City of Long Beach
Working Together to Serve

Memorandum

Date: March 1, 2016

To: Patrick H. West, City Manager

From: Craig A. Beck, Interim Director of Public Works
John Gross, Director of Financial Management

For: Mayor and Members of the City Council

Subject: **Supplemental Information Regarding City Recycling Collection Services Contract – March 8, 2016 – Agenda Item #R-20**

DISCUSSION

At its March 8, 2016 meeting, the City Council will be asked to consider staff's recommendation for the award of a 10-year contract for recyclable collection services to USA Waste of California, dba Waste Management of Long Beach, in an annual amount not to exceed $3,500,000, plus an annual Consumer Price Index (CPI) adjustment.

A letter of concern (with regard to the Request for Proposals (RFP) process) was received from EDCO Waste and Recycling Services (EDCO) and a formal protest of the RFP process was received from Consolidated Disposal Services, dba Republic. The award of the recyclable collections contract originally scheduled for the February 9, 2016 City Council meeting was withdrawn by staff to allow sufficient time to review the concerns. Subsequently, the Purchasing and Business Services Manager evaluated both the letter of concern and the protest and determined that there was no basis to reissue the RFP or to alter staff's recommendation. Appropriate letters of explanation were released to EDCO and Republic today.

EDCO's letter of concern involved three areas, including the replacement of carts in both the 10- and 7-year term proposals. Additionally, EDCO's letter indicated that they had offered a lump sum payment for replacement carts. Although not called out as a "protest," staff reviewed these claims and has responded directly to EDCO that:

1. The proposed elimination of the anti-scavenging grant would result in additional cost to the City;
2. Following receipt of the proposals, staff compared all of the various options against the stated criteria in the specifications, and determined it was in the City's interest to use the 10-year option with replacement as needed; and,
3. The lump sum payment did not adequately ensure that the City would not incur additional cost if all 110,000 carts were needed to be replaced.

With regard to Republic's protest, City staff met with representatives from Republic, at which they raised two primary areas of concern:

1. The City had misinterpreted Republic's pricing and, thus, incorrectly concluded a higher first year annual cost; and
2. The City did not include all the information about "enhanced services" included in their RFP response.

City staff has reviewed and understands the basis of Republic's concerns, and does not believe the issues raised give cause to reissue the RFP or otherwise change staff's recommendations.

Republic contends their proposal price was not the amount they noted on the "Total Cost to City" section, but rather an amount footnoted on the proposal form; notwithstanding that is not how the form was designed to be used. Staff prepared a revised proposal matrix (attached) to include both the price Republic entered into the "Total Cost to City" section on the proposal form (their official price in accordance with the RFP form), and also the footnoted price, which Republic contends is the correct amount. Additionally, the matrix was modified to include all "enhanced services" included in Republic's proposal.

The tables below show the first year annual cost for both the 7-year and 10-year options with cart replacement as needed. Although staff stresses that this is not a bid and cost is only one factor, Republic is not the lowest cost proposal in either option, even after adjustments are made to account for the price that appeared as a footnote on their proposal form.

7-YEARS	
Proposer	First Year Annual Cost
EDCO	$3,484,000
WM	$3,807,000
Athens	$6,216,000
Republic	$6,822,000
Republic **	$4,258,500
**= Republic's footnoted amount	

10-YEARS	
Proposer	First Year Annual Cost
EDCO	$3,325,000
WM	$3,500,000
Athens	$6,146,000
Republic	$6,762,000
Republic **	$4,131,316
**= Republic's footnoted amount	

The RFP process was guided by HF&H Consulting, a highly-regarded industry expert in refuse collection and recycling procurement. Furthermore, a formal protest process was followed to review for issues. No issues were found to warrant a re-initiation of the selection process. The City would experience additional expenses in the approximate amount of $100,000 should the RFP process be re-initiated. This additional cost would be comprised of unrealized service fee savings between the current contract and the recommended proposal and additional consultant fees to develop another RFP and conduct another selection process.

