



**THE PORT  
OF LOS ANGELES**  
Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: AUGUST 2, 2018**

**FROM: CONSTRUCTION AND MAINTENANCE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - AWARD OF CONTRACT NO. 39851 TO ATHENS SERVICES FOR SOLID WASTE DISPOSAL AND RECYCLING SERVICES**

**SUMMARY:**

Staff requests that the Board of Harbor Commissioners (Board) approve a one-year contract with two one-year renewal options to Athens Services of City of Industry, California for the collection, transfer, processing and disposal of solid waste port-wide, including recycling. The amount of this contract is not to exceed \$275,000 for the initial year. If the two renewal options are exercised, \$294,250 will be authorized for the second year and \$314,848 will be authorized for the third year. The total contract amount will not exceed \$884,098 over three years if the renewal options are exercised. The contract is based on City of Los Angeles Department of Public Works Contract No. C-128879. This contract is the financial responsibility of the Harbor Department.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Find that in accordance with the City of Los Angeles (City) Administrative Code Division 10, Chapter 1, Article 2, Section 10.15 (a)(8), the Harbor Department may enter into an agreement with Athens Services (Athens) utilizing a current agreement for such services with the City of Los Angeles through Contract No. C-128879;
3. Find that in accordance with Los Angeles City Charter Section 1022, work under the subject contract can be performed more feasibly by independent contractors than by City employees;
4. Award Contract No. 39851 with Athens for a term of one year with two one-year renewal options for the not to exceed amounts of \$275,000 in the first year, not to exceed \$294,250 in the first renewal option year, and \$314,848 in the second renewal option year, for a total compensation amount of \$884,098; and authorize said expenditures;

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5. Authorize the Executive Director to execute and the Board Secretary to attest to Contract No. 39851; and
6. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – The Harbor Department requires the collection, transfer, processing, and disposal of solid waste at Harbor Department locations (as well as any other locations that may be necessary) on an on-going or temporary basis. In addition, the collection and disposal of materials has included a recycling component. Historically, basic waste disposal has been contracted out except for an approximately seven year period between 2008 and 2015 when the Harbor Department entered into a Memorandum of Understanding with the City of Los Angeles Department of Public Works-Bureau of Sanitation (LASAN). The Harbor Department, through its Construction and Maintenance Division (C&M), returned to a contract waste disposal service when it entered into a contract with USA Waste of California, Inc. in 2015 to take advantage of sizeable cost savings. Recycling services, however, remained with LASAN.

Shortly thereafter, in 2017, the City of Los Angeles (City) implemented a new waste disposal program called RecycLA, a public-private partnership that, for the first time in the history of the City, offers customer-friendly and efficient waste and recycling services to all commercial and industrial businesses, institutions and large multifamily buildings. The RecycLA system divides the City into 11 zones that will be served exclusively by a single service provider within each zone. As part of RecycLA, Athens became the exclusive provider for these services in the Harbor area franchise zone effective December 2017. Implementation of RecycLA required the Harbor Department to discontinue its contract with USA Waste of California, Inc. and to seek services either through the Department of Public Works or through Athens.

The locations, types of services, quantities, sizes, and frequency of collection that Athens would provide throughout the Harbor Department are identified in Transmittal 1.

Selection Process – The Harbor Department initiated a City Charter Section 1022 determination process in February 2018 to solicit input as to whether other City departments were interested in providing waste disposal services to the Harbor Department. LASAN, Department of Public Works-Bureau of Street Services, and Department of Airports were notified. No responses were received. C&M staff also communicated with LASAN informally and although LASAN expressed some interest in providing service to the Harbor Department and developed a cost estimate for services, LASAN service costs exceed those available through Athens. Also, Athens offers a

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more predictable rate structure which will facilitate budgeting. And, as no formal response was received from LASAN, the Harbor Department decided to pursue a contract with Athens, utilizing the City contract as a vehicle for a cooperative agreement.

The City of Los Angeles Charter Article III, Section 371(e)(8) and Los Angeles Administrative Code Division 10, Chapter 1, Article 2, Section 10.5 (a)(8) allow for "contracts for cooperative arrangement with other governmental agencies for the utilization of the purchasing contracts and professional, scientific, expert or technical services contracts for those agencies and any implementing agreements, even though the contracts and implementing agreements were not entered into through a competitive bid process."

Therefore, in accordance with the City of Los Angeles Charter and Administrative Code, the proposed action by the Board is consistent with City contracting policies and staff is recommending approval of the contract with Athens Services (Transmittal 2).

**ENVIRONMENTAL IMPACT:**

The proposed action is the approval of a one-year contract with two one-year renewal options to Athens Services of City of Industry, California for the collection, transfer, processing and disposal of solid waste port-wide, including recycling services, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Between 2014 and 2018, the Harbor Department spent between \$140,000 and \$168,000 annually for waste disposal and recycling services. Most recently, under the last contract period with USA Waste of California, Inc., C&M spent approximately \$112,000 for waste collection and disposal services while \$28,000 was spent in Fiscal Year 2017-2018 for recycling services with LASAN. Under the proposed contract with Athens, C&M expects to spend \$250,000 for both waste disposal and recycling services with \$25,000 provided for contingency needs for the first year of the contract. The price increase is a result of the price structure agreed to in the City contract in furtherance of the RecycLA program. Under the terms of the City contract, Athens can increase costs annually on the basis of a weighted price index described in Article 7.3 of Contract No. C-128879 which is capped at five percent.

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Should the renewal options contained in the proposed contract be exercised, the total maximum allowable expenditure under the contract would be \$884,098. The expenditure estimates for renewal option years are based on the assumption of a full five percent cost increase per year plus an additional two percent increase for contingency needs. This could include, for example, an increase in service areas or in special event support. Expenditures for the three years of the contract can be expected to be spread out over four fiscal years, assuming a September 15, 2018 start date, as follows:

<b>Fiscal Year (FY)</b>	<b>Expenditures</b>
FY 2018-2019	\$ 220,000
FY 2019-2020	\$ 290,210
FY 2020-2021	\$ 321,418
FY 2021-2022	\$ 52,470
<b>Total</b>	<b>\$ 884,098</b>

Funding in the amount of \$220,000 has been budgeted in Account 54020 (Maintenance Services - Grounds), Center No. 0510 (Construction and Maintenance Division), Program No. 000, for Fiscal Year 2018-19. Funding for future fiscal years will be requested as part of the annual budget process upon Board approval.

The Harbor Department's financial obligations after the current fiscal year are contingent upon the Board's appropriation of funds. If any subsequent fiscal year funds are not appropriated by the Board for the work required by the agreement, the agreement shall be terminated. However, such termination shall not relieve the parties of liability for any obligations previously incurred. In addition, provision will need to be made for solid waste disposal either through contract or through City services.

**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved the subject content as to form and legality.


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TRANSMITTAL:

1. Table: Waste Disposal and Recycling Bin Locations
2. Contract No. 39851



FOR  
TC

TIM CLARK  
Director of Port Construction & Maintenance

FIS Approval: 

CA Approval: 



ANTONIO V. GIOIELLO, P.E.  
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA  
Executive Director

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