



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 9, 2023

FROM: PUBLIC WORKS DEPARTMENT WARDS: ALL

SUBJECT: RESOLUTION OF INTENTION TO GRANT AN EXCLUSIVE FRANCHISE AGREEMENT FOR RESIDENTIAL AND COMMERCIAL SOLID WASTE, GARBAGE, RECYCLABLE MATERIAL, AND ORGANIC WASTE COLLECTION SERVICES TO ARAKELIAN ENTERPRISES, INC. DOING BUSINESS AS ATHENS SERVICES, INC. AND SCHEDULE A PUBLIC HEARING; RESOLUTION PROVIDING NOTICE TO CURRENT NON-EXCLUSIVE SOLID WASTE COLLECTION SERVICE PROVIDERS REGARDING CONTINUATION SERVICES 5-YEAR PERIOD; REJECT PROPOSAL FROM BURRTEC WASTE INDUSTRIES, INC. AS NON-RESPONSIVE

ISSUES:

Adopt a resolution of intention to grant an Exclusive Franchise Agreement for Residential and Commercial Solid Waste, Garbage, Recyclable Material, and Organic Waste Collection Services to Arakelian Enterprises, Inc. doing business as Athens Services, Inc. and schedule a Public Hearing for May 23, 2023 pursuant to Charter Section 1301. Adopt a resolution providing notice to current non-exclusive Commercial Solid Waste Collection Service Providers pursuant to Public Resources Code section 49520 regarding continuation services 5-year period. Reject proposal from Burrtec Waste Industries, Inc. as non-responsive.

RECOMMENDATIONS:

That the City Council:

1. Adopt a resolution of intention to grant an Exclusive Franchise Agreement for Residential and Commercial Solid Waste, Garbage, Recyclable Material, and Organic Waste Collection Services to Arakelian Enterprises, Inc. doing business as Athens Services, Inc.;
2. Schedule a Public Hearing for May 23, 2023, at 3:00 p.m. for the purpose of adopting an ordinance granting the Exclusive Franchise for Residential and Commercial Solid Waste, Garbage, Recyclable Material, and Organic Waste Collection Services to Arakelian Enterprises, Inc. doing business as Athens Services, Inc.;
3. Adopt a resolution and authorize the issuance of a notice to the current commercial hauling contractors pursuant to Public Resources Code Section 49520 providing for a 5-year continuation of services period and limiting the expansion or solicitation of new business during this time; and

4. Reject the proposal from Burrtec Waste Industries, Inc. as non-responsive.

BACKGROUND:

The City of Riverside has a population of approximately 314,998, ranked as the 12th most populous city in California, with projected annual growth of 0.51%. Currently, there are 63,484 Residential Solid Waste and 7,408 Commercial accounts.

Solid Waste collection and street sweeping services are provided through a combination of City staff and Franchise Agreements which have been in place since 2001. Street sweeping services are provided entirely by City staff. City collection staff provide residential collection services for approximately 2/3 of the City's residential customers (42,323 customers).

The remaining 1/3 of residential customers have been serviced by Burrtec Waste Industries through an exclusive franchise agreement since 2001, which expires on June 30, 2023 (21,161 customers). These Residential Solid Waste collection services include pick-up and disposal of trash, recyclable material, and organic recyclable material which includes source-separated food waste.

Commercial solid waste collection services to businesses and multi-family units within the City of Riverside have been provided through non-exclusive agreements since 2001, by Burrtec Waste Industries, Arakelian Enterprises dba Athens Services, and CR&R Environmental Services and these agreements will sunset on June 30, 2023.

The City has a Transfer Service Agreement with Agua Mansa Transfer Station/Material Recovery Facility (MRF) to handle all trash, recyclable material, and organic recyclable material which includes source-separated food waste. The Transfer Service Agreement requires all haulers to transfer these commodities to the MRF through March 30, 2029.

All Organic Recyclable Material, except for commercial green waste, collected within the city limits must be delivered to the Agua Mansa MRF by City staff and/or the City's contracted haulers. "Organic Recyclable Materials" are materials that are required to be separated from solid waste and recyclable materials prior to disposal and returned for use or reuse in the form of raw materials for new, used, or reconstituted products. Organic recyclable materials include but are not limited to, yard trimmings and food scraps such as green trimmings, grass, weeds, leaves, pruning, branches, dead plants, brush, and tree trimmings, dead trees, small wood pieces, other types of organic yard waste, vegetable waste, fruit waste, dairy waste, meat waste, fish waste, and paper contaminated with food scraps.

