



== CITY OF ==

NEWPORT BEACH

City Council Staff Report

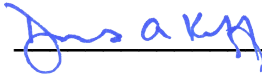
Agenda Item No. 20
September 10, 2013

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: Dave Kiff, City Manager
949-644-3001

Mark Harmon, Municipal Operations Department Director
949 644-3055, mharmon@newportbeachca.gov

PREPARED BY: Mark Harmon, Municipal Operations Department Director

APPROVED:  _____

TITLE: Residential Solid Waste Service Proposals

RECOMMENDATION:

Receive and review the attached Consultants Report (Report) regarding proposals for residential solid waste services, and direct staff to negotiate with up to two service providers to prepare and finalize a contract that reflects either Path #1 or Path #2, and return to the City Council with a final contract for consideration and/or approval.

FUNDING REQUIREMENTS:

There is no funding requirement for Council to consider the proposals received in response to the Request for Proposal (RFP) issued by the City. Based on the responsive proposals received, the current cost to provide this service could be reduced by \$14M to \$17M over the initial seven (7) year term, depending on the collection method selected.

DISCUSSION:

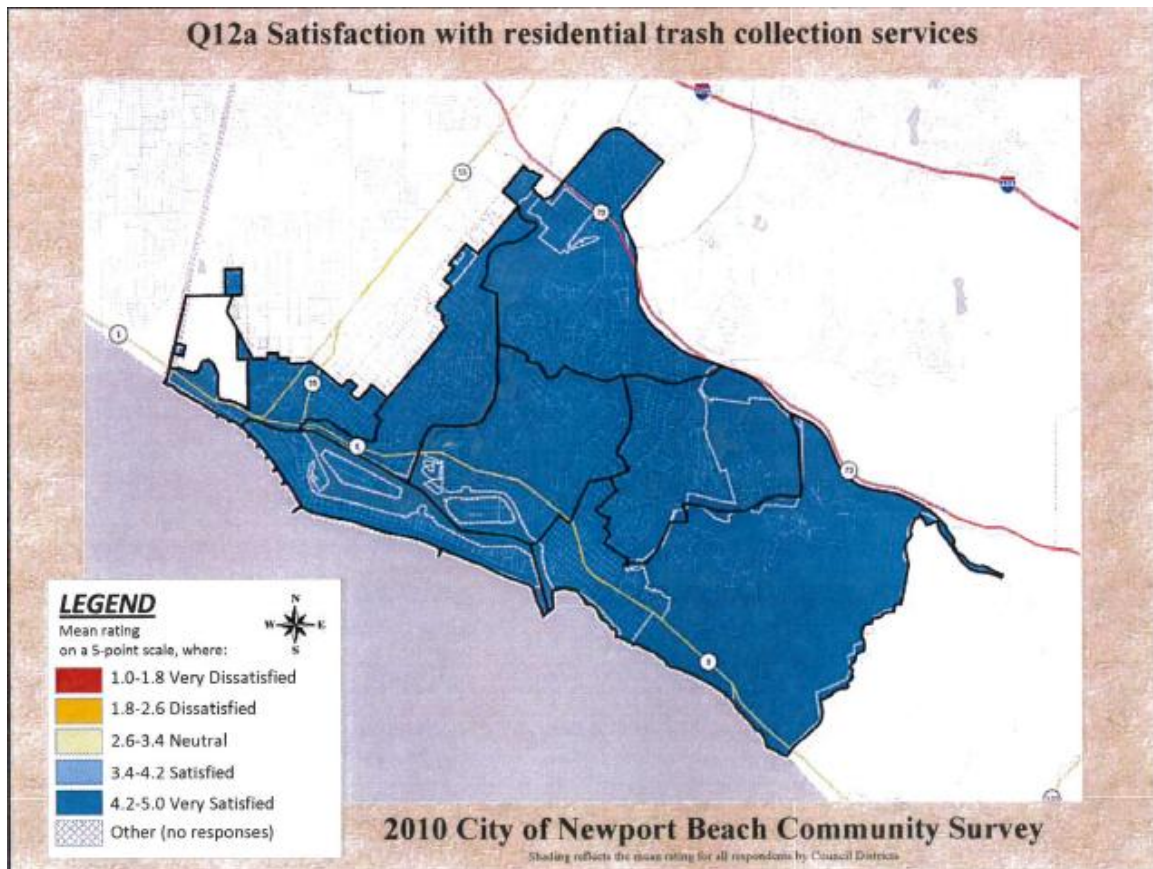
Background. In Newport Beach, residents and businesses can receive trash collection in several different ways. If you live in a single family home (and some duplexes, triplexes, and other multi-family) in Corona del Mar, the Balboa Peninsula, Lido Isle, Linda Isle, Dover Shores, Balboa Island, Eastbluff, Westcliff, Newport Heights, Harbor View Hills, the Port Streets, Spyglass, Cameo Shores and Highlands, and several other communities, the city's employees pick up your trash manually.

At any residence in Santa Ana Heights (east and west), Bayknolls, Belcourt, Newport Ridge, Newport Coast, Crystal Cove, Bonita Canyon and other areas, a private company picks up your trash using an automated cart-based collection system.

If you live in a larger multi-family apartment or condo complex, interspersed across town but including areas like Park Newport, the Colony, Coronado, and more, in many cases a private sector collection company picks up your trash via bin or automated service. In some cases, like in Newport Crest, the City staff members pick up the trash.

Recycling is done via a mixed-waste “Materials Recovery Facility” or MRF, whereby recyclables and waste are mixed together in transfer trucks, then taken to the MRF and placed on a conveyor belt where recyclables are removed from the waste stream via a semi-automated system.

