March 20, 2013

Honorable Mayor and Members of
The Hermosa Beach City Council

Regular Meeting of
March 26, 2013

Approval of Agreement with Arakelian Enterprises, Inc. (Athens Services) to Provide Integrated Solid Waste Management Services and Adoption of Resolution amending Solid Waste Management Services Rates

Recommendation:
Approve the Agreement with Arakelian Enterprises, Inc. (Athens Services) to Provide Integrated Solid Waste Management Services and adopt the Resolution amending Solid Waste Management Services Rates.

Background:
On November 27, 2012, the Council was provided a list of enhancements agreed to by the City’s negotiating team and Athens Services following Council direction on July 24, 2012, and directed staff to return with an agreement to provide Integrated Solid Waste Management Service incorporating those enhancements for consideration at a noticed public hearing (refer to Attachment 4). A reduction in the cost of streetsweeping services was proposed as part of a package of enhancements and is agendized as a separate item.

The process of seeking future solid waste services for the City of Hermosa Beach began in 2011, informed by the recommendations of the Green Task Force, including a decision to pursue a competitive bid process and to pursue a ‘pay as you throw’ system for residential service to incentivize recycling and meet the city’s carbon neutral and waste diversion objectives. The Proposition 218 process was completed on February 26, 2013 without sufficient protest and the Municipal Code was concurrently amended consistent with the proposed service.

Analysis:
The proposed agreement allows Athens Services to provide franchised residential, commercial and roll-off collection services, with the exception of construction and demolition debris collection, and incorporates enhancements as directed on November 27, 2012. The term of the agreement is for eight (8) years beginning July 1, 2013 with option to extend the contract up to two (2) years at the City’s sole option. As part of the negotiating process, residential rates for the source separated system (pay as you throw) were reduced below those provided in Athens’ original proposal. Commercial customers may co-mingle refuse and recyclables wherein materials will be sorted at a mixed recovery facility, or commercial customers may continue to separate recyclables. The agreement provides that the City will coordinate with Athens to construct a new Downtown Solid Waste Compactor Facility which will be reimbursed by the ratepayers.

Staff is working with Athens to set community workshop dates; originally proposed in April these workshops will now occur in May to allow customers to receive mailed information about the new service at least two weeks before the workshops, and to subsequently allow time for customers to make their selections as to what containers they would like. This information will be widely disseminated by mailing to property owners and customers, via press, the City’s E-Newsletter and posters.

The adoption of the franchise agreement and revised rates is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Sections 15061.b.3 and 15308 (actions that do not have the potential for impacts and will provide of the environment and required by the state); the agreement will require a mandatory diversion rate of not less than 50%, incentivize recycling and enhance water quality protections.
Pursuant to Municipal Code Section 8.12.370 Rates, a resolution is proposed allowing the Council to establish rates to be charged to residential householders or owners and to commercial/industrial business owners for the collection of solid waste and recyclables.

**Fiscal Impact:**
The proposed agreement and rate changes will not impact the City because the City is exempt from payment of solid waste collection fees except in the event of extraordinary services, and the agreement provides for the following fees to be paid by Athens with specified adjustors: a contracting fee of $150,000 to offset most of the costs of HF&H, which assisted the city with the contracting process; funding for audits (not to exceed $80,000 the first year and up to $50,000 for each subsequent biennial audit); contract administration fees not to exceed $50,000 per year; the exclusive franchise fee equal to 10% of Gross Receipts, net of AB 939 fees; and AB 939 fees to assist with the City's recycling efforts.

Respectfully Submitted:

[Signatures]

Ken Robertson, Director
Community Development Department

[Signature]

Frank Senteno
Public Works Director

Viki Copeland
Finance Director

**CONCUR:**

[Signature]

Tom Bakaly
City Manager

**Attachments**
1. Proposed Agreement between City of Hermosa Beach and Arakelian Enterprises, Inc. DBA Athens Services for Integrated Solid Waste Management Services
2. Proposed Resolution amending Solid Waste Management Services Rates
3. Major Transition Steps
4. City Council Minutes and Staff Report, November 27, 2012, Excerpts
5. Correspondence