



# City of Huntington Park

## Special Meeting of City Council

### Evaluation of Solid Waste and Recycling Services Proposals

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# Background

- The City contracts with:
  - Waste Management for Residential Services
  - Republic Services for Commercial Services
- Agreements expire December 31, 2014<sup>(1)</sup>

(1) Commercial agreement may be terminated earlier, upon 90 days notice from City.

# RFP Process/Schedule

- RFP Released March 18, 2014
- Pre-Proposal Conference April 8, 2014
- Proposals Due May 22, 2014
- Questions/Proposal Summary to Proposers June 13, 2014
- Initial Clarifications Due June 20, 2014
- City Council Review July 19, 2014
- Proposer Presentations and City Council Selection for Negotiations July 28, 2014
- City Council Award of Negotiated Contract August 18, 2014
- Contract Start Date January 1, 2015

# Key Contract Terms

- Contract Term – 7 1/2 years, with up to three one-year extensions at City's sole option
- New Residential Carts – Refuse, Recycling, Green Waste
- Residential Bulky Item Collection – 4 items/week - no cost
- 10% Senior Discount
- 15% Franchise Fee
- Hauler-Funded Biennial Audits
- City Facilities and Events Collection - No Cost
- Rates adjusted annually by CPI

# Key Service Enhancements

- All billing to be performed by hauler (currently City bills residents)
- Sharps program for single & multi-family customers
- Natural gas collection vehicles
- No charge for additional green waste carts
- Semi-annual City-Wide Clean Up Events

# Current Annual Rate Revenue and Billing Unit Count by Customer Category

	Residential Cart Service	Commercial Service	Roll-Off and Temporary Bin Service	Total Annual Rate Revenue
Customer/Billing Unit Count	6,133 <sup>(1)</sup>	2,095 <sup>(2)</sup>	348 <sup>(3)</sup>	8,576
% of Total Billing Units	72%	24%	4%	100%
Current Annual Rate Revenue	\$1,682,000	\$4,584,000	\$179,000	\$6,445,000
% of Current Rate Revenue	26%	71%	3%	100%

(1) Residential cart customers (6,126 standard, 7 senior).

(2) 1,605 bins and 490 commercial carts.

(3) 333 roll-off box pulls and 15 temporary bin pulls in 2013.

# Current Residential Rate Revenue Calculation

# of Customers	X	Customer Rate/Month	X	12 Months	=	Total Annual Rate Revenue
<ul style="list-style-type: none"> <li>• 6,126 Standard</li> <li>• 7 Seniors</li> <li>• 107 Extra Carts</li> </ul>		\$22.69 \$20.42 \$9.74		x 12		\$1,668,000 \$1,700 <u>\$12,500</u> \$1,682,200

# Select Proposed Rates

Residential Rate		
Proposer	Rate	%
UWS	\$11.98	(47%)
VVS	14.65	(35%)
WRS	15.49	(32%)
Athens	15.66	(31%)
WMLA	15.69	(31%)
Republic	16.50	(27%)
UPW	16.59	(27%)
NASA	17.90	(21%)
CR&R	18.47	(19%)
WRI	19.00	(16%)
<i>Current</i>	<i>\$22.69</i>	-

Downtown - Pacific Commercial 2 yd. bin, 1x/wk		
Proposer	Rate	%
Athens w/	\$87.56	(43%)
Athens w/o	100.69	(35%)
CR&R	108.05	(30%)
WRI	119.00	(23%)
Republic	132.30	(14%)
VVS	136.77	(11%)
WMLA	146.35	(5%)
NASA	149.50	(3%)
WRS	149.88	(3%)
UPW	150.00	(3%)
UWS	154.36	0%
<i>Current</i>	<i>\$154.36</i>	-

General Commercial 3 yd. bin, 1x/wk		
Proposer	Rate	%
Athens w/	\$98.15	(42%)
Athens w/o	112.87	(34%)
CR&R	117.22	(31%)
UPW	135.00	(21%)
Republic	148.50	(13%)
NASA	150.00	(12%)
WMLA	152.90	(10%)
VVS	155.43	(9%)
WRS	164.96	(3%)
WRI	165.00	(3%)
UWS	169.89	0%
<i>Current</i>	<i>\$169.89</i>	-

# Overall Cost Competitiveness

## Estimated Total Customer Cost Over Contract Term

Proposer		7.5-Year Customer Cost (millions)	% Increase from Low Cost Proposal
1	Athens w/o processing	\$ 37.2	-
2	United Pacific Waste	\$ 40.4	8%
3	Athens w/processing	\$ 41.2	10%
4	CR&R	\$ 44.0	18%
5	Republic	\$ 44.4	19%
6	Waste Management	\$ 45.0	21%
7	Universal Waste	\$ 45.3	22%
8	NASA	\$ 45.4	22%
9	Waste & Recycling	\$ 46.5	25%
10	Valley Vista	\$ 48.0	29%
11	Waste Resources	\$ 55.3	48%