The City’s 2010 Citizens Satisfaction Survey found that residents in *all parts of town* (private or public) were “very satisfied” with residential trash collection service.



Even while satisfaction is high, it is fairly unique that a community like ours has city workers picking up trash in many parts of town. We are the only Orange County city

that uses municipal workers to collect residential trash (Midway City Sanitary District, a special district in central Orange County, uses public employees to collect trash). We know of no other Orange County city that is considering moving to an in-house model like our own.

As the Council is aware, the Council has directed the City Manager to aggressively examine opportunities to outsource services to the private sector where:

- Customer service levels can be maintained or exceeded; and
- Cost savings can be achieved – including long-term cost savings associated with pension and benefit costs that continue to rise beyond the rate of inflation.

As a result, the City has contracted with the private sector (or other agencies) to provide services to the community like tree trimming, street sweeping, parking lot operation, parking meter operation, inspection services, construction management services, airborne law enforcement, park maintenance, facility maintenance, beach trash collection, economic development services, and more.

The City's full-time equivalent staffing levels have gone from about 833 positions in Fiscal Year 2009-10 to about 736 FTEs upon the adoption of the FY 2013-14 budget this past June. A majority of these reductions we accomplished with attrition rather than layoff, although about a dozen full-time employees have been laid off with about 20 more part-time employees laid off. Wherever possible, the City has sought to buffer the impact of reductions by offering early retirement incentives, voluntary separation incentives, and kept jobs open and promotional for persons in positions subject to layoff.

About the Refuse Division. The City's Refuse Division within the Municipal Operations Department (MOD) collects refuse manually from about 26,500 residential accounts. Unlike in most other communities, the collection, transfer, and disposal of refuse in most of Newport Beach is funded solely through the "1% Basic Levy" of property taxes that residents pay. This is a requirement of **Measure Q**, a voter-approved amendment to the City's municipal code that said that most Newport Beach single family homes would only pay for trash collection using proceeds from property taxes, not via a special fee or add-on to the property tax bill. Readers can look at Newport Beach Municipal Code §6.04.170 to see Measure Q. Only the voters can change Measure Q.

As such, in most of Newport Beach, the cost of trash collection service (and any increases thereto, regardless of who is providing the service) must be paid for by the City within the 1% Basic Levy. In other parts of Newport Beach, residents pay the 1% Basic Levy and pay roughly \$220-\$240/year for trash collection. Newport Beach does levy a recycling charge per household – this charge is about \$3 per month, intended to cover the Materials Recycling Facility's costs.

The budget for the Refuse Division as adopted in FY 2013-14 is \$5,697,446. This includes salaries and benefits, vehicle replacement allotments, fuel, truck service, certain contracts (like the CR&R Contract in the Newport Coast), tipping fees paid to dispose of trash in the landfills, the MRF's operational expense, and more.

In the Refuse Division of the Municipal Operations Department, positions have changed/reduced since FY 2008-09 as shown below, such that sixteen (16) positions now collect the trash (incumbents in two of these are out on worker's comp leave):

Position Title	FY 08-09	FY 13-14
Refuse Worker I	11	5
Refuse Worker II	14	11
Superintendent	1	1
Transfer Station Crew Chief	1	0
Refuse Supervisor	1	1
Maintenance Aide	0.5	0
<i>Total FTEs</i>	28.5	18

Request for Proposals Process. At the November 27, 2012 City Council meeting, Council directed staff to negotiate a contract with HF&H Consultants (HF&H) to develop an RFP to solicit proposals for providing residential refuse collection services for the areas of the City currently serviced by municipal employees.

HF&H is a firm that has provided solid waste consulting services to multiple municipalities in Los Angeles and Orange Counties and also has evaluated the proposals received. This work included reviewing each proposal for completeness and accuracy, preparing follow-up questions for proposers, clarifying unresolved issues, comparing proposed costs to current City services, conducting reference checks for lowest responsive proposals and preparing the final evaluation report.

The Council asked HF&H to invite proposals for trash collection services in two paths, as follows:

- **Path #1** – Mirror the same service provided today. Use hardware store purchased cans, customers can put out any amount of cans, no recycling at home, staff will pick up extra trash and trash placed in bags, and more.
- **Path #2** – A semi-automated system whereby customers could have any number of wheeled carts, any of three cart sizes (from small to medium to large – or a mix of these), recycling at home would be voluntary and available only if someone requested a mixed recyclables cart, and staff would still pick up extra trash not in the

carts, and more. In some parts of town, full automation may not be feasible, so a semi-automated model (roll cans to the back of the truck and flip them in with an automated lift) could be proposed there.

In both paths, the respondents would have to interview and offer jobs to all qualified city employees in the refuse division.

Proposals. On May 13, 2013, the RFP was released and on June 28, 2013, seven (7) proposals were received. The following firms submitted proposals:

- Arakelian Enterprises, Inc., dba Athens Services
- CR&R Inc.
- Newport Beach Employee League or NBEL (representing the City's existing solid waste employees).
- Newport Recycles, JV
- Rainbow Disposal Co., Inc.
- Republic Services of Southern California, LLC
- Ware Disposal Co., Inc.

HF&H submitted the attached Report to the City (see Attachment A). The Report included detailed analysis of the following:

- The proposers and their experience providing municipal residential refuse collection.
- Proposal information for Path 1 (Manual Collection) and Path 2 (Two-Cart Automated Collection). Path 2 Automated collection includes a voluntary option for residents if they want to separate their recyclables.
- Core Services to be provided, including the unlimited weekly collection of solid waste including bulky item.
- Optional Services, including household hazardous waste collection and container pull-out service for disabled residents.
- Requirement that proposals include the hiring of any displaced City solid waste collection staff.
- Proposed seven (7) year cost and required revenue.

