41.84. Task 2 - County Services will be for an initial annual contract sum not to exceed \$720,777 and a potential contract sum of \$8,259,330 for the maximum term of the contract.

d. South San Gabriel/Whittier Narrows to Ware Disposal, Inc., for a period of 4 years, beginning on July 1, 2025, and expiring on June 30, 2029, with month-to-month extensions of up to 12 months, for a maximum potential contract term of 5 years. The initial monthly rate per customer for Task 1 - Customer Services will be \$36.15. Task 2 - County Services will be for an initial annual contract sum not to exceed \$502,809 and a potential contract sum of \$3,334,002 for the maximum term of the contract.

e. Bassett/Valinda/San Jose Hills/West Puente Valley to Valley Vista Services, Inc., for a period of 4 years, beginning on October 1, 2025, and expiring on September 30, 2029, with month-to-month extensions of up to 12 months, for a maximum potential contract term of 5 years. The initial monthly rate per customer for Task 1 - Customer Services will be \$36.71. Task 2 - County Services will be for an initial annual contract sum not to exceed \$506,244 and a potential contract sum of \$3,356,780 for the maximum term of the contract.

f. Charter Oak/Covina to Arakelian Enterprises, Inc., dba Athens Services, for a period of 4 years, beginning on November 1, 2025, and expiring on October 31, 2029, with month-to-month extensions of up to 12 months, for a maximum potential contract term of 5 years. The initial monthly rate per customer for Task 1 - Customer Services will be \$36.72. Task 2 - County Services will be for an initial annual contract sum not to exceed \$610,092 and a potential contract sum of \$4,045,374 for the maximum term of the contract.

4. Delegate authority to the Director of Public Works or his designee to adjust: the monthly rate for

basic services billed directly to the customers; the monthly rates as billed by the contractor for additional Customer Services, such as more containers or collection at a higher frequency billed directly to the customers; the monthly rate billed to the County by the contractor for County Services; and the contract amount, if applicable, as follows:

- a. By up to 10 percent of the previous year's rate for unforeseen, additional work within the scope of the contract;
- b. By up to 10 percent of the previous year's rate for applicable changes in law; and
- c. By up to 5 percent of the previous year's rate to allow for changes affecting the solid waste industry, including prices for labor, fuel, and the processing of various types of commodities.

5. Delegate authority to the Director of Public Works or his designee to (1) execute these contracts; (2) take all the necessary and appropriate steps to carry out these contracts; (3) renew these contracts using any renewal option and extension period if, in the opinion of the Director of Public Works or his designee, the contractor has successfully performed during the previous contract period and the services are still required; (4) approve and execute amendments to incorporate necessary changes within the Task 1 - Customer Services and Task 2 - County Services and specifications; and (5) suspend and/or terminate the contract if, in the opinion of the Director of Public Works or his designee, it is in the best interest of the County to do so.

6. Delegate authority to the Director of Public Works or his designee to negotiate a sole-source amendment to the existing exclusive franchise contract for residential waste collection services with Universal Waste Systems, Inc., for the unincorporated area of West Whittier (Contract No. 003228) on a month-to-month basis for up to 3 months.

7. Delegate authority to the Director of Public Works or his designee to execute the sole-source amendment to the existing exclusive residential franchise contract for West Whittier upon approval as to form by County Counsel and proper execution by the contractor.

8. With respect to the sole-source extension, delegate authority to the Director of Public Works or his designee to adjust the rates of the existing exclusive residential franchise contract for West Whittier by up to 5 percent of its current rate to allow for changes affecting the solid waste industry, including prices for labor, fuel, and the processing of various types of commodities. The rates to be adjusted include:

- a. The monthly rate for basic services included in Task 1 - Customer Services, billed directly to the customers;
- b. The monthly rates as billed by the contractor for additional Task 1 - Customer Services, such as more containers or collection at a higher frequency, billed directly to the customers;
- c. The monthly rate billed for Task 2 - County Services, billed to the County; and
- d. The contract amounts.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will comply with the California Environmental Quality Act (CEQA) and allow Public Works to award six new exclusive franchise contracts for residential waste collection services for the unincorporated areas of Bassett/Valinda/San Jose Hills/West Puente Valley, Charter Oak/Covina, La Crescenta/Montrose, Rowland Heights/South Diamond Bar, South San Gabriel/Whittier Narrows, and South and West Whittier/East La Mirada/ Los Nietos/Sunshine

Acres (Enclosure 1) and to grant a sole-source extension to the existing exclusive franchise contract for residential waste collection for the unincorporated area of West Whittier.

