

# Commercial Solid Waste Collection Services and Franchise Alternatives

September 26, 2017

# Discussion Topics

- Background/History
- Why Consider a Commercial Franchise?
- 3<sup>rd</sup> Party Review/Analysis
  - Franchise Options
  - Evaluation Criteria for Options
- Outreach
- Next Steps/Timeline

# Commercial Bin Service Collection and Equipment

## Commercial Bin Services

- All Properties/Accounts that Utilize Metal Bins for Regular Refuse Collection Services
- Equipment/Vehicles Used in Bin Services



# Commercial Solid Waste Collection Background

## •Solid Waste Collection in California

- Movement Towards Structured System/Key Legislation
  - SB 5 – Solid Waste Management and Resource Recovery Act of 1972
  - SB 650 – Litter Control, Recycling and Resource Conservation Act (1977)
  - AB 939 – Integrated Waste Management Act of 1989

## •Solid Waste Collection in Glendale

- Established Basic Service and Revenue Structure in 1940s
  - Regular Collection of Solid Waste at Properties, Public Receptacles
- Early 1990s – Established Commercial Permit System for Bin Services
- Today –Commercial Permit System Still in Place

# Commercial Solid Waste Collection

- **Existing System – Commercial Bin Service**
  - Open, Non-Exclusive Permit System
  - Currently 37 Permitted Private Solid Waste Haulers
  - City's Public Works Department Integrated Waste Management
- **Commercial Customers**
  - 4,370 Total Commercial Bin Service Customers  
(including Multi-Family Properties with Commercial Bin Service)

# Commercial Solid Waste Collection

- **Current Non-Exclusive Permit System**
  - Renewed Annually
  - Regulated System
    - Health and Safety
    - Waste Diversion Requirements (AB939)
    - Majority of 88 Cities in LA County have franchise systems
  - City Provided 5-Year Notice to Haulers
    - In accordance with Public Resources Code
    - Sent in July 2013



# Commercial Solid Waste Collection

## 2016 - 47 Permitted Commercial Haulers

- Four Haulers Provide Most Fixed Route Services (By Volume)
  - Athens Disposal (Including recently acquired Recology Los Angeles)
  - Consolidated Disposal (Recently acquired Republic Services)
  - Southland Disposal
  - Waste Management
- 7 Haulers Provide Construction & Demolition (C&D) Services
- 13 Haulers Provide Both Fixed Route/C&D Services
- 22 Haulers Reported Little/No Collection

# Existing Commercial Bin Service Market Share - Number of Accounts

*\*As of July 2017*

Customer Sector	Private Haulers	City of Glendale	Total – Bin Service Accounts
Multi Family 4 or Less Units	0	178	178
Multi Family 5 or More Units	322	2,301	2,623
Subtotal – Multi-Family	322	2,479	2,801
Businesses	1,198	275	1,473
City Facilities	0	96	96
Total Accounts	1,520	2,850	4,370



# Summary

- **Market Share of Commercial Bin Service:**
  - 4,370 Total Customers with an Estimated \$10M Annual Revenue (City + Private Haulers)
  - Private Haulers: 58% of Revenue with 35% of Customers
  - City: 42% of Revenue with 65% of Customers

# Why Consider Franchise System?

- **88 Cities in Los Angeles County**

Collection System	Commercial	Residential
City Services	4 cities	12 cities
Exclusive Franchise	64 cities	72 cities
Non-Exclusive Franchise	12 cities	3 cities
Open Permit	8 cities	1 city

- **Statewide Mandates**

- Recycling, Organics, Greenhouse Gas Emission Reductions
  - Assembly Bills 32, 341, 1826, 1594
  - Senate Bill 1383

- **Efficiency/Management**

- Multiple Vehicles on Same Day
- Route Crossover
- Greenhouse Gas Emissions
- Impacts to Local Roads

# Types of Commercial Franchise Systems

Type	Advantages	Disadvantages	Cities that Use System
Exclusive Franchise – Entire City	<ul style="list-style-type: none"> <li>• Route density</li> <li>• Reduced traffic compared to other systems</li> <li>• Possible Rate Benefits – Cap Price Increases, Amortize Equipment</li> <li>• Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>• No customer choice</li> <li>• No service incentives</li> </ul>	San Jose, Anaheim, Oakland, Alhambra, Santa Clarita, Lancaster, Palmdale, El Monte, Downey, Inglewood, West Covina, Norwalk, Compton, Southgate, Hawthorne, Lakewood, Bell Flower, Baldwin Park, Lynwood
Exclusive Franchise – Multiple Zones	<ul style="list-style-type: none"> <li>• Same as Exclusive Franchise</li> </ul>	<ul style="list-style-type: none"> <li>• Same as Exclusive Franchise</li> <li>• More Administration than Exclusive Franchise (Multiple Haulers/Zones)</li> </ul>	Los Angeles, Fresno, Stockton
Open Permit System	<ul style="list-style-type: none"> <li>• Service incentives</li> <li>• Customer choice</li> <li>• City has no involvement in rate setting</li> </ul>	<ul style="list-style-type: none"> <li>• Increased traffic, emissions, street wear and tear compared to other systems</li> </ul>	Burbank, Glendale
Non-Exclusive Franchise		<ul style="list-style-type: none"> <li>• Higher risk of non-compliance with greater number of franchisees</li> </ul>	Pasadena, Pomona, Newport Beach