Proposed Cost. Please review *Attachment A* in detail in addition to this cost summary provided here. Two firms, Ware Disposal and CR&R, offer the lowest cost proposals under both the Path 1 method of collection, and the Path 2 method of collection. The lowest proposal for Path 1 (Ware) would save the City approximately \$14M over the seven (7) year term, and the lowest proposal for Path 2 (CR&R) would save the City approximately \$17M over the same 7-year term.

Per the RFP, and the proposals submitted by the firms, the cost proposed for services will be fixed for the term of the agreement, and can only increase by no more than 2.5% annually based on CPI percentages. This is consistent with the City's large contracts. Regarding fuel cost and landfill fees, those costs are *direct pass-through* to the City. If the County of Orange raises "tipping" or landfill fees, and/or if the compressed natural gas (CNG) supplier raises fuel costs, those two increases are independent of the contract and are passed directly through to the City at the increased rate. These costs are passed directly to the City today, and are expenses that are not controllable by either City provided services or outside contractors.

A contract can limit cost volatility better than the City can, in part because of California's employment rules and our own personnel regulations. For example, the costs of pensions (via Cal-PERS rates, actuarial assumptions, and investment return), health care, negotiated wage increases and special pays, insurance, worker's compensation costs, and even equipment costs (replacement and maintenance) are not tied down if the City continues a service like trash collection.

In addition to a fixed cost contract, the payment for residential refuse collection services will continue as it is today; refuse fees are paid from the 1% Basic Levy, and NOT charged separately to individual residents. If the costs of a contract agreement increase, that must be covered by the City's use of the 1% Basic Levy and cannot be passed on to residents.

About Quality and Current Services. This is perhaps the most-asked question we have gotten as this process has moved along: *How can we be assured that the quality before contracting is the same or better than the quality after contracting?* It's not easy, but it is clear.

- Contract Terms. The best way to ensure quality services is via an effective agreement with specific customer service standards. Our maintenance standards within contracts for some services, like parks, are extensive and detailed. The proposed refuse contract is 46 pages long, with an additional 15 pages describing Service Scope requirements. Readers can see it attached to the Refuse RFP on the City's website.
- Contract Management. In line with a good contract is good contract management, and the City's staff is familiar with and has expertise in this area, given the multiple contracts we manage throughout multiple departments.

Staffing. Due to retirements and transfers, the crew of refuse collectors was reduced from 25 refuse haulers in the FY 2008-09 Operating Budget to 16 refuse collectors in the current year (FY13/14 Operating Budget). Currently, two refuse collectors are on workers compensation leave, leaving a crew of 14 collectors to perform the work. This reduction in personnel has resulted in a significant increase in overtime (OT) costs.

In FY12/13, the 22 member refuse collection crew had a total of 167 hours in unscheduled OT costs for the 12 months. Yet through the first five pay periods since July 1, 2013, the 14 members of the refuse crew have worked 515 hours of unscheduled OT. This is not sustainable, either physically or financially. To help with the demand on the reduced number of staff and the long hours of heavy work, in August the City hired four temporary workers to assist with the collection of residential refuse. If refuse collection is retained in-house, staff would have to seek Council approval to hire additional refuse collectors.

It makes less and less fiscal and practical sense for a California city to hire new public employees to work in an outdated manual collection system. There are two main reasons why: (1) manually lifting trash is injury-prone work; and (2) California's workers compensation system is among the most beneficial in the nation on the employee side.

About Workers Compensation, Injuries, and Wages. In the past three years (July 2010 through July 2013) there have been 23 workers compensation cases for the refuse collectors, resulting in 678 hours of lost time. The manual collection method is very strenuous work for our collectors, with injuries to legs, shoulders, back and abdomen comprising the majority of the injuries over the past three years. It is understandable that residents appreciate the hard work that these individual do every day, however, it is not a safe method for collecting heavy containers full of trash. Reducing workers compensation claims is cited as one of the benefits of an automated collection method, regardless if it is a municipal or contractor provided service.

The HF&H Report discusses salary and benefit costs in more detail, comparing the public sector wagers to the private. Generally, a refuse worker earning about \$27/hour with the City could be earning about \$22/hour with a private company. The RFP requires that the proposers interview and make job offers to qualified city employees. Page 10 of the RFP reads:

Hire Qualified City Employees – the proposal shall interview City employees displaced by privatization that submit an application and make employment offers to applicants qualified for positions with the employer.

We fully expect many if not all of our current refuse workers to either successfully secure other City jobs (there are four vacancies in MOD as we write this staff report) or transition to a new company, in a few cases being able to retire from City employment, secure a pension benefit, and keep working in Newport Beach on similar trash routes with the private company.

About Equipment Replacement. The City currently has a fleet of 15 collection trucks to service the City. City Council Policy F-9 requires the replacement of refuse collection trucks following 8 years of service. Ten of the current collection trucks exceed the 8 year life expectancy; one truck has been in service 18 years, four at 16 years, one at 13

years, and 4 at 11 years of service. Although several of these trucks have had the body of the truck replaced, the overall replacement of collection vehicles must be scheduled if the service continues to be performed by City staff and equipment.

The current cost of CNG refuse collection equipment is approximately \$250,000 per truck, resulting in a \$2.5 million pending cost for the City if this service stays in house. The City has about \$4.3 million in reserves specifically for this purpose, but these are general fund dollars that could be used for other one-time projects, including new community facilities, neighborhood beautification, and more. The proposals from the private companies all include the cost of CNG vehicles and vehicle maintenance, yet they still provide significant savings operationally over the current system.