Staff affirms its recommendation to award to Waste Management for a 10-year contract term. This is based on the evaluation criteria, the unique proposal features, the cost, and the fact that there will be no service impact on customers since there will be no need for a transition plan since the City will retain the current service provider.

SUPPLEMENTAL INFORMATION

For your reference, the following supplemental information provides an overview of the selection process and staff's recommendation for award.

- The City hired HF&H Consulting to assist in the development of the Recycling Services RFP and the selection process. HF&H is one of the leading consultants in the field of waste collection. They have assisted approximately 300 public agencies with their solid waste programs, including cities such as Bellflower, Lawndale, Santa Clarita, Hermosa Beach, Manhattan Beach, and others. HF&H has conducted over 70 competitive waste service contract selections.

- The RFP process allows the City to include qualitative consideration of the stated criteria, where price is a factor, but not the primary consideration used by the evaluation team to select a vendor. This allows the City to make a selection that provides the overall "best value."

- The RFP was distributed to the Waste Services industry on April 21, 2015, asking vendors to provide pricing information for a ***7-year term***, including the replacement of all 110,000 collection carts.

- Four proposals were received.

- A Selection Committee comprised of City staff from Public Works, the City Manager's Office, and HF&H Consulting evaluated the four proposals based on the following criteria:
    - Demonstrated competence in providing the desired service
    - Experience in performance of comparable engagements
    - Technical elements of the proposal
    - Reasonableness of cost
    - Expertise and availability of key personnel to support ongoing operations
    - Financial stability
    - Conformance with the terms of the RFP

- As a result of the information gathered during the interview process, the City issued an addendum to all four proposers requesting submittal of additional pricing options to their respective proposals. Addendums are a standard procurement process for

requesting additional information from proposers/vendors for RFPs/ITBs. With the goal of identifying potential cost savings, the firms were asked to provide pricing information for a ***10-year term***, including the replacement of collection carts, as needed, up to 110,000 carts.

The annual cost of the respondents varies greatly, ranging from $3.325 million to $6.762 million. The vendors also presented different operational elements. The attached matrix provides an overview of the proposal information.

After a thorough review of the proposals and pricing options, the Selection Committee determined that Waste Management represents the best combination of price and services. Furthermore, Waste Management has successfully provided recycling collection for City-serviced residential and commercial accounts for the past 22 years. They have an outstanding safety record and their current contract results in the employment of approximately 100 individuals living in Long Beach. The selection of Waste Management assures there will be no impact to collection schedules. The City can expect to continue to receive excellent service at a lower cost than what is currently paid.

CB/JG:CT:GH:RJ

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The following provides a summary of the major elements included in the RFP responses:

FIRM	PROPOSAL CHARACTERISTICS	FIRST YEAR COST
USA Waste of California, dba **Waste Management of Long Beach**	• Cited collection experience in 25 cities in Los Angeles County including 22 years of experience collecting recyclables from City of Long Beach (City) residential and commercial accounts • Represented labor (Teamsters local 396) • No transition plan required • Up to 110,000 carts replaced as needed • 33,910 tons of waste from LB and surrounding communities delivered to SERRF - est. $2,102,420 • Most recent safety rating: 0.71 (1.0 is average; lower is better) • Current collection program employs approximately 100 LB residents • Partnerships with the City include: o Residential and commercial recycling collection o SERRF ash reuse at landfill (estimated disposal cost savings $2,250,000) o Harbor Department collection o Current franchised commercial refuse collection operator in CLB	$3,500,000
	ENHANCED FEATURES 1. WM will implement its Recycle Often, Recycle Right Public Education Campaign, which uses community based social marketing to complement the City of Long Beach outreach program. The program includes: traditional public outreach, grassroots community outreach, social media, and school outreach. 2. WM will implement WM Logistics, a web based fleet optimization software and services. The program includes: route optimization, planning, scheduling, dynamic dispatching and mobile communication, performance auditing, GPS real-time asset tracking, and may ultimately be used to aid City crews in optimization of the refuse collection routes. 3. WM will provide school presentations to grades K-12 at schools in the City. WM will also rebuild the City's Traveling Recycling Education Center (TREC), and bring to school and community events (estimated one-time value of $10,000). 4. WM will implement a partnership with Grades of Green, funding approximately five school programs per year, to bring sustainability programs to Long Beach schools. 5. WM will sponsor additional interns (at least five interns per year) for the City's Demonstration Edible Garden at City Hall, and seek green-economy based workforce employment in the City. 6. WM will fund at least one composting class per month at a City facility. 7. WM will provide two document shredding events per year (open to City of Long Beach residents only). 8. WM will provide and collect "Bagster Bags" from community cleanup and beautification events (number of bags and events TBD). 9. WM will share and collaborate with City managers to improve safety and operational best practices. 10. WM will provide and collect from residential battery and light bulb drop-off boxes placed at City facilities. 11. WM will provide up to $5,000 per year for participatory budgeting projects to City Council Districts and neighborhood associations. 12. WM will host biennial (every other year) "Recycle Your Bicycle" bike collection and re-use drives in conjunction with the City's Public Works Department, Partners for Parks and members of the bike community. 13. WM will provide grant funding (amount TBD) and consultative support (possibly including internships) to help the City manage the "LB-Exchange" reuse database and smart phone app. 14. WM will collect and donate used running shoes from the Long Beach Marathon and Half Marathon. 15. Co-Branding of WM trucks. WM is exploring the possibility of generating revenue that could be shared with the City of Long Beach through commercial co-branding of WM's trucks with outside vendors that would be approved by both WM and the City. 16. WM will provide seasonal support to City of Long Beach collection crews to collect and process discarded Christmas trees.	

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FIRM	PROPOSAL CHARACTERISTICS	FIRST YEAR COST

EDCO Waste and Recycling Services	• Cited collection experience in 5 cities in LA County – Long Beach would be largest city account in Los Angeles County
	• Labor is not collectively represented
	• Transition plan required
	• Up to 80,000 carts replaced as needed (30,000 fewer than RFP standard of 110,000)
	• 19,650 tons of waste from LB and surrounding communities delivered to SERRF – est. $1,218,300
	• Most recent safety rating: 0.99 (1.0 is average; lower is better)
	• Partnerships with the City include:
	  o CLB utilizes EDCO transfer station for solid waste disposal
	  o Provides regional facility for household hazardous waste drop-off
	  o Green waste diversion contract with City
	  o Current franchised commercial refuse collection operator in CLB
		$3,325,000*
		
		*City is taking the risk for any carts needed over 80,000. If full replacement of 110,000 carts is needed, City will incur costs of an additional $1,500,000 over 10 years

	ENHANCED FEATURES 1. EDCO will purchase ~$529,000 of natural gas and transmission line services from the City of Long Beach Gas and Oil Department to fuel the CNG collection fleet during the life of the contract. 2. EDCO will provide up to six residential "Shred Day" events per year. The events will be fully staffed, publicly noticed, and held at designated locations throughout the City or at the ER&T. 3. EDCO will provide free mulch to residential customers at the "Shred Day" events. 4. EDCO will collect e-waste at the "Shred Day" events. 5. EDCO will invest in four-way recording safety cameras on all collection vehicles serving the City of Long Beach. 6. EDCO will implement the "EDCO Recycler of the Month" award and provide the recipient with a $200 check in a public presentation. 7. EDCO will implement the "EDCO Recycling Challenge" for all public and private schools that participate in the City's recycling program. 8. EDCO will make the Public Education Room at ER&T available for use by the City of Long Beach to promote recycling, source reduction, proper waste disposal and other items of interest. 9. EDCO will fund an additional $50,000 per year, to be invested at the discretion of the City, to support anti-scavenging efforts. EDCO also offers to remove this investment, reducing compensation by $50,000. 10. EDCO will offer a supplemental public education effort to support the efforts of the ESB. 11. EDCO will offset any interim rate reduction the incumbent service provider proposes to enact prior to the proposed June 1, 2016 start date.	