The recommended actions will allow for the collection of refuse, recyclables, and organic waste from residential properties and the collection of abandoned solid waste discarded in the public right of way in these unincorporated communities. These services are essential to protect public health and safety and improve the quality of life in these unincorporated communities.

Additionally, the proposed contracts will allow the County to develop programs, records, and reports required under Assembly Bill 939 (1989), Senate Bill 1383 (2016), and other applicable laws and regulations.

Community meetings were held before the start of the solicitation process to inform residents about the expiration of existing waste collection contracts in their areas and to gather their input on the services to be included in the new contracts.

The proposed sole-source extension is necessary to allow sufficient time for the contractor to purchase the necessary equipment and ensure a smooth transition to services under the new contract. The extension will also allow sufficient time for the new contractor to coordinate with the current contractor to replace containers as applicable, conduct robust outreach and community engagement, and hire sufficient staff to ensure a smooth transition to the new contract.

Implementation of Strategic Plan Goals

These recommendations support the County Strategic Plan: North Star 2, Foster Vibrant and Resilient Communities, Focus Area Goal D, Sustainability, Strategy I, Climate Health, by improving the environmental, economic, and social well-being of our communities while maximizing and leveraging resources by collecting adequate funding to provide trash collection and recycling services, including the collection of illegal dumping, which protects the environment and improves the quality of life of the residents within the service areas and surrounding areas.

FISCAL IMPACT/FINANCING

There will be no impact on the County General Fund.

Task 1 - Customer Services includes the automated collection, disposal, and processing of refuse, recyclable, and organic waste services, which are billed to and paid for directly by the customers to the contractor. Task 2 - County Services includes the monitoring, cleanup, collection, transportation, disposal, and management of discards from all public rights of way, alleys, and specified public curbside receptacles, which are billed to and paid for directly by the County to the contractor.

The selected contractor for each franchise area would pay the County an annual franchise fee in the amount of 10 percent of each contractor's monthly gross receipts. Payment of the franchise fee is the sole responsibility of the franchised contractor. In Fiscal Year 2025-26, the County expects to collect a total of \$1,954,000 in franchise fees from the six exclusive franchise contracts for residential waste collection services for the unincorporated areas of Bassett/Valinda/San Jose Hills/West Puente Valley, Charter Oak/Covina, La Crescenta/Montrose, Rowland Heights/South Diamond Bar, South San Gabriel/Whittier Narrows, and South and West Whittier/East La Mirada/ Los Nietos/Sunshine Acres. The franchise fees will be deposited in the Solid Waste Management Fund (GD1- Revenue Source: 8355). The total amount of franchise fees to be collected shall not exceed the County's reasonable costs to administer the franchises for the benefit of the franchised

contractors.

Funding for Task 2 - County Services for Bassett/Valinda/San Jose Hills/West Puente Valley, Charter Oak/Covina, La Crescenta/Montrose; South San Gabriel/Whittier Narrows; Rowland Heights/South Diamond Bar; and South and West Whittier/East La Mirada/Los Nietos/Sunshine will be included in the Road Fund (B03, Services and Supplies) Fiscal Year 2025-26 Budget. The Solid Waste Management Fund will reimburse the Road Fund for Task 2 - County Services.

Funding for Task 2 - County Services contracts' future years, including up to 5 percent each year for annual rate adjustments for changes affecting the solid waste industry, up to 10 percent contingency for unforeseen additional work within the scope of the contract, and up to 10 percent for applicable changes in law as authorized by the contract, if required, will be requested through the annual budget process.