About our Employees' Proposal. Working with the Orange County Employees Association (OCEA), the Newport Beach Employee League (a labor association representing the maintenance employee group in Newport Beach) submitted a proposal on behalf of the current refuse collection employees. Please see the proposal's full evaluation by HF&H in the attached Report. A few issues are worth addressing here:

- Recycling Fee Revenue. NBEL reduced proposed annual compensation by what the City receives from residents to fund materials recovery (\$3/month/household). No other proposer did this, nor should they have done this. It is revenue. Revenue is not a cost. It is used to offset collection costs in all outcomes – in-house, outsourced, Path 1, or Path 2. As a result, the NBEL proposal is understated by nearly \$940,000. An “apples to apples” comparison would rectify this by adding the materials recovery cost back in to the NBEL proposal, and that is what HF&H did (this was rejected by the NBEL/OCEA representatives).
- Current personnel costs may be understated. The NBEL proposal for Path 1 Collection maintains a staff of 18 collectors (see Staffing above). However, they did not include any additional costs for overtime, temporary workers, worker's comp, nor “one man packer pay,” which is currently a requirement of the NBEL memorandum of understanding.
- Cost Volatility. While this is not a detriment to the NBEL proposal, it is something that has been brought up in public meetings. An “in-house” system – even a very efficient one - does not have the same ability as a private sector proposal does to limit the City's exposure to certain variable costs – these include:
 1. PERS rate changes
 2. Negotiated salary increases via labor agreements
 3. Worker's compensation costs;
 4. Changes in workers' comp laws; and more.

Importantly, the State still does not allow the City to offer new hires a defined contribution retirement plan, so any new hires still have to be in defined benefit plans, which have significant cost and cost volatility even as employees contribute more towards them.

Conclusion. We conclude this report with these thoughts to the Council, the public, and our colleagues who work with us. Trash collection is a service that has been mastered by the private sector, both in quality and efficiency. The communities around us – from our own Newport Coast and Crystal Cove to Laguna Beach to Irvine’s Shady Canyon – would not tolerate less than stellar service. No city today is considering bringing the service in-house.

Many in the community love this service and their refuse worker. Please know that we completely recognize why that is. We like them too. But this still is a service even in Newport Beach that eventually is likely to be outsourced. The City should not hire new municipal employees to do this injury-prone work, for their benefit and for the benefit of the community’s long-term liabilities and pension/benefit costs.

If there is a time to change *who* provides the service – *not what quality service is provided* - that time may be now. The proposers here are top-notch, and know how to provide a quality product with specific experience locally. With the relatively small number of employees affected, and with jobs available to them (some in the City, others with a new company), it makes sense to strongly consider this today. We are convinced that a quality company will hire our staff and/or that we can accommodate them in other MOD jobs, and that our staff members will remain working in our community at jobs that they like.

The City has had to lay off hard-working employees since the recession in 2008. Each one of them has a face, a name, and a family. None of the employees we have let go to date have had the same advantage that our refuse workers have today. Other jobs await them - other good jobs. If the City is to effectively navigate a pension and fiscal challenge that lies ahead of any city, anywhere (especially in California), it should take this opportunity now and move to contract this service out.

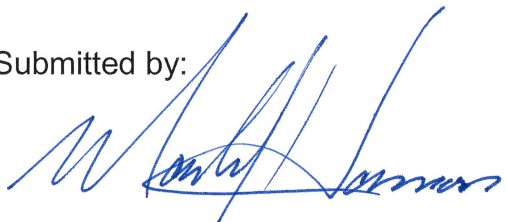
ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

Submitted by:



Mark Harmon
Director

Attachment: A. August 28, 2013- HF&H Consultants Report, *Evaluation of Residential Solid Waste Services Proposals*

September 3, 2013

Mr. Mark Harmon
General Services Director
City of Newport Beach
592 Superior Avenue
Newport Beach, California 92663

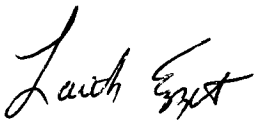
CITY OF NEWPORT BEACH
Evaluation of Residential Solid Waste Services Proposals

Dear Mr. Harmon:

Attached please find our evaluation report for the residential solid waste services proposals for the City of Newport Beach. A summary of the proposed compensation is provided in Attachment 2 to the report.

Please call me at (949) 251-8902 if you have any questions.

Very truly yours,

A handwritten signature in black ink that reads "Laith Ezzet". The signature is written in a cursive, flowing style.

Laith Ezzet, CMC
Senior Vice President

Enclosure – As stated

CITY OF NEWPORT BEACH

REVIEW OF RESIDENTIAL SOLID WASTE SERVICES PROPOSALS

This memorandum summarizes the results of the solid waste proposal review performed by HF&H Consultants, LLC (“HF&H”) for the City of Newport Beach (“City”).

BACKGROUND

Current Service Arrangements

The City of Newport Beach provides residential solid waste collection service to most of the City using municipal crews. Four communities in the City receive residential service under exclusive collection agreements with private haulers, and are unaffected by the City’s RFP process. These communities are Newport Coast and Santa Ana Heights, which are serviced by CR&R, and Bonita Canyon Subdivision/Belcourt and Newport Terrace, which are serviced by Waste Management. The following report exclusively addresses services for customers currently serviced by City crews.

Residential customers serviced by City crews receive unlimited, once per week manual trash collection from customer-provided containers. Select areas of the City receive additional collection on Saturday during the summer. City crews deliver collected residential waste to the City’s transfer station. The material is then loaded into transfer trailers for transport to a privately-owned materials recovery facility, or “MRF,” where it is sorted to recover recyclables before landfilling. Transport from the City yard, material processing, and subsequent landfilling are provided under contract with CR&R.

