



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL                      DATE: MAY 23, 2023**

**FROM: PUBLIC WORKS DEPARTMENT                                      WARDS: ALL**

**SUBJECT: PUBLIC HEARING – ORDINANCE FOR EXCLUSIVE FRANCHISE FOR RESIDENTIAL AND COMMERCIAL SOLID WASTE, GARBAGE, RECYCLABLE MATERIAL, AND ORGANIC WASTE COLLECTION SERVICES WITH ARAKELIAN ENTERPRISES, INC. DOING BUSINESS AS ATHENS SERVICES, INC., FOR A FIFTEEN-YEAR TERM THROUGH JUNE 30, 2038, WITH AN OPTION TO EXTEND FOR AN ADDITIONAL FIVE YEARS THROUGH JUNE 30, 2043**

**ISSUES:**

Conduct a Public Hearing to consider comments relative to an Exclusive Franchise Agreement for Residential and Commercial Solid Waste, Garbage, Recyclable Material, and Organic Waste Collection Services, and introduce an ordinance granting an exclusive franchise to Arakelian Enterprises, Inc. doing business as Athens Services, Inc.

**RECOMMENDATIONS:**

That the City Council:

1. Conduct a Public Hearing to receive comments relative to an Exclusive Franchise Agreement for Residential and Commercial Solid Waste Garbage, Recyclable Material, and Organic Waste Collection Services;
2. Introduce and subsequently adopt an ordinance granting an exclusive franchise to Arakelian Enterprises, Inc. doing business as Athens Services, Inc., to provide residential and commercial solid waste, garbage, recyclable material, and organic waste collection services in the City of Riverside for a fifteen-year term through June 30, 2038, with an option to extend for an additional five years through June 30, 2043;
3. Following adoption of the Ordinance, authorize the City Manager, or designee, to execute the Exclusive Franchise Agreement for residential garbage, recyclable material, and organic waste collection services with Arakelian Enterprises, Inc. doing business as Athens Services, Inc., for a fifteen-year term through June 30, 2038, with an option to extend for an additional five years through June 30, 2043, and making minor and non-substantive changes; and
4. Following adoption of the Ordinance, authorize the City Manager, or designee, to execute

the Exclusive Franchise Agreement for commercial solid waste garbage, recyclable material, and organic waste collection services with Arakelian Enterprises, Inc. doing business as Athens Services, Inc., for a fifteen-year term through June 30, 2038, with an option to extend for an additional five years through June 30, 2043, and making minor and non-substantive changes.

## **BACKGROUND:**

The City of Riverside, located in Riverside County, is roughly 55 miles east of the City of Los Angeles. The City of Riverside is a community of about 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 Accounts and 7,408 Commercial Accounts.

Currently, Solid Waste collection and street sweeping services are provided through a combination of City staff and Agreements. 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 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. The commercial agreements expire 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 agreement, effective through March 30, 2029, requires all haulers to transfer these commodities to the MRF.

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 City special events such as CURE events and Festival of Lights. Throughout the years all three haulers have consistently provided excellent service for Riverside's business community.

## **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. The 15-year term is part of the proposed cost model which allows the service provider to recover some of their up-front costs, such as labor, new refuse cans for residential and commercial services, and new refuse vehicles. 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:
  - Modern processing facilities that always meet or exceed federal, state, and local permitting requirements.
  - 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.

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." This non-responsive determination was ratified by the City Council at the May 9, 2023, meeting.

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 has 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.

City Charter Procedural Compliance

Riverside Municipal Code (“RMC”) sections 6.04.050 and 6.06.030 provide that no persons, firm or corporation, other than one of the City authorized solid waste haulers acting pursuant to their contract with the City, shall collect residential or commercial solid waste, recyclable or organic recyclable material, respectively, within the City. In accordance with section 1301 of the City’s Charter, on May 9, 2023, the City Council adopted a Resolution of Intent, declaring its intent to grant an exclusive franchise to Arakelian Enterprises dba Athens Services for residential and commercial solid waste, garbage, garbage, recyclable material, and organic waste collection services. The Resolution of Intent also set the time and location for this public hearing. The City Clerk caused the Resolution of Intent to be published in the Press Enterprise in accordance with section 1301 of the City Charter. After receiving all comments and protests during this public hearing, the City Council may by ordinance grant the exclusive franchise.

**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** – The City will promote a zero-waste lifestyle for future generations through the RFP 2219 process. This will help reduce the energy we use and improve the quality of the air we breathe. We can consume less and waste less by using recyclable materials.

### **FISCAL IMPACT:**

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 are 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.

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-Public Works-Solid Waste-Private Hauler Account No. 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. 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, Inc. 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. Ordinance
2. Proposed Commercial Franchise Agreement
3. Proposed Residential Franchise Agreement
4. Award Recommendation
5. Resolution of Intent
6. Presentation