Task 1 - Customer Services and Task 2 - County Services rate adjustments authorized by the contract are as follows:

First, a rate adjustment increases on July 1 following the commencement of the contract and annually thereafter based on annual changes affecting the solid waste industry, including prices for labor, fuel, and the processing of various types of commodities for a maximum annual adjustment of 5 percent over the initial period and up to 5 percent for each optional renewal year.

Second, an increase of the annual contract amount is allowed due to unforeseen additional work within the scope of the contract, up to 10 percent per year.

Third, a rate adjustment increase of the annual contract amount is allowed due to applicable changes in law, up to 10 percent per year.

Additionally, franchise fees collected from the sole-source extension of the existing exclusive residential waste collection franchise contract for the unincorporated area of West Whittier in the amount of \$41,000 will be deposited in the Solid Waste Management Fund (GD1- Revenue Source: 8355).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Title 20 – Utilities, of the Los Angeles County Code, Section 20.70.020 authorizes the Board to award nonexclusive, partially exclusive, or wholly exclusive franchises for certain solid waste handling services for any given geographic area of the unincorporated territory of the County. The selected contractors pay the County a fee for benefits conferred upon the contractor by the franchise that does not exceed the County's reasonable costs to administer the franchise program.

The recommended contractors for the six proposed exclusive franchise contracts for residential waste collection services are as follows:

- La Crescenta/Montrose to Burrtec Waste Industries, Inc., located at 9890 Cherry Avenue, Fontana, CA 92335.
- South and West Whittier/East La Mirada/Los Nietos/Sunshine Acres to Arakelian Enterprises, Inc., dba Athens Services, located at 14048 Valley Boulevard, City of Industry, CA 91746.
- Rowland Heights/South Diamond Bar to Arakelian Enterprises, Inc., dba Athens Services, located at 14048 Valley Boulevard, City of Industry, CA 91746.
- South San Gabriel/Whittier Narrows to Ware Disposal, Inc., located at 1035 East 4th Street,

Santa Ana, CA 92701.

- Bassett/Valinda/San Jose Hills/West Puente Valley to Valley Vista Services, Inc., located at 17445 East Railroad Street, City of Industry, CA 91748.
- Charter Oak/Covina to Arakelian Enterprises, Inc., dba Athens Services, located at 14048 Valley Boulevard, City of Industry, CA 91746.

The proposed contracts which will be in a form substantially similar to the form previously viewed and approved by County Counsel as shown in the enclosed sample contract (Enclosure 2), were solicited on an open-competitive basis, in accordance with applicable federal, State, and County requirements. Enclosure 3 reflects the proposers' utilization participation and community business enterprise program information. Data regarding the proposers' minority participation is on file with Public Works. The recommended contractors were selected upon final analysis and consideration without regard to race, creed, gender, or color.

The existing exclusive franchise contract for residential waste collection services for the unincorporated community of West Whittier was approved for an initial term of 7 years with three 1-year renewal options. Subsequently, the Board approved a request to extend the contracts on a month-to-month basis for up to 12 months to allow time to complete the solicitation process for the new contracts. This contract is set to expire on June 30, 2025.

Public Works is seeking approval for sole-source amendment to extend the existing exclusive franchise contract for residential waste collection services for the unincorporated community of West Whittier for an additional month-to-month up to 3 months, which will allow the new contractor 9 months to transition to new services. Although the solicitation process has been completed and the contractor has been selected and recommended for the Board's approval, the recommendation to extend this contract is necessary. This will allow the contractor sufficient time to ensure a smooth transition to new services, which will include work such as reviewing the area and planning their routes, reviewing the customer list and each customer's service levels for accurate delivery of carts and services, coordinating with the existing contractor with removal of old carts and delivery of new carts, printing and mailing outreach materials, and conducting community meetings. This additional time is also needed to allow time for the hiring of sufficient staff, procurement, and delivery of equipment such as trucks and carts, especially for the new South and West Whittier/East La Mirada/Los Nietos/Sunshine Acres, which will have a total of approximately 20,000 customers.