Current City operations result in 130 to 140 tons per day being transferred through the City’s transfer station. The facility is permitted to receive up to 300 tons per day, and the City is considering options to generate additional City revenue by leasing out the excess capacity.

The City’s existing residential solid waste services are partially funded through a recycling fee the City collects from residents (approximately \$941,000 per year); the City’s General Fund pays for the remaining residential solid waste costs.

The City allows multiple private haulers to compete to provide service to its commercial establishments under a non-exclusive franchise system. Commercial hauling arrangements were not part of this RFP process.

Request for Proposals

On May 13, 2013, the City of Newport Beach released a Request for Proposals for Residential Solid Waste Services (“RFP”), withholding its determination as to whether to privatize residential collection until after consideration of competitive proposals. On May 29, 2013, the

City received seven proposals, six from private companies and one from the Newport Beach Employee League. HF&H performed a preliminary review of the proposals and prepared a summary of each proposal. Written questions clarifying the proposals were sent to each proposer on July 18, 2013, and each proposer was also provided an opportunity to review and comment on the accuracy of the written proposal summary. Responses were due August 2, 2013, and subsequent written correspondence was sent during August 2013 to clarify any remaining unclear responses. Ware increased its proposed Path 1 cost in response to a request for clarification.

PROPOSALS REVIEWED

HF&H reviewed proposals submitted by the following entities:

- Arakelian Enterprises, Inc., dba Athens Services (“Athens”), a family-owned business with significant operations in Los Angeles County, as well as surrounding counties.
- CR&R Inc. (“CR&R”), a privately-owned business with collection services throughout Southern California, and in Arizona and Colorado. CR&R services Newport Coast and Santa Ana Heights within the City.
- Newport Beach Employee League (“N.B.E.L.”), which is representing the City’s existing solid waste hauling employees.
- Newport Recycles, JV (“Newport Recycles”), a joint venture between Roberts Waste & Recycling Inc., a local hauler that collects waste from the City’s parks and beaches, and Waste Resources, Inc., which operates in Los Angeles County.
- Rainbow Disposal Co., Inc., dba Rainbow Environmental Services (“Rainbow”) is a 100% employee-owned corporation providing services in Orange County, including collection of trash carts from the City’s beaches.
- Republic Services of Southern California, LLC (“Republic”) is a subsidiary of Republic Services, Inc., the second largest solid waste hauling company in North America.
- Ware Disposal Co. Inc. (“Ware”) is a privately-owned company providing collection services in Orange and Los Angeles counties.

A summary of proposed compensation and cost benefits to the City is provided in Attachment 2. A further summary of the evaluated proposals is contained in Attachment 3.

KEY TERMS OF THE RFP

The term of the agreement is seven years, with a City option to extend the agreement for up to three additional years. The start of service date is to be determined, and proposers were instructed to indicate the transition period needed after award of the agreement to complete a smooth transition. A summary of the key services and contract terms requested by the City in its RFP is provided in Attachment 1.

The City's RFP included the draft franchise agreement that the successful proposer would be expected to execute. The agreement identifies in significant detail the various solid waste collection and recycling services to be provided. The scope of services contained in the agreement is comprehensive, specific, and tailored to meet the needs of the customers within the City of Newport Beach. Therefore, unless significant exceptions were proposed or significant enhancements added to the City's desired terms, all of the proposals would offer similar core services.

Residential Proposal Paths

Proposers were provided the opportunity to propose on either or both of two residential collection methods:

Path 1: Existing System (Manual Collection) – Combined collection of refuse and recyclables in customer-provided containers, with solid waste to be processed at a material recovery facility to recover the recyclables prior to landfilling.

Path 2: Two-Cart Automated Collection System – Separate collection of refuse and recyclables in hauler-provided carts. Customers may select cart sizes of either 32, 64 or 96-gallons. Participation in the recycling program would be optional to the customers. At least a portion of the refuse cart would need to be processed at a material recovery facility to recover the recyclables prior to landfilling in order to meet the minimum diversion goal.

Core Services

Proposers were instructed to submit annual costs to provide solid waste collection, processing and disposal services similar to currently provided services in order to better facilitate a comparison to current City costs. The "core services" required under both collection paths include:

- Unlimited weekly residential solid waste collection.
- Unlimited collection of bulky items that will fit in a standard collection vehicle and may be landfilled. Special event collection for 4th of July and Corona del Mar 5K events.
- Natural gas collection vehicles.
- Alley collection and two-man crews for challenging areas.
- Summer Saturday collection in select portions of the City (high rental areas).

- Christmas tree collection.
- Processing and disposal of solid waste currently delivered to the City’s transfer station (including abandoned items and street/park litter container waste).

Optional Services

The City is considering certain service enhancements and requested that proposers separately propose costs for these “optional services.” The City retains the option to add these services on an item-by-item basis, considering individual proposed costs. These optional services are:

- Enhanced bulky item collection, including large appliances and electronic waste.
- Container pull-out for physically disabled customers.
- Sharps collection program.
- Household Hazardous Waste (“HHW”) door-to-door collection program.
- Hauler-sponsored Annual Community Shred-It Day.

Transfer Station Lease

The successful hauler is permitted to use the City’s transfer station for residential waste collected in the City at no charge.

The City’s transfer station is permitted to transfer 300 tons per day. Material currently delivered to the transfer station includes residential waste, abandoned item waste, and street/park litter container waste; this material accounts for approximately 130 to 140 tons per day. Proposers were provided the option to lease the transfer station, staffing it with company employees, and use the remaining capacity for the transfer of additional waste.