Solid Waste collection services include pick-up and disposal of trash, recyclable material, and organic recyclable material which includes source-separated food waste. Arakelian Enterprises dba Athens Service, Burrtec Waste Industries, and CR&R Environmental Services also participate in citywide special events such as CURE events and the Festival of Lights.

DISCUSSION:

The proposed Exclusive Franchise Agreement is for a 15-year term through June 30, 2038, with an option to extend up to five additional years through June 30, 2043. City staff recommended the 15-year term in RFP 2219 due to the 5-year transitional period required when a public agency

moves from a non-exclusive solid waste collection contract to an exclusive collection contract. During this transitional period, commercial haulers currently under an exclusive contract, will have the option to continue to service their existing customers. As a result, Athens Services will have 9 years of exclusive commercial service in year 6 through year 15. This 15-year term will support Athens Services to recover some of the operational expenses and up-front costs, such as labor, new refuse cans for residential and commercial services, and new refuse trucks with a lifespan of 12-14 years.

Additional key terms of the agreement are as follows:

1. Collection Services within the City Service Area with minimal disruption to residents and businesses.
2. Offering sustainable services, including but not limited to:
 - Promoting the City's diversion goals through education and outreach.
 - Educating Service Recipients on the benefits of diversion program participation, reducing air emissions and wear-and-tear on City streets, and Environmental Stewardship, including using local vendors and innovative "green" service delivery methods.
3. Haulers must discuss how they will minimize operational changes and provide sustainability programs for requested services.

Public Resources Code Section 49520 provides for a 5-year transitional period where a public agency moves from a non-exclusive solid waste collection contract to an exclusive collection contract. The prior non-exclusive contractors are permitted to continue services for 5 years under the same terms and conditions of the contract. Upon direction from the City Council through the proposed resolution, the City will be issuing a notice to the current commercial hauling contractors pursuant to Public Resources Code Section 49520 providing for a 5-year continuation of services period effective July 1, 2023, and limiting the expansion or solicitation of new business during this time until June 30, 2028. This 5-year period does not apply to the residential collection services because they were already provided through an exclusive collection agreement. At the end of this 5-year transitional period, on June 30, 2028, Athens Services will take over exclusively all the commercial accounts.

To ensure the City of Riverside receives the most competitive pricing, on August 18, 2022, the City issued Request for Proposal No. 2219 (RFP 2219), soliciting qualified vendors to submit proposals for Residential and Commercial Garbage, Recyclable Material, and Organic Waste Collection Services. To allow for as much competition as possible and obtain the best overall service for each type of collection location, hauling services were split into two separate agreements with one being for collection and hauling from Residential locations and the other being for collection and hauling from Commercial locations. A total of 550 prospective bidders were notified and 33 vendors viewed RFP 2219. Proposers were able to propose for one or both agreements which would allow for the highest-rated proposer for each agreement. A mandatory pre-proposal meeting for the Residential and Commercial Garbage, Recyclable Material, and Organic Waste Collection Services were held on September 14, 2022, with six prospective bidders in attendance. Proposals were due on November 18, 2022.

Four proposals were received in response to RFP 2219, with one proposal (Burrtec Waste Industries, Inc.) being deemed non-responsive due to the lack of a proposal bond for a sufficient amount for either agreement. In accordance with the RFP terms, Burrtec's proposal was not scored for either agreement for failing to meet a pass/fail requirement. Purchasing Resolution No.

23914, section 507 provides, “The Manager may in his/her discretion reject any and all Bids, or any segregable portions thereof, for any one or more types of Goods, Services or Construction included in the Specifications when the public interest is served thereby, provided specifically that any potential award does not otherwise require consideration by the Awarding Entity, in which case any rejection or award shall be made by the Awarding Entity.” A Selection Committee (Committee), consisting of representatives from the City of Riverside and the City of Redlands, convened to review the responsive proposals and determine the most qualified.

