

**Metro**

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 ext.
metro.net

**SYSTEM SAFETY AND OPERATIONS COMMITTEE
SEPTEMBER 20, 2012**

SUBJECT: INTEGRATED WASTE MANAGEMENT SERVICES

ACTION: AWARD SEVEN YEAR CONTRACT

RECOMMENDATION

- A. Authorize the Chief Executive Officer to award a seven-year, unit rate Contract No. PS11064106R to Consolidated Disposal Service, the lowest responsive and responsible bidder for integrated waste management services in an amount not to exceed \$6,993,296 effective December 1, 2012.
- B. Approve contract modification authority specific to Contract No. PS11064106R in the amount of \$1,200,000 for waste management services for additional bin pick-up service and new Metro facilities which are expected to open during the contract term.

ISSUE

The Los Angeles County Metropolitan Transportation Authority (Metro) requires the services of a solid waste management company (Contractor) to provide integrated waste management service at all Metro facilities not covered by a municipal solid waste franchise.

DISCUSSION

Metro objectives for this contract are to

- Increase Efficiency / Minimize Costs
- Increase Recycling / Reduce Solid Waste Disposal
- Comply with the Law Requiring Increased Waste Diversion

Increase Efficiency / Minimize Costs

Metro has previously contracted for collection, transport and disposal or recycling of solid waste from Metro facilities, including providing roll-off containers and dumpsters, and preparing monthly service reports. Some containers are collected on-call and others are collected on a regular schedule. One of Metro's expectations for this contract is for contractor to optimize routing and service levels (container type, capacity and collection frequency) to minimize Metro's solid waste service costs.

Increase Recycling / Reduce Solid Waste Disposal

Improved diversion is also one of many ways that Metro strives to reduce its environmental impacts. This contract is an integral part of Metro's Environmental Management System. The contractor will support the Environmental Compliance and Services unit of the Transit Project Delivery department in education and waste disposal change efforts with front-line employees at all of our operating facilities. In addition, the contractor will provide on-going analysis of Metro's efforts to reduce landfill waste and bolster in-house recycling programs to exceed our waste diversion requirements. This contract sets goals to improve diversion from approximately 50% up to 75%, over the 7-year contract period.

Comply with the Law Requiring Increased Waste Diversion

A third major objective is to comply with the law. All local government organizations in California are required to divert at least 50% of their waste from landfills. To meet this requirement, Metro's trash-hauling contractor separates and recycles suitable materials from waste materials it collects from all Metro operating, support, office, and passenger facilities.

Planning for System Expansion

Metro's rail construction and real estate acquisitions will increase the scope of services provided during the contract term (December 2012 through November 2019). The number of new facilities opened and the dates that waste management service will be required depends upon progress on construction. Potential also exists for Metro to assume responsibility for waste management services at Union Station at some point during the term of this contract. We have estimated that these additional services and anticipated but as-yet unknown landfill fee increases could increase the cost of this contract by up to \$1.2 million.

DETERMINATION OF SAFETY IMPACT

Timely and efficient removal of trash is an important element of safe and responsible management of the organization.

FINANCIAL IMPACT

The funding of \$417,528 for the first seven months of the contract (December 1, 2012 through June 30, 2013) is included in the FY13 budget in cost center number 0641, Non-Departmental General Services for solid waste management services. These funds are allocated to the following projects based on the level of service attributed to each project:

| Location | Project | Cost | | Allocated % |
|------------------|---------|-----------|-----------|-------------|
| | | 12-Months | 7-Months | |
| 1 Gateway HQ | 100090 | \$135,995 | \$79,330 | 19% |
| 2 Blue Line | 300022 | 28,631 | 16,701 | 4% |
| 3 Green Line | 300033 | 21,473 | 12,526 | 3% |
| 4 Red Line | 300044 | 71,576 | 41,753 | 10% |
| 5 Systemwide Ops | 306006 | 372,197 | 217,115 | 52% |
| 6 Expo Line | 300066 | 35,788 | 20,876 | 5% |
| 7 Gold Line | 300055 | 35,788 | 20,876 | 5% |
| 8 Orange Line | 301012 | 14,315 | 8,351 | 2% |
| 9 Total | | \$715,763 | \$417,528 | 100% |

Since this is a multi-year contract, the cost center manager and Chief Administrative Services Officer will be accountable for budgeting the cost in future years.