Processing Contract

The City agrees to assign its processing contract with CR&R to the successful proposer if requested, though this contract may be terminated at any time by either party with 180 days’ notice. The contract includes transportation from the City transfer station, processing of waste for more than 40% diversion, and disposal of residual waste after processing. Proposers may propose to use the contract, or to use alternative arrangements.

DETAILED PROPOSAL MATRIX

In order to compare the proposals, we prepared a matrix (Attachment 3) that summarizes the following information obtained from the proposals:

1. “Proposer Overview,” including the company’s corporate headquarters, guaranteeing entity, if any, and contract revenue as a percentage of total company revenues.
2. “Experience,” including a summary of each proposer’s experience in other jurisdictions.

3. "Facilities," describing the proposed transfer station, processing facilities, customer service office, and operations yard.
4. "Equipment," describing the vehicles and carts (for Path 2).
5. "Diversion and Programs," including proposed minimum overall diversion rate, whether or not use of the City's processing contract is proposed, descriptions of the optional Sharps and Household Hazardous Waste ("HHW") programs proposed, and the cost for other optional programs.
6. "Other Operational Information," including the proposed transition period, operating assumptions made for Path 2, and any intended routing changes.
7. "Proposer Exceptions to Franchise Agreement," identifying any terms in the City's franchise agreement that proposers desire to negotiate.
8. "Legal Disclosures," indicating any legal issues that the RFP required the proposer to disclose.
9. "Unique Proposal Features," identifying proposed terms that the proposer believes exceed the minimum requirements of the RFP.

SUMMARY OF PROPOSERS' RESIDENTIAL COLLECTION EXPERIENCE

Experience for all proposers is summarized starting on page 3-1 of Attachment 3. All proposers have experience providing exclusive residential collection services to at least one municipality.

- Athens provides residential collection services to 22 cities in Los Angeles County.
- CR&R provides residential collection to 11 cities in Orange County and 16 other Southern California cities.
- The Newport Beach Employee League currently services most of the City of Newport Beach.
- One of Newport Recycles' joint venture partners, Waste Resources, provides residential collection service in the City of Gardena.
- Rainbow provides residential services to the cities of Fountain Valley and Huntington Beach, and the Sunset Beach Sanitary District.

- Republic provides residential services to seven Orange County cities through the proposing division. Other parent company divisions service three additional Orange County cities and numerous additional cities outside of Orange County.
- Ware provides residential services to the City of Laguna Woods and unincorporated areas of Orange and Los Angeles counties.

PROPOSED COMPENSATION

Proposed compensation represents all payments to be received by the proposer in exchange for services provided. Compensation figures were proposed as annual costs to the City, and the City, not the residents, will remit compensation directly to the collection company, if the City privatizes service. The City's cost may be offset by transfer station lease payments and other one-time benefits to the City.

Compensation Adjustment Limitations

Proposers provided a fixed annual cost that would be adjusted annually by a compensation adjustment formula based on publicly available price indices. The disposal component of compensation shall adjust based on the actual change in the landfill gate rate under the City's waste disposal agreement with the County of Orange. The fuel component will adjust based on changes in the Bureau of Labor Statistics index for natural gas. The "all other" component of compensation shall adjust by the change in the Consumer Price Index, All Items less Food and Energy, capped at no more than a 2.5% increase in any one year. The annual increase in the total rate may be no more than 5% in any one year.

If the hauler requests an extraordinary rate increase, Section 3.5 of the agreement states that the City may use its "sole judgment and absolute discretion" to determine whether an adjustment may be made, and prohibits extraordinary increases for a number of items such as employee costs, processing costs, and inaccurate proposal assumptions.

Proposed 7-Year Costs and Revenue

Table 1 reflects the impact to the City of the above described costs and benefits over the seven-year term for each proposal. See Attachment 2 for supporting calculations.

Table 1: Proposed Seven-Year Core Service Costs, Transfer Station Lease Payments and One-Time Benefits – Path 1 and Path 2 (sorted low to high)⁽¹⁾

Proposer	Path	7-Year Compensation (2)			Less One-Time Cost Benefits to City (3)	7-Year Net Cost to City	Difference from Current City Operations	
		Core Services Cost to City	Transfer Station Lease Payments	Net Compensation			\$	%
1. CR&R	2	\$ 27,556,000	\$ (3,174,000)	\$ 24,382,000	\$ (5,800,000)	\$ 18,582,000	\$ (17,013,000)	-48%
2. Ware (4)	1	\$ 28,608,000	\$ (1,886,000)	\$ 26,722,000	\$ (5,300,000)	\$ 21,422,000	\$ (14,173,000)	-40%
3. CR&R	1	\$ 31,013,000	\$ (3,174,000)	\$ 27,839,000	\$ (5,800,000)	\$ 22,039,000	\$ (13,556,000)	-38%
4. Ware	2	\$ 30,612,000	\$ (1,886,000)	\$ 28,726,000	\$ (5,300,000)	\$ 23,426,000	\$ (12,169,000)	-34%
5. Rainbow	2	\$ 43,502,000	\$ (11,318,000)	\$ 32,184,000	\$ (4,933,000)	\$ 27,251,000	\$ (8,344,000)	-23%
6. Republic	1	\$ 41,218,000	\$ (7,606,000)	\$ 33,612,000	\$ (5,036,000)	\$ 28,576,000	\$ (7,019,000)	-20%
7. Republic	2	\$ 41,218,000	\$ (7,606,000)	\$ 33,612,000	\$ (5,036,000)	\$ 28,576,000	\$ (7,019,000)	-20%
8. Athens	1	\$ 39,459,000	\$ (3,534,000)	\$ 35,925,000	\$ (5,800,000)	\$ 30,125,000	\$ (5,470,000)	-15%
9. N.B.E.L. (5)	2	\$ 32,099,000	\$ -	\$ 32,099,000	\$ -	\$ 32,099,000	\$ (3,496,000)	-10%
10. Athens	2	\$ 42,486,000	\$ (3,534,000)	\$ 38,952,000	\$ (5,800,000)	\$ 33,152,000	\$ (2,443,000)	-7%
11. Rainbow	1	\$ 49,886,000	\$ (11,318,000)	\$ 38,568,000	\$ (4,933,000)	\$ 33,635,000	\$ (1,960,000)	-6%
12. N.B.E.L. (5)	1	\$ 34,153,000	\$ -	\$ 34,153,000	\$ -	\$ 34,153,000	\$ (1,442,000)	-4%
13. Current City Operations	1	\$ 35,595,000	\$ -	\$ 35,595,000	\$ -	\$ 35,595,000	\$ -	-
14. Newport Recycles	1	\$ 55,110,000	(\$329,000)	\$ 54,781,000	\$ (4,900,000)	\$ 49,881,000	\$ 14,286,000	40%
15. Newport Recycles	2	Not proposed						

