

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION
BUREAU OF CONTRACT ADMINISTRATION
JOINT BOARD REPORT NO. 1
OCTOBER 3, 2007

CD: ALL

AUTHORITY TO EXECUTE CONTRACT RENEWAL OPTION WITH WASTE MANAGEMENT – BRADLEY LANDFILL AND RECYCLING CENTER FOR THE RECEIPT, TRANSFER, PROCESSING, AND REUSE OF RESIDENTIAL GREEN MATERIAL FROM THE VALLEY AND METRO TRANSFER AREAS - CONTRACT NO. C-107485

RECOMMENDATIONS

1. Approve and forward this report to the Mayor with the request that the Board of Public Works be authorized to execute the first 3-year personal services contract extension with Waste Management – Bradley Landfill and Recycling Center for the receipt, transfer, processing, and reuse of residential green material;
2. Upon the Mayor's authorization, the President or two members of the Board of Public Works will execute the contract renewal and
3. Return the executed contract to the Bureau of Sanitation for further processing. (Contact the Board Report Section at 213-485-4232 for pick-up).

TRANSMITTALS

1. Copy of the Bureau of Sanitation and Bureau of Contract Administration Joint Board Report No. 1 adopted May 26, 2004, authorizing the Bureau of Sanitation to execute contracts with Waste Management – Bradley Landfill and Recycling Center for the receipt, transfer, processing, and reuse of residential green material.
2. Copy of Contract No. C-107485, Renewal Option 1 and Amendment No. 1, authorizing the Bureau of Sanitation to utilize the services of Waste Management – Bradley Landfill and Recycling Center for the receipt, transfer, processing, and reuse of residential green material from the Valley and Metro transfer areas.

DISCUSSION

Background

The City of Los Angeles, Bureau of Sanitation, services over 750,000 single-family residences and small multi-family complexes and collects approximately 2,100 tons of green material per day. The curbside green material collection program continues to be the single largest contributor to the City's curbside diversion effort mandated by AB939 with over 550,000 tons per year of green material source-separated by the City residents and collected by Sanitation

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staff. The majority of this material is processed by City-contracted green material processing facilities for beneficial reuse.

The City of Los Angeles, Bureau of Sanitation, Solid Resources Support Services Division (SRSSD) has retained Waste Management – Bradley Landfill and Recycling Center to provide “all-inclusive” recycling services for the receipt, transfer, processing, and recycling of green material (yard trimmings and horse manure) collected through the City’s Curbside Collection Program. The recycling services provided by the contractor include the designation of a local drop-off (transfer) site, removal of contaminants from the green material, handling, transporting, and disposing of the contaminants at a City-designated solid waste facility. The contractor also provides green material processing operations consisting of, but not limited to, chipping and grinding, composting, and co-composting. Processing of the green material also includes marketing, transporting, and delivering the final product to end-users identified and managed by the contractor.

To ensure operational flexibility and continuous service, the City needs to have multiple outlets for green material processing to address any service interruptions due to unscheduled shutdowns or suspended operations resulting from environmental regulations, weather conditions, regulatory actions, and market shifts. This includes utilizing multiple contractors and City forces to absorb any processing interruptions or seasonal increases in green material that cannot be handled by this single contractor.

Annual Costs

In FY 2005-06, the City collected over 500,000 tons of green material. The cost to process this material was \$14,464,829. Current fiscal year’s cost is estimated to be \$19,927,912. This increased cost is due to significant increase in diesel fuel prices and new regulatory requirements resulting in higher operating costs.

The table below summarizes the rate changes from FY 2004-05 to FY 2007-08 based on the annual adjustments in Consumer Price Index (CPI-U).

Metro Transfer Area

Year	CPI-U Percent	<100 TPD	100 to 250 TPD	250 to 500 TPD	>500 TPD
2004	NA	36.70	36.40	36.10	35.75
2005	3.614	38.03	37.72	37.40	37.04
2006	5.18	40.00	39.67	39.34	38.96
2007	2.924	174.12	81.44	61.67	57.35

Valley Transfer Area

Year	CPI-U Percent	<100 TPD	100 to 250 TPD	250 to 500 TPD	>500 TPD
2004	NA	24.92	24.67	24.42	24.18
2005	3.614	25.82	25.56	25.30	25.05
2006	5.18	27.16	26.89	26.61	26.35
2007	2.924	227.00	77.00	45.00	38.00

Proposed Term of Contract

The proposed term of the contract extension will be three years, with (1) one additional 3-year contract renewal option. The term of the original contract was three years with two 3-year contract renewal options for a potential total contract term of nine (9) years. The execution of this second 3-year contract and the remaining 3-year contract shall no longer require Council approval per C-107485 filed with the City Council on October 14, 2004.

The current 3-year contract term ends on October 13, 2007. The next 3-year contract term will be from October 14, 2007 through October 13, 2010.