Impact to Budget

The source of funds for these services is a combination of Federal, State and local funds, which are eligible for bus and rail operating and capital expenses. No other sources of funds were considered because these funds are programmed for this use.

ALTERNATIVES CONSIDERED

Metro could contract with separate vendors for refuse hauling, recycling hauling, and recycling education for employees. Metro could also contract with multiple vendors that would each service a smaller number of locations. Neither of these alternatives is recommended because it is more efficient to have all of these services provided to all Metro locations by a single vendor.

NEXT STEPS

Upon approval, staff will execute this contract.

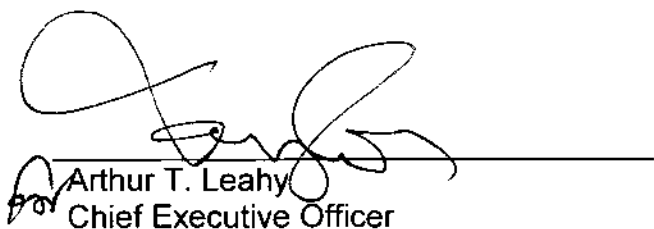
ATTACHMENTS

- A. Procurement Summary
- B. Bid Tabulation

Prepared by: Steve Jaffe, Director, Human Services
(213) 922-6284



Michelle Lopes Caldwell
Chief Administrative Services Officer



Arthur T. Leahy
Chief Executive Officer

**PROCUREMENT SUMMARY
IFB NO. PS11064106R
INTEGRATED WASTE MANAGEMENT SERVICES**

| | | |
|----|---|-----------------------------------|
| 1. | Contract Number: PS11064106R | |
| 2. | Recommended Vendor: Consolidated Disposal Service | |
| 3. | Type of Procurement (check one) : <input checked="" type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order | |
| 4. | Procurement Dates : | |
| | A. Issued: 5/29/12 | |
| | B. Advertised/Publicized: 5/29/12 | |
| | C. Pre-proposal/Pre-Bid Conference: n/a | |
| | D. Proposals/Bids Due: 6/28/12 | |
| | E. Pre-Qualification Completed: 7/24/12 | |
| | F. Conflict of Interest Form Submitted to Ethics: 7/18/12 | |
| | G. Protest Period End Date: 10/1/12 | |
| 5. | Solicitations Picked up/Downloaded: 28 | Bids/Proposals Received: 5 |
| 6. | Contract Administrator: Kenneth Takahashi | Telephone Number: 213-922-1047 |
| 7. | Project Manager: Steve Jaffe | Telephone Number: 213-922-6284 |

A. Procurement Background

This Board action is for an Invitation for Bid (IFB) procurement issued in support of General Services to obtain Integrated Waste Management Services.

The IFB was issued in accordance with Metro's Acquisition Policy and the contract type is unit rate. No amendments were issued during the solicitation phase of this IFB and ten questions were submitted during the solicitation phase. Responses to the questions were issued to all twenty-eight plan holders

A total of five bids were received on June 28, 2012.

B. Evaluation of Proposals/Bids

A total of five bidders responded to this solicitation. The bids were reviewed for responsiveness and responsibility. Areas of responsibility included meeting the Minimum Requirements, technical ability to perform the work, and financial responsibility.

Consistent with the rules for bidding, award is based on the lowest priced, responsible, responsive bidder.

Of the five bids received, all were determined to be responsive and all five bidders were found to be responsible.

The five firms are listed below in alphabetical order:

1. American Reclamation
2. Athens Services
3. Consolidated Disposal Service
4. Universal Waste Systems
5. Waste Resources, Inc.

Qualifications Summary of Firms:

American Reclamation

American Reclamation is a full-service, solid waste hauling company that specializes in waste collection, disposal, and recycling and diversion programs. They are a family-owned and operated business, which has been in the waste hauling industry since 1945. They have provided services to Metro for over ten years and their services have been satisfactory.

Athens Services

Athens Services has been providing refuse removal and recycling services in Southern California for over fifty years. They are family-owned and operated. They have service agreements to provide waste collection and recycling services with cities located throughout the Southern California region, including, Altadena, Palos Verdes Estates, Riverside, and West Hollywood.