# Proposed First-Year Rate Revenue Compared to Current Rate Revenues

(sorted low to high based on total rate revenue)

Proposer		Residential Cart Service	Commercial Service	Roll-Off and Temporary Bin Service	Total First-Year Rate Revenue
1	Athens w/o bin processing	(31%)	(27%)	(20%)	(28%)
2	Athens w/bin processing	(31%)	(17%)	(20%)	(21%)
3	United Pacific Waste	(27%)	(19%)	(7%)	(20%)
4	CR&R	(18%)	(15%)	21%	(15%)
5	Republic	(27%)	(10%)	5%	(14%)
6	Waste Management	(31%)	(9%)	28%	(13%)
7	Universal Waste Systems	(47%)	0%	(6%)	(13%)
8	NASA	(21%)	(10%)	(7%)	(13%)
9	Waste & Recycling Svcs	(32%)	(3%)	(6%)	(10%)
10	Valley Vista	(35%)	2%	10%	(8%)
11	<i>Current Rates</i>	-	-	-	-
12	Waste Resources	(16%)	16%	(24%)	7%

# Huntington Park Rate Revenue as a Percentage of Company's Total Revenue

Waste Management	Less than 1%
Republic	Less than 1%
CR&R	2%
Athens	2%
Valley Vista	11%
Universal Waste Systems	19%
NASA	26%
United Pacific Waste	30%
Waste Resources	41%
Waste & Recycling	178%

# Regulatory Considerations

- Existing hauler recycling rate is 20%
- Huntington Park City-wide CalRecycle diversion rate is 65%
- CalRecycle requirement for cities is effectively 50%
- State goal under AB 341 is 75% by 2020
- Mandatory commercial/multi-family organics programs are proposed (AB 1826)
- Future transformation credit is uncertain
- Trend is towards higher recycling requirements

# Commercial/Multi-Family Recycling Program

- Source Separated Recyclables Collection;  
and/or
- Mixed Waste Processing

# Proposed Hauler-Collected Recycling Rate and Impact on City-Wide Diversion Rate

Proposed Hauler Recycling Plan		
Proposer	Proposed	City-Wide <sup>(1)</sup>
Waste & Recycling	61%	81%
Universal Waste	48%	76%
Valley Vista	37%	71%
NASA	35%	70%
Waste Management	33%	69%
Athens w/processing	33%	69%
United Pacific Waste	31%	69%
CR&R	30%	69%
Republic	24%	67%
<i>Existing City Diversion</i>	<i>20%</i>	<i>65%</i>
Waste Resources	20%	65%
Athens w/o processing	14%	62%

Plan Excluding Transformation Credit		
Proposer	Proposed	City-Wide <sup>(1)</sup>
Waste & Recycling	46%	75%
Valley Vista	37%	71%
Athens w/processing	33%	69%
United Pacific Waste	31%	69%
Universal Waste	30%	69%
CR&R	29%	69%
NASA	25%	67%
Waste Management	23%	66%
Athens w/o processing	14%	62%
Republic	10%	61%
Waste Resources	8%	60%
<i>Existing City Diversion</i>	<i>6%</i>	<i>59%</i>

(1) Preliminary estimate based on City's 2012 report to CalRecycle, pounds/person/day disposal, City's 2013 hauler-collected waste, and proposed hauler recycling rates.

# Summary of Proposals

(sorted low to high on 7.5-year rate revenue)

Proposer	7.5-Year Rate Revenue (millions)	First-Year Rate Revenue % Decrease from Current Rates	Hauler-Recycling %		Huntington Park Contact as % of Company Revenue
			With Transformation	w/o Transformation	
1. United Pacific Waste	\$40.4	(20%)	31%	31%	30%
2. Athens w/bin processing (1)	\$41.2	(21%)	33%	33%	2%
3. CR&R	\$44.0	(15%)	30%	29%	2%
4. Republic	\$44.4	(14%)	24%	10%	Less than 1%
5. Waste Management	\$45.0	(13%)	33%	23%	Less than 1%
<i>Current</i>	<i>n/a</i>	<i>n/a</i>	<i>20%</i>	<i>6%</i>	<i>n/a</i>

(1) Athens' proposal without processing was excluded from this chart as it would reduce recycling below current levels.

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			With Transformation	W/O Transformation	
6. Universal Waste	\$45.3	(13%)	48%	30%	19%
7. NASA	\$45.4	(13%)	35%	25%	26%
8. Waste & Recycling	\$46.5	(10%)	61%	46%	178%
9. Valley Vista	\$48.0	(8%)	37%	37%	11%
10. Waste Resources	\$55.3	7%	20%	8%	41%
<i>Current</i>	<i>n/a</i>	<i>n/a</i>	<i>20%</i>	<i>6%</i>	<i>n/a</i>

End