Public Works has evaluated and determined that the Living Wage Program (Los Angeles County Code, Chapter 2.201) does not apply to the proposed contracts and sole-source extensions, which are not subject to Proposition A. Authority to award contracts for solid waste handling services is expressly provided by California Public Resources Code, Section 49019.

The proposed contracts and sole-source extension contain terms and conditions set forth by the County's ordinances, policies, and programs. The Director of Public Works or his designee will execute the proposed contracts and sole-source amendments in accordance with the Board's authorization and only upon approval as to form by County Counsel and execution by the contractors.

ENVIRONMENTAL DOCUMENTATION

On November 20, 2007, the Board adopted the Negative Declaration for the Franchise Solid Waste Collection System project, finding that there was no substantial evidence the project would have a significant effect on the environment. On January 30, 2018, the Board adopted an Addendum to the

Negative Declaration to address the potential environmental impacts due to changes to the previously approved project, which concluded that the changes would not have a significant effect on the environment.

The recommended actions are within the scope of the project in the previously adopted Negative Declaration and Addendum. The proposed contracts and sole-source extension would allow selected waste haulers to provide weekly automated solid waste, recycling, and organic waste collection, as well as the removal of abandoned waste from the public right of way and emptying of curbside public receptacles if needed in the unincorporated County communities of Bassett/Valinda/San Jose Hills/West Puente Valley, Charter Oak/Covina, La Crescenta/ Montrose, Rowland Heights/South Diamond Bar, South San Gabriel/Whittier Narrows, and South and West Whittier/East La Mirada/Los Nietos/Sunshine Acres.

There are no changes to the project or to the circumstances under which the project is undertaken that require further review under CEQA.

The location of the documents and other materials constituting the record of the proceedings upon which the Board's decision is based on this matter is with the County of Los Angeles Public Works, Transportation Planning and Programs Division, 900 South Fremont Avenue, 11th Floor, Alhambra, California 91803. The custodian of such documents and materials is Ms. Reyna Soriano, Civil Engineer, at Los Angeles County Public Works.

Upon the Board's approval of the project, Public Works will file a Notice of Determination with the County Clerk and the State Clearinghouse in the Office of Planning and Research in accordance with Section 21152 of the California Public Resources Code.

CONTRACTING PROCESS

On June 18, 2024, a notice of the Request for Proposals (RFP) was placed on both the County's "Doing Business With Los Angeles County" website (Enclosure 4) and "Do Business With Public Works" website, and X (formerly Twitter). Advertisements were also placed in the Los Angeles Daily Journal, Los Angeles Sentinel, La Opinión, The Daily Breeze, The Signal (Santa Clarita), World Journal, Watts Times, The Malibu Times, Press Telegram, and Pasadena Star News. Also, Public Works informed 1,591 Local Small Business Enterprises, 166 Disabled Veteran Business Enterprises, 170 Social Enterprises, 873 Community Business Enterprises, and 1,385 Community-Based Organizations about this business opportunity. Additionally, the Department of Economic Opportunity conducted a focused outreach and informed 17 related businesses about this business opportunity.

On August 12, 2024, six proposals were received. The proposals were first reviewed to ensure that they met the minimum requirements in the RFP. All proposals were evaluated by an evaluation committee consisting of Public Works staff utilizing the informed averaging methodology for applicable criteria. The evaluation was based on criteria described in the RFP, which included Task 1 price; Task 2 price; experience, work plan, disputes, actions, contests, and debarments; environmental history; financial resources; and references.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will continue waste collection services without disruption to

the public and will not result in the displacement of any County employees.

CONCLUSION

Please return one adopted copy of this Board letter to Public Works, Environmental Programs Division.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark Pestrella". The signature is fluid and cursive, with the first name "Mark" and last name "Pestrella" clearly distinguishable.

MARK PESTRELLA, PE

Director

MP:EKT:yt

Enclosures

c: Chief Executive Office (Chia-Ann Yen)
County Counsel
Executive Office