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FIRM	PROPOSAL CHARACTERISTICS	FIRST YEAR COST
Arakelian Enterprises Inc., dba **Athens Services**	• Cited collection experience in 22 cities in LA County – Long Beach would be largest city account in Los Angeles County • Labor is not collectively represented • Transition plan required • Up to 110,000 carts replaced as needed • 28,100 tons delivered to SERRF – est. $1,742,200 • Most recent safety rating: 0.72 (1.0 is average; lower is better) • Partnerships with the City include: ○ Current franchised commercial refuse collection operator in CLB	$6,146,000
	ENHANCED FEATURES	
	1. Athens will use its website to promote environmental programs within the City of Long Beach. Athens will establish a dedicated location for the City of Long Beach customers. Athens will also develop a YouTube Channel called "Your Athens Services" to showcase educational videos to supplement the City's outreach program. 2. Athens will host at least two community-based compost give-away events per year. 3. Athens will provide up to 100 cubic yards of compost annually to the City for use in parks, parkways or other areas for beautification. 4. Athens will provide two residential E-waste Recycling and Clothing Drop-Off events per year. Athens will collaborate with the City to identify a Long Beach charitable organization to receive the donated materials. 5. Athens will provide the Long Beach City Council with regular updates on the program, services, new technologies, and the general state of the waste and recycling industry, as well as on updates on government actions that impact the City.	

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FIRM	PROPOSAL CHARACTERISTICS	FIRST YEAR COST

Consolidated Disposal Services, dba
 	
Republic
	• Cited collection experience in 13 cities and 5 County Districts in Los Angeles County
	• Represented labor (Teamsters Local 396)
	• Transition plan required
	• Up to 110,000 carts replaced as needed
	• City agreement for solid waste disposal at transfer station; non-exclusive franchise operator
	• 6,181 tons delivered to SERRF – est. $383,222
	• Most recent safety rating: 0.98 (1.0 is average; lower is better)
	• Partnerships with City include:
	  o CLB utilizes Republic transfer station for solid waste disposal
	  o Green waste diversion contract with City
	  o Current franchised commercial refuse collection operator in CLB
		$6,762,000*
		
		*Republic provided a footnote that shows a lower amount of $4,131,036 as their first year cost to the City

	ENHANCED FEATURES 1. Republic will utilize its Contamination Elimination Program, which involves: targeting specific commodity types, visual confirmation via photos, timely follow-ups, and the ability to identify contaminant trends. 2. Republic will hire a variety of positions including drivers, mechanics, customer service representatives, administrative personnel and management trainees from Long Beach-based Pacific Gateway Workforce Investment, which prioritizes recruiting and hiring job applicants from within the Long Beach area. 3. Republic will provide multiple career path internships to students from the Long Beach Unified School District, Long Beach City College, and California State University Long Beach. 4. Republic will provide nine $500 scholarships each year to assist college-bound high school seniors. To qualify, students must host a recyclable drive on their school campus. 5. Republic will partner with the Long Beach Unified School District and the Long Beach Education Foundation to provide the "Link Learning" program, which would provide Long Beach students the opportunity to gain career experience at various Republic Services facilities in the area. 6. Republic will provide school presentations using its branded character "MRFy the Robot." 7. Republic will provide Long Beach schools with milk carton recycling bins and "how to" materials. 8. Republic will support Operation Jump Start College Mentoring Program by hosting workshops and field trips, and also by developing environmental sciences and recycling mentoring programs. 9. Republic will host an annual Holiday Toy Drive to support New Image Homeless programs in Long Beach. 10. Republic will host two document shredding events per year. 11. Republic will support Keep California Beautiful programs, and will serve as a liaison between Keep California Beautiful and the City of Long Beach, with a focus on bringing grant funds to the City. 12. Republic will work with City staff to increase recycling at special events in Long Beach. Republic will provide recycling containers throughout the concert area in all four parks during the Long Beach Municipal Band Concerts in the Park. Republic will donate all proceeds from the recycling efforts to the Municipal Band Fund. 13. Republic will recognize 100 residences each year for making an exemplary effort in participating in curbside recycling. The rewards value will be capped at $2,500 per year.	