The scoring criteria for the proposal round and the presentation round were as follows:

- A. Qualifications (35%)
- B. Pricing (25%)
- C. Experience (20%)
- D. Professional References (10%)
- E. Approach and Methodology (10%)

Individual evaluator scores for each hauling category were reviewed and the total scores were calculated and a highest-rated Proposer within each category was determined. Three proposals were submitted for Commercial hauling and two proposals were submitted for Residential hauling.

| Rank | Commercial Hauling Proposer | Location | Score |
|------|---|----------------------|-------|
| 1 | Arakelian Enterprises dba Athens Services | La Puente, CA | 91.25 |
| 2 | CR&R Environmental Services | Stanton, CA | 85.75 |
| 3 | Valley Vista Services | City of Industry, CA | 84.75 |

| Rank | Residential Hauling Proposer | Location | Score |
|------|---|----------------------|-------|
| 1 | Arakelian Enterprises dba Athens Services | La Puente, CA | 86.50 |
| 2 | Valley Vista Services | City of Industry, CA | 84.25 |

While scoring for the different hauling categories and agreements was kept separate, Arakelian Enterprises dba Athens Services was deemed the highest-rated Proposer for both hauling categories after final scores were calculated.

The Purchasing Manager concurs that the recommendations in this report are in compliance with Purchasing Resolution No. 23914.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 4 – Environmental Stewardship**, and **Goal 4.4 – Implement measures and educate the community to responsibly manage goods, products, and services throughout their life cycle to achieve waste reduction outcomes.**

This project aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** –City staff and the haulers are encouraged to be a partner in waste reduction efforts which would make a real difference in maintaining positive energy and dedication to sustain the environmental program for community engagement.
2. **Equity** – The Riverside Public Works-Solid Waste Division will work to engage difficult-to-reach populations by collaborating with community groups to address environmental and

health-related challenges. City staff and haulers will provide the community with education and outreach to achieve waste reduction outcomes.

3. **Fiscal Responsibility** – To ensure the City of Riverside receives the most competitive pricing, the City issued a Request for Proposal (RFP 2219). These funds are used for community outreach, education, and equipment.
4. **Innovation** – The Public Works - Solid Waste Division promotes community clean-ups through the RFP 2219 process to meet community needs. Each year, the City holds four community cleanups and quarterly Household Waste Hazard (HHW) partnerships with franchised haulers.
5. **Sustainability & Resiliency** – This project will further the City’s objectives related to minimizing waste and encouraging the recycling of material goods and organics.

FISCAL IMPACT:

The total fiscal impact of the Agreement for the Provision of Single-Family Dwelling Garbage, Recyclable Materials, and Organic Waste Collection Services Agreement for Residential Collection Services is approximately \$6,247,809. The funds are included in the FY 2023/24 budget that will be brought forward to Council in June 2023, in the Refuse Refund, Private Waste Hauler account number 4130300-459014. Appropriations for future fiscal years will be included in the Department’s budget submissions for those fiscal years to be presented to the City Council for approval.

Following City Council approval, Single Family Dwelling (for 1/3 of all residential customers), Multi-Family Dwelling, and Commercial Collection Services with Athens Services, Inc. will commence on July 1, 2023 and terminate on June 30, 2038. Single-Family Dwelling, Multi-Family Dwelling, and Commercial Service Rates have been set through June 30, 2025 through an existing Proposition 218 noticing process. Any future rate increases will be negotiated and brought to City Council for approval and, if approved, incorporated into the department’s future budgets.

Residential and Commercial Service Rates include franchise fees, which are payments to the City’s General Fund intended to compensate the City for the use by a private entity (waste hauler) of certain City property, such as streets, in providing a utility service. General Fund impacts of solid waste management include pavement management impacts and costs caused by the use of oversized solid waste vehicles and tree trimming costs to accommodate the oversized vehicles. The property value of the franchise right conferred is based on the property value of the area used by the solid waste hauler for collection of solid waste within the City right-of-way. Franchise fee payments to the City in FY 2022/23 are projected to come in at approximately \$3,226,257 for both residential and commercial waste haulers with FY 2023/24 revenues increasing by CPI. Commercial and Multi-Family Service Recipients will be billed monthly service rates by the Contract Hauler based on container size and the frequency of collection as described in the Athens Services Commercial Collection Services Agreement.

Prepared by: Gilbert Hernandez, Public Works Director
Certified as to availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved by: Kris Martinez, Assistant City Manager

Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Resolution of Intention
2. Resolution – Notice to Current Provider
3. Commercial Franchise Agreement
4. Residential Franchise Agreement
5. Presentation