Consolidated Disposal Service

Consolidated Disposal Service holds exclusive integrated waste management services contracts with over thirty municipalities in Los Angeles and Orange Counties. Within the exclusive contracts, they service over 225,000 residential curbside accounts and approximately 16,000 commercial/industrial accounts. They also own/operate six transfer stations/recovery facilities and the Sunshine Canyon Landfill in Los Angeles County.

Universal Waste Systems

Universal Waste Systems Inc. (UWS) has been servicing Los Angeles County since 1986. UWS is one of the largest locally family-owned and operated companies in Los Angeles County. UWS has three operating facilities located in Pomona, Santa

Fe Springs, and Los Angeles. UWS operates a transfer station out of the Pomona Facility, transferring over 65,000 tons of solid waste and green waste to local landfills per year. UWS is contracted to provide solid waste, recycling, and green waste service to over 15,000 single family homes, and is contracted with the City of Los Angeles to provide multifamily recycling to the entire San Fernando Valley collecting recyclables from over 60,000 units per week.

Waste Resources, Inc.

Waste Resources, Inc. (WRI), a California Corporation, is an integrated waste and recycling collection, processing, and disposal company. WRI owns and operates a Material Recovery Facility and Transfer Station known as Waste Resources Recovery centrally located in Los Angeles County. WRI services over 13,000 residents and 5,000 commercial businesses throughout Los Angeles County.

C. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon adequate price competition. The proposed total not-to-exceed amount for the seven-year baseline required services to be provided by the recommended awardee is \$6,993,296.

| | Bidder Name | Bid Amount | 7-Year Baseline Service ⁽¹⁾ |
|---|-------------------------------|-------------------|---|
| 1 | American Reclamation | \$865,749 | \$8,458,724 |
| 2 | Athens Services | \$748,527 | \$7,313,419 |
| 3 | Consolidated Disposal Service | \$715,762 | \$6,993,296 |
| 4 | Universal Waste Systems | \$811,098 | \$7,924,767 |
| 5 | Waste Resources, Inc. | \$865,145 | \$8,452,828 |

(1) Assumes maximum 5% annual increase, plus 20% contingency for potential changes in service level at existing facilities

The proposed amount is based upon escalating the single year unit rates and bid prices for the seven-year term, with a 20% allowance for potential service changes at existing facilities. Annual adjustments will be calculated using a combination of three factors:

- 65% CPI Adjustment.
- 5% Fuel Adjustment
- 30% Landfill/Gate Fee Pass-Through Cost

The total adjustment to rates, whether upward or downward, may not exceed 5% in any one contract year. However, government imposed fees, such as AB939 and franchise fees, are not subject to the limitation.

D. Background on Recommended Contractor

The recommended firm, Consolidated Disposal Service (Consolidated), a subsidiary of Republic Services Company, located in Santa Fe Springs, California has been in business for over thirteen years. Consolidated is one of the largest holders of exclusive integrated waste management services contracts in Los Angeles County, holding long-term exclusive solid waste collection contracts with over thirty municipalities, which consist of over 225,000 residential curbside accounts and approximately 16,000 commercial/industrial accounts.

In the Los Angeles area, Consolidated’s operating drivers from the hauling stations and the engineers at the landfill are represented and covered by a collective bargaining agreement.

E. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 5% Disadvantaged Business Enterprise (DBE) Anticipated Level of Participation (DALP) for this solicitation. Consolidated Disposal Service, LLC listed Cabo Transport & Service, a DBE-certified firm, and made a 5% DBE commitment.

| | | | |
|------------------------------------|----------------|--|----------------|
| SMALL BUSINESS GOAL | 5% DALP | SMALL BUSINESS COMMITMENT | 5% DALP |
|------------------------------------|----------------|--|----------------|

| | DBE Subcontractor | % Committed |
|----|--------------------------|--------------------|
| 1. | Cabo Transport & Service | 5% |
| | Total Commitment | 5% |