MBE/WBE/OBE Subcontractor Outreach Program

The City established an MBE/WBE/OBE Subcontractor Outreach Program for this project with anticipated MBE and WBE participation levels of 12 and 5 percent, respectively. The participation levels that Waste Management of Los Angeles pledged at the time of award were 14.94 percent MBE, 0 percent WBE and 0.00 percent OBE. The actual participation levels achieved on the work invoiced as of August 30, 2007 are 23.18 percent MBE, 0.00 percent WBE, and 0.00 percent OBE. With this amendment, the pledged participation levels will be 18.63 percent MBE, 0.00 percent WBE, and 0.00 percent OBE.

The contract amount after the renewal is based upon the three previous years and an estimate for the fourth year. The amounts for years five and six are not included in this amount.

Gender/Ethnicity Codes:

- AA = African American
- SAA = Subcontinent Asian American
- C = Caucasians
- M = Male
- HA = Hispanic American
- APA = Asian Pacific American
- NA = Native American
- F = Female

As of August 2007, the MBE/WBE/OBE subconsultant participation for Waste Management of Los Angeles was as follows:

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SUBCONSULTANT	GENDER/ ETHNICITY	MBE/ WBE/ OBE	% OF CONTRACT AMOUNT INVOICED	SUBCONTRACT AMOUNT INVOICED
J. I. Gandara Transport	M/HA	MBE	23.18%	\$5,001,809
Total MBE Participation			23.18%	5,001,809
Total WBE Participation			0.00%	0.00
Total OBE Participation			0.00%	0.00
Total Invoiced Amount				\$21,576,989

Revised contract pledged participation (including proposed Contract Renewal Option No. 1)

SUBCONSULTANT	GENDER/ ETHNICITY	MBE/ WBE/ OBE	% OF CONTRACT	SUBCONTRACT AMOUNT
J. I. Gandara Transport	M/HA	MBE	18.63%	\$9,020,114
Total MBE Participation			18.63%	9,020,114
Total WBE Participation			0.00%	0.00
Total OBE Participation			0.00%	0.00
Total Contract Amount				\$48,425,689

Other City Policies and Requirements

Nondiscrimination/Equal Employment Practices/Affirmative Action
 Living Wage Ordinance
 Equal Benefits Ordinance
 Business Tax Registration Certificate
 Child Support Obligation Ordinance
 Slavery Disclosure Ordinance
 Insurance Requirements
 American's With Disabilities Act
 The above requirements were submitted and on file.

Contractor Responsibility Ordinance

The contractor for this project will continue to be subject to compliance with the requirements specified in the City of Los Angeles' Contractor Responsibility Ordinance #173677, [Article 14, Chapter 1, Division 10, L.A.A.C.]. Failure to comply with requirements specified in this ordinance will render the contract subject to termination pursuant to the conditions expressed therein.

Contractor Performance Evaluation

In accordance with Article 13, Chapter 1, Division 10 of the City of Los Angeles Administrative Code, the project manager for this contract shall submit a Contractor Performance Evaluation Report to the Bureau of Contract Administration (Department of Public Works) upon completion of this contract.

Contract Administration

Responsibility for the administration of this contract will be with Solid Resources Support Services Division, Bureau of Sanitation.

Headquarter and Workforce Information

Waste Management (Valley) Headquarters Address:
9081 Tujunga Avenue, Sun Valley, California 92352

Work Force Information: 47% of their workforce resides in the City of Los Angeles.

Waste Management (Metro) Headquarters Address:
840 S. Mission Road, Los Angeles, California 90023

Work Force Information: 55% of their workforce resides in the City of Los Angeles.

STATEMENT AS TO FUNDS

Funds are identified and budgeted for in the Bureau of Sanitation's Fund 100, Department 82, Account 6020 (Operating Supplies and Expenses) for Fiscal year 2007-2008 to pay for the green material processing fees (Tip Fees) of this 3-year Contract renewal option in the amount of \$26,848,700. The current 3-year Contract in the amount of \$21,576,989 added to the 3-year Contract renewal option total of \$48,425,689.

"This contract includes a "Financial Liability Clause" which states that "the City's liability under this contract shall only be to the extent of the present City appropriation to fund the contract. However, if the City shall appropriate funds for any succeeding years, the City's liability shall be extended to the extent of such appropriation, subject to the terms and conditions of the contract."

(BH JM AH EZ RPT WFB)

Respectfully submitted,

COMPLIANCE REVIEW PERFORMED
AND APPROVED BY:

HANNAH CHOI, Program Manager
Office of Contract Compliance
Bureau of Contract Administration

RITA L. ROBINSON, Director
Bureau of Sanitation

JOHN L. REAMER, JR., Director
Bureau of Contract Administration

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APPROVED AS TO STATEMENT OF FUNDS

CRAIG V. BLOOMQUIST, Director
Office of Accounting

Date _____

Prepared by:
Stanton Lewis, SRSSD
213-485-3581