



Administrative Report

H.8., File # 25-0944

Meeting Date: 7/1/2025

To: MAYOR AND CITY COUNCIL
From: ANDREW WINJE, PUBLIC WORKS DIRECTOR

TITLE

APPROVE AN AMENDMENT TO THE AGREEMENT WITH HF&H CONSULTANTS, LLC FOR SOLID WASTE CONSULTING SERVICES TO PROVIDE ANALYSIS RELATED TO THE PROPOSED SECOND AMENDMENT TO THE CITY'S SOLID WASTE HANDLING SERVICES AGREEMENT WITH ARAKELIAN ENTERPRISES, INC., DBA ATHENS SERVICES, INCREASING THE CONTRACT AMOUNT BY \$80,000 FOR A NEW TOTAL NOT TO EXCEED \$120,000

EXECUTIVE SUMMARY

Staff recommends that HF&H Consultants, LLC (HF&H) contracted scope of work be expanded to include review and analysis of additional revisions to a proposed amendment to the City's existing Solid Waste Handling Services Agreement with Arakelian Enterprises Inc., dba Athens Services (Athens). The expanded scope of work would allow HF&H to review and provide input on the revised draft second amendment proposed by Athens Services and provide analysis related to possible impacts to ratepayers as well as the City's solid waste and recycling programs. Funding for the contract with HF&H is available in the City's Solid Waste Enterprise Fund.

BACKGROUND

Athens Services is the exclusive franchise hauler for solid waste handling services in the City of Redondo Beach. The City signed the first amendment to the Agreement effective July 1, 2019. The City is currently in year seven of the nine-year Agreement with Athens Services with the option to extend the term monthly for up to 24 additional months.

On December 8, 2023, Athens Services advised the City that they anticipated significant challenges meeting their contractual diversion requirements. Athens Services advised they are unable to meet the 13,000 tons of disposal via waste-to-energy or meet the 75% contractual diversion target due to the closure of the regional alternate waste to energy facility in Commerce and disruptions at the Southeast Resource Recovery Facility (SERRF) in Long Beach. Subsequently, Athens submitted a proposed second amendment to remove the transformation requirements from the Agreement and reduce the diversion target to 50%. Athens also included additional provisions in the proposed second amendment, including: the removal of the requirement that residential black barrels are processed at a materials recovery facility (MRF) for an additional 8.5% diversion and the inclusion of roll-off services in the exclusive Franchise Agreement.

On September 3, 2024, the City Council approved an Agreement with HF&H to review the proposed second amendment presented by Athens Services for a not to exceed amount of \$40,000. Staff has

long relied on HF&H, an experienced consultant, to assist the City with the challenges of contracting for solid waste collection, disposal, and reporting services in accordance with State regulations.

On December 5, 2024, Athens Services advised City staff of the need to present the City with a revised second amendment to the Agreement to include elements not addressed in the initial draft presented to the City. The revised second amendment proposal included, but is not limited to, a potential revised fee structure for Multi-Family Units and Commercial, bundled services, along with an itemized scout fee.

On May 20, 2025, staff presented a discussion item to Council introducing the revised second amendment to the Athens Agreement in order to highlight significant changes and seek direction for negotiating a second amendment. The discussion emphasized the need for Athens to provide operating data and for the City's consultant, HF&H, to provide substantial research and analysis to ensure the amended contract reflects best management practice and value. To provide the additional requested consulting services support, an amendment to the agreement with HF&H is needed to expand the scope of work and provide additional funding.

The initial consulting services agreement with HF&H included the below review and analysis:

- Review and redlined version of the Second Amendment as originally presented
- Identify and review other areas of the Agreement that may require updates as a result of the proposed diversion updates and/or the granting of exclusive roll-off rights
- Review the appropriateness of the updated diversion rate related to the closure of the Southeast Resource Recovery Facility (SERFF)
- Estimate the cost impacts of eliminating the processing of residential black barrel solid waste at the Materials Recovery Facility (MRF) and redirecting this tonnage to a landfill.
- Evaluate the ratepayer impact of awarding the Solid Waste Contractor exclusivity for roll-off services within the City.
- Estimate the potential City revenue that would be generated from applying the existing commercial Administration Fee and AB 939 fee to roll-off customer.

The proposed amendment to the agreement with HF&H would expand the scope of services to also include the following:

- Provide a matrix comparing current agreement terms to the proposed terms and include an assessment of the changes including those to the various rate categories and provide comments to the City.
- Develop a matrix summarizing certain franchise agreement features for the cities of Redondo Beach, Manhattan Beach, Hermosa Beach, Lawndale, Hawthorne, Inglewood, Carson, and Gardena.
- Review Athens' proposed Second Amendment and provide comments to the City on the new/updated provisions.
- Review calculations to be submitted by the Solid Waste Contractor of the rate revenue increase generated from the proposed rates under two models, described below, versus the current rates. The models include:
 - a 13.5% increase to all commercial and multi-family customers, and, separately
 - classifying multi-family customers with five units or more as commercial customers
- Prepare a summary of:

- proposed customer rate revenue increases from:
 - bundling the commercial rates, as described in B.2, above
 - reclassifying multi-family customers with five units or more as commercial, or increasing the rates to all commercial and multi-family customers by 13.5%, as described in D. above
 - adding a scout charge based on information to be provided by the Contractor
- the cost increases identified by the Contractor
- the net difference between the proposed rate revenue increases and the cost increases, identified in E.1. and E.2. above.
- Review and comment on the Contractor's analysis of the rate impacts to customers. Including: (a) the change in rate structure, (b) bundled service, and (c) scout fees using the data provided by the Solid Waste Contractor.

If approved, HF&H will begin the review and analysis as outlined with an estimated completion and delivery of all work products by November 2025. Staff have coordinated with HF&H to determine key milestones and delivery dates for primary project components in order to present the information to Council in a phased manner. Critical findings and analysis will be presented to the City Council as they become available and when the meeting schedule permits. The phased approach will provide the Council more time to evaluate the information, request follow up information, and adjust the scope of review as needed.

COORDINATION

The City Attorney's Office has approved the proposed amendment to the Agreement with HF&H as to form.

FISCAL IMPACT

Funding for the increased contract value of \$80,000 is available in the Solid Waste Fund.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agmt - First Amendment to the Agreement with HF&H Consultants, LLC
- Agmt - Original Agreement with HF&H Consultants, LLC, September 3, 2024
- Administrative Report - City Council, September 3, 2024
- Insurance - HF&H Consultants, LLC