ATTACHMENT B

| | | | | | | | | | |
|---------------------------------|---|--------------------------|-------------------------------|---|--------------------------|-------------------------------|---|--------------------------|-------------------------------|
| Bids Out: 05/29/12 Total 28 | | | | | | | | | |
| Bids Opened: 06/28/12 Total 5 | Consolidated Disposal Service | | | Athens Services | | | Universal Waste Systems | | |
| Advertisement Date(s): 05/29/12 | | | | | | | | | |
| Newspaper: LA Daily News | | | | | | | | | |
| Revenue Category | Calculated Annual bid Rate Revenue | | | Calculated Annual bid Rate Revenue | | | Calculated Annual bid Rate Revenue | | |
| | Net of Jurisdiction Fees | Jurisdiction Fees | Total Bid Rate Revenue | Net of Jurisdiction Fees | Jurisdiction Fees | Total Bid Rate Revenue | Net of Jurisdiction Fees | Jurisdiction Fees | Total Bid Rate Revenue |
| Refuse Revenue - FEL | \$379,533.60 | \$43,610.64 | \$423,144.24 | \$447,048.00 | \$51,519.24 | \$498,567.24 | \$417,588.96 | \$48,119.16 | \$465,708.12 |
| Refuse Revenue - FEL On-call | \$4,680.00 | \$520.00 | \$5,200.00 | \$2,600.00 | \$289.12 | \$2,889.12 | \$4,680.00 | \$520.00 | \$5,200.00 |
| Refuse Revenue - Rolloff | \$242,352.00 | \$26,928.00 | \$269,280.00 | \$190,200.00 | \$21,135.96 | \$211,335.96 | \$222,000.00 | \$24,664.20 | \$246,664.20 |
| Subtotal - Refuse Revenue | \$626,565.60 | \$71,058.64 | \$697,624.24 | \$639,848.00 | \$72,944.32 | \$712,792.32 | \$644,268.96 | \$73,303.36 | \$717,572.32 |
| Recycling Revenue - FEL | \$4,247.04 | \$0.00 | \$4,247.04 | \$0.00 | \$0.00 | \$0.00 | \$2,817.60 | \$0.00 | \$2,817.60 |
| Recycling Revenue - FEL On-call | \$13,891.50 | \$0.00 | \$13,891.50 | \$9,275.00 | \$0.00 | \$9,275.00 | \$11,508.75 | \$0.00 | \$11,508.75 |
| Recycling Revenue - Rolloff | \$0.00 | \$0.00 | \$0.00 | \$26,460.00 | \$0.00 | \$26,460.00 | \$79,200.00 | \$0.00 | \$79,200.00 |
| Subtotal - Recycling Revenue | \$18,138.54 | \$0.00 | \$18,138.54 | \$35,735.00 | \$0.00 | \$35,735.00 | \$93,526.35 | \$0.00 | \$93,526.35 |
| Total Bid Rate Revenue | | | \$715,762.78 | | | \$748,527.32 | | | \$811,098.67 |
| | Waste Resources, Inc. | | | American Reclamation | | | | | |
| | | | | | | | | | |
| Revenue Category | Calculated Annual bid Rate Revenue | | | Calculated Annual bid Rate Revenue | | | | | |
| | Net of Jurisdiction Fees | Jurisdiction Fees | Total Bid Rate Revenue | Net of Jurisdiction Fees | Jurisdiction Fees | Total Bid Rate Revenue | | | |
| Refuse Revenue - FEL | \$489,949.56 | \$56,311.08 | \$546,260.64 | \$481,926.00 | \$55,344.24 | \$537,270.24 | | | |
| Refuse Revenue - FEL On-call | \$3,120.00 | \$346.32 | \$3,466.32 | \$3,120.00 | \$346.32 | \$3,466.32 | | | |
| Refuse Revenue - Rolloff | \$220,380.00 | \$24,488.72 | \$244,868.72 | \$203,040.00 | \$22,559.12 | \$225,599.12 | | | |
| Subtotal - Refuse Revenue | \$713,449.56 | \$81,146.12 | \$794,595.68 | \$688,086.00 | \$78,249.68 | \$766,335.68 | | | |
| Recycling Revenue - FEL | \$3,660.00 | \$0.00 | \$3,660.00 | \$5,869.68 | \$0.00 | \$5,869.68 | | | |
| Recycling Revenue - FEL On-call | \$4,980.00 | \$0.00 | \$4,980.00 | \$7,303.80 | \$0.00 | \$7,303.80 | | | |
| Recycling Revenue - Rolloff | \$61,910.00 | \$0.00 | \$61,910.00 | \$86,240.00 | \$0.00 | \$86,240.00 | | | |
| Subtotal - Recycling Revenue | \$70,550.00 | \$0.00 | \$70,550.00 | \$99,413.48 | \$0.00 | \$99,413.48 | | | |
| Total Bid Rate Revenue | | | \$865,145.68 | | | \$865,749.16 | | | |