(1) Excludes optional service costs. See Table 2 for optional service costs.

(2) Annual increase assumed to be 2.5% per year.

(3) One-time benefits include purchase of City vehicles, "signing bonus" (Ware only), and release of \$4.3 million City equipment reserve to General Fund (except for City operations).

(4) Ware increased its proposed annual compensation under Path 1 from \$3,493,000 per year to \$3,790,000 in response to an inquiry.

(5) Includes N.B.E.L. proposed costs with City's recycling fee added back. Excludes overtime, one-man incentive pay, and temporary worker and other costs. See Attachment 6.

Core Services Compensation

Proposed annual compensation is for “core services,” which reflect the current services provided by City crews without enhancements, to best facilitate a comparison between current City costs and proposed costs. See pages 2-2 and 2-3 for proposed annual Path 1 and Path 2 compensation.

Transfer Station Lease

All proposers (with the exception of the N.B.E.L.) proposed to lease the transfer station to accept additional waste from City commercial customers or non-City waste, providing additional revenue to the City. See page 3-5 for proposed annual lease payments and anticipated additional tonnage.

Although the N.B.E.L. proposed “to utilize the transfer station as we have in the past” and did not provide a value for leasing the excess transfer station capacity, the City may be able to obtain some value from leasing out the excess capacity under continued City operations. However, unlike private proposers, the City does not control additional tonnage which it may redirect through the transfer station to generate revenue. The additional tonnage and net revenue, if any, that may be generated from continued City residential collection operations with the City operating the transfer station and leasing out excess capacity to interested haulers is unknown.

If the City were to continue to provide municipal residential collection service and to contract out the excess capacity, the City may need to obtain a transport, processing and/or disposal contract for newly received commercial waste, as the existing agreement with CR&R is for the City’s residential waste.

City Vehicle Purchase and City Vehicle Replacement Fund

Proposers were requested to propose a price to purchase the City’s current collection vehicles. This would be a one-time cost benefit to the City. See pages 2-4, 2-5 and 3-7 for proposed purchase prices.

The City currently funds a Vehicle Replacement Fund on an on-going basis, and vehicle replacement purchases are paid from this fund. If the City were to privatize solid waste collection, this fund would become available to the City for other purposes. The current fund balance is approximately \$4.3 million. If the City were to continue municipal operations and were to finance its equipment purchases, a portion of this reserve fund may be released under continued City operations, although the annual cost of service would increase to reflect equipment financing cost.

Alternative Proposals

CR&R proposed two alternative collection methods:

1. **Automated Single-Stream Collection:** Automated carts would be distributed for single-stream collection of mixed waste, and all waste would be processed as it is now. The proposed annual compensation for core services is \$3,969,000 (\$140,000/year lower than CR&R's Path 1 manual collection, and \$318,000 higher than CR&R's Path 2 automated refuse and recycling collection).
2. **Automated Refuse/Recycling and Organics Collection:** Mixed refuse and recyclables would be collected in one cart and sorted to remove recyclables, as is currently done. A second cart would be provided for the collection of green waste and food waste, which would be sent CR&R's anaerobic digester in the City of Perris, located in Riverside County. The proposed annual compensation for core services is \$4,576,000 (\$467,000/year higher than CR&R's Path 1 manual collection, and \$925,000 higher than CR&R's Path 2 automated refuse and recycling collection).

CR&R guaranteed a minimum diversion rate of 40% under all of its proposals. See page 3-17 for additional information regarding CR&R's alternative proposals.

Newport Beach Employee League's Compensation Proposal and City Collection Costs

N.B.E.L.'s proposed compensation included certain inaccuracies and therefore could not be supported as presented. The N.B.E.L. was notified of the cost issues identified and provided an opportunity to update its cost proposal in correspondence dated August 20, 2013 and declined to do so in a response dated August 22, 2013. See Attachment 6 for further information on the N.B.E.L. compensation proposal.

The City collects approximately \$941,000 per year as a recycling fee from residents. N.B.E.L. reduced its proposed annual costs by this amount. As this fee funds the recycling portion of the City's services whether or not the City privatizes service, this fee has been added back to allow for comparison to other proposals on a consistent basis in Tables 1 and 8, and the tables in Attachment 2. The N.B.E.L. costs used for comparison have not been adjusted to account for additional employee costs and other items discussed in Attachment 6.

The City has estimated its annual cost savings if it were to privatize solid waste collection based on the estimated cost of existing City operations. See Attachment 5 for further detail.

