



Administrative Report

H.16., File # 24-1407

Meeting Date: 9/3/2024

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

TITLE

APPROVE AN AGREEMENT WITH HF&H CONSULTANTS, LLC FOR SOLID WASTE CONSULTING SERVICES RELATED TO A PROPOSED SECOND AMENDMENT TO THE CITY'S SOLID WASTE HANDLING SERVICES AGREEMENT WITH ARAKELIAN ENTERPRISES, INC., DBA ATHENS SERVICES, FOR AN AMOUNT NOT TO EXCEED \$40,000

EXECUTIVE SUMMARY

Staff recommends that HF&H Consultants, LLC (HF&H) be contracted to review a proposed amendment to the existing Solid Waste Handling Services Agreement with Arakelian Enterprises Inc., dba Athens Services. HF&H would review and provide input on the draft second amendment proposed by Athens Services and provide input on possible impacts to ratepayers and to the City's solid waste and recycling programs.

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 six 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 anticipates they will be unable to meet the 13,000 tons of disposal via waste-to-energy or meet the 75% 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. In its 2023 Annual Report, Athens reported that they were able to meet the 75% diversion target in 2023 and achieved 10,952 tons of waste-to-energy. However, the SERRF facility closed on January 31, 2024 and Athens Services advised staff that meeting the existing contractual diversion requirements outlined in Section 5.5.5 of the Agreement for the 2024 calendar year, and beyond, will not be possible.

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.

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 in accordance with State regulations. At this time, staff proposes that HF&H review the proposed second amendment provided by Athens Services and give their analysis on possible impacts and savings for ratepayers, along with overall impacts to the City's solid waste and recycling programs.

If the consulting services agreement is approved, HF&F shall complete tasks, including but not limited to, the items outlined below:

- Review the proposed second amendment and all related formal correspondence between the City and the Solid Waste Contractor
- Provide a redlined version of the Second Amendment with comments and feedback to the City
- 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, if any
- 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. This analysis shall consider:
 1. Savings in processing costs from no longer processing the black barrel
 2. Tipping fees at both SERRF and the landfill
 3. Variations in transportation costs from the transfer station to the disposal site
- Consultant shall provide a summary of the data that will be required from Athens, including supporting data, such as costs, tonnage, and operational details for processing, transporting, and disposing of the applicable waste. All assumptions and findings shall be documented
- Conduct one virtual meeting with the City to discuss and review the findings and recommendations related to the Second Amendment
- Evaluate the ratepayer impact of awarding the Solid Waste Contractor exclusivity for roll-off services within the City. This evaluation shall include:
 1. Reviewing the pricing proposed by the Solid Waste Contractor for roll-off services
 2. Estimating the cost per ton for roll-off services based on the proposed pricing
 3. Comparing the proposed cost per ton to the current average cost per ton, as reported by other haulers currently providing roll-off services, including data on gross receipts and tonnage
- Estimate the potential City revenue that would be generated from applying the existing commercial Administration Fee and AB 939 fee to roll-off customers, with all findings documented and presented for the City's consideration

HF&H project outputs will inform staff and City Council as the City works with Athens Services to evaluate a draft Second Amendment that will be brought before City Council for its consideration prior to the end of the 2024 calendar year.

COORDINATION

The City Attorney's Office has approved the Agreement as to form.

FISCAL IMPACT

Funding for the \$40,000 Agreement is available in the Solid Waste Division's annual operating

budget.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agmt - HF&H Consultants, LLC
- Insurance - HF&H Consultants, LLC