# Request for Proposal Summary

- Service Options
  - Regular Collection Services
  - Services to Comply with State Law (Organics, Diversion)
  - Extra Services (Wheel Out Services, Locking Bins)
  - *Ancillary Services (Bulky/Abandoned Items, Recycling Education, Street Sweeping)*
- Evaluation Criteria
  - Outstanding Claims/Litigation
  - Experience
  - Financial Stability
  - Proposed Rates
  - Franchise Fees
  - Diversion/Ability to Meet Environmental Mandates
  - Additional Programs

# Commercial Service Options

- 1. Status Quo**
- 2. Non-Exclusive Franchise Citywide (Open Competition Among Franchisees)**
- 3. Multiple Franchise Zones (1 Hauler in Each Zone)**
- 4. Exclusive Franchise Citywide (1 Hauler)**

## **Additional Considerations:**

- City continues to provide Multi-Family bin service**
- City will cease providing Multi-Family bin service (subject to meet and confer)**
- City available to provide service in each franchise zone (market check)**

# Recommendation: Commercial Franchise Zones

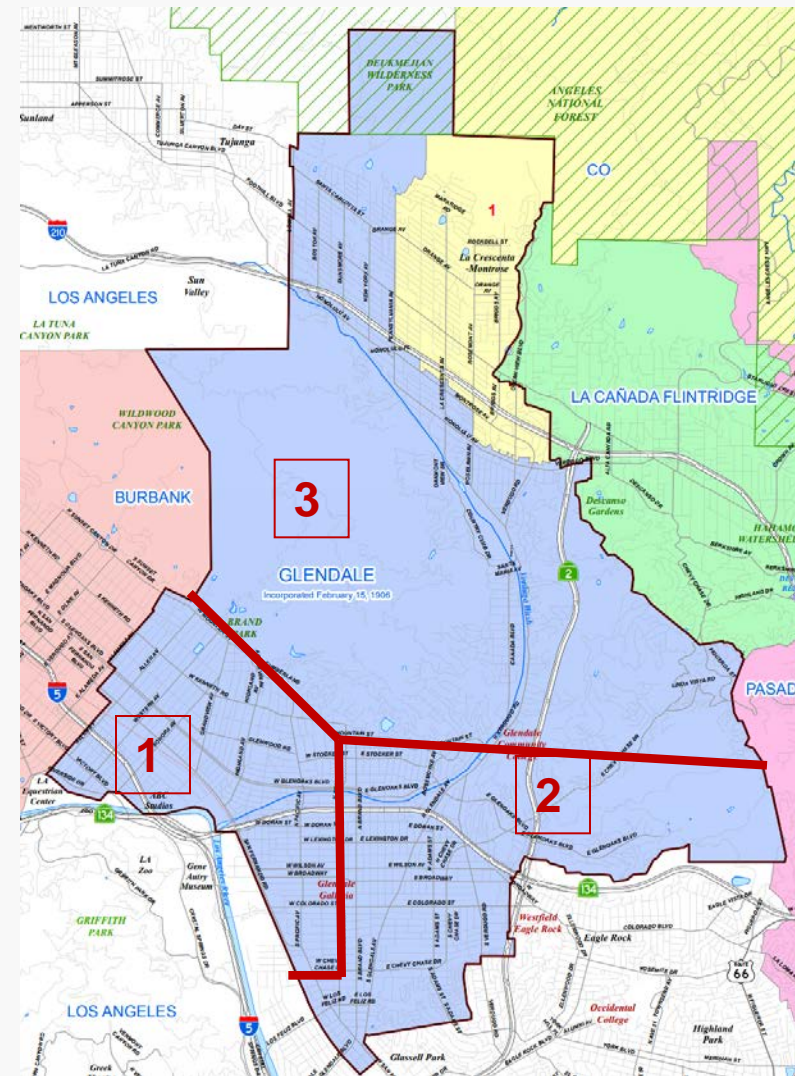
- **Establish 3 Zones**

- Geographic Locations
- Distribute Market Share Equitably

- **Benefits**

- Efficiency
- Reduced Traffic/ Vehicle Impacts
- Reduced Administrative Requirements
- Ability to Meet Recycling Mandates
- Economies of Scale
- Establish Uniform Rate Schedule
- Cap on Rate Increases
- Include Bulky/ Abandoned Item Collection, Ancillary Services

## Sample Zones



# RFP Mechanics

- Bid Package No.1
  - Proposal for Rates for Business Sector Only
- Ranking of top tier proposals
- Bid Package No. 2
  - Proposal for Rates for City's Multi-Family Accounts
- Consideration for the Valuation of City's Multi-Family Market Share OR Potential for City to expand MFR Service
- *Price for Extra and Ancillary Services and Additional Incentives/Programs*

# Outreach Efforts

- Public Forums
  - Community
  - Businesses
  - Private Solid Waste Haulers
- Individual Meetings with Business Groups/Stakeholders
- Meetings with Public Works Staff
- Advertising/Promotion
  - Glendale News Press
  - City Website
  - Public Survey



# Next Steps/Timeline

- October 2017: Release RFP/Franchise Agreement
  - Pre-Proposal Meeting, Questions/Responses, Addendum
- January 2018: Evaluation of Proposals/Negotiations
- *February 2018: City's Cost of Service Analysis*
- March – April 2018: Meet and Confer with Association (if necessary)
- May 2018: Council Consideration of Proposals + CEQA
- June 2018: Selection of Haulers
- July – September 2018: Transition Period + Outreach
- October 2018: Initiate New Collection Services

# RECAP

- **Council Direction:**
  - Select Franchise System
    - Exclusive Zones vs Citywide Franchise
    - Citywide Non-Exclusive Franchise
- **Select Number of Franchisees**
- **Direction to Release RFP as Outlined by Staff**
- **Staff Recommends Exclusive with 3 Zones**
- **Provide Additional/Different Direction**