Optional Services Compensation

Proposers offered a wide range of costs for "optional services," and the method of providing some of these services varied as well. The City has not yet determined which services it will purchase, and the services that are cost effective depend on the proposer selected. Therefore,

such costs are not included in Table 1. See Table 2 below for a summary of proposed optional costs by proposer and program.

Table 2: Proposed Annual Cost Per Service

Proposer	Sharps Collection	HHW Door-to-Door Collection (1)	Enhanced Bulky Item Collection	Container Pull-Out for Disabled	Annual Shred-It Day
Athens	\$80,269	\$127,200	\$25,459	\$24,000	\$3,262
CR&R	\$25,000	\$125,000	\$6,000	\$0	\$0
N.B.E.L.	n/a	n/a	No charge(2)	No charge(2)	No charge(2)
Newport Recycles	No charge	n/a	No charge	No charge	No charge
Rainbow	No charge	No charge	No charge	No charge	No charge
Republic	No charge	(3)	No charge	No charge	No charge
Ware	\$100,000	\$100,000	\$216,000	\$30,000	No charge

(1) Customer call-in program to collect Household Hazardous Waste (“HHW”) from resident’s porch or other agreed-to location.

(2) See page 3-11 regarding N.B.E.L.’s proposed optional costs.

(3) Republic proposed a customer-funded program.

CNG Facility

Use of the City’s compressed natural gas (“CNG”) fueling station was not required under the RFP, but can provide a source of additional revenue for the City if the waste hauler utilizes the City’s fueling station. This potential revenue is not included in this report’s cost evaluation. Proposers were asked to indicate whether they intended to use the facility. Responses are included on page 3-7.

TOTAL COMPANY REVENUES

The proposed Newport Beach first-year rate revenues as a percentage of total company revenues are shown in the table below. This is an indicator of the size of the Newport Beach contract relative to each company’s other operations.

Table 3: First-Year Rate Revenues as Percentage of Annual Company Revenue

Proposer	Newport Beach First-Year Rate Revenue as % of Annual Company Revenue
Athens	3%
CR&R	2%
N.B.E.L.	n/a
Newport Recycles	36%(1)
Rainbow	10%
Republic (2)	<1%
Ware	13%

(1) Combined Waste Resources Inc. and Roberts Waste & Recycling Inc. revenue from California operations.

(2) Based on revenue for parent company that proposed performance guaranty.

UNIQUE PROPOSAL FEATURES

Proposers were requested to tailor their proposal for core services to closely align with current services to provide a reasonable comparison between current and proposed costs. However, if proposers believed that they were offering contract enhancements over and above RFP and contract requirements, they were to identify such enhancements in their proposal. Additionally, some proposers included offers and requests to negotiate additional and alternative services not requested in the RFP. These are summarized on pages 3-17 to 3-19 (unique proposal features).

The various enhancements proposed generally involve community support and minor recycling program enhancements, and the results of the latter would be reflected in the guaranteed diversion rates. Ware proposed a \$125,000 up-front “signing bonus,” which has been incorporated in the seven-year cost calculation.

EMPLOYMENT

Under the RFP, the selected proposer must interview all employees displaced due to the privatization of the City’s solid waste collection operations, and to offer employment to displaced workers. Hourly wages and union status are listed below:

Table 4: Average Hourly Driver Wage⁽¹⁾

Cost Category	Athens	CR&R	City (2)	Rainbow	Republic	Ware
Average Hourly Wage	\$21.75	\$20.35	\$27.73	\$22.55	\$25.89	\$20.35

(1) Requested from proposers submitting compensation proposals below City’s current costs. Excludes payroll taxes and employee benefits.

(2) Based on the average of N.B.E.L.’s submitted annual base salaries excluding overtime and incentive pay for Refuse Worker I and Refuse Worker II positions, divided by 2,080 annual work hours. See Table 5-3 in Attachment 5.

WASTE DIVERSION

City-Wide and Hauler-Collected Diversion - The City of Newport Beach has a city-wide diversion rate of approximately 70% for 2011 based on CalRecycle data. This diversion percentage is used for AB 939 compliance purposes and includes source reduction and other recycling activities performed by not only the City collection crews and commercial haulers, but also independent recyclers and self-haulers. The diversion rates for hauler-collected material are generally far lower than citywide diversion rates. The City of Newport Beach’s 2012 diversion rate for residential collection was 41%.

Existing Processing Contract Terms and Minimum Diversion Requirement - The City currently contracts with CR&R for the processing of mixed waste delivered to the City transfer station. City crews load waste into CR&R transfer vehicles, and CR&R processes the material at its facility in Stanton for minimum diversion of over 40%. Proposers were required, under Path 1 and Path 2, to propose a guaranteed diversion of at least 40% or better. Under Path 1, all waste is required to be processed, in accordance with current practice. Under Path 2, the minimum diversion requirement may be reached by processing only a portion of the waste collected in the refuse cart due to residents sorting recyclables into the separate recycling cart. If the guaranteed diversion amount is not achieved, the agreement provides for liquidated damages of \$25 per ton for each ton that the contractor falls short of the guarantee each year.

Processing Facility Options – Proposers were instructed to indicate which facility they would use for the processing of mixed residential waste, and whether or not they intend to use the City’s existing processing agreement with CR&R. The City instructed proposers that it would assign the existing CR&R mixed waste processing agreement to the selected proposer if requested. This agreement expires in June 2018 and has an automatic extension provision, but may be terminated upon 180 days’ notice at any time by either party. Were this agreement to terminate, the selected hauler would be responsible for establishing new processing arrangements.

CR&R, Rainbow and Republic each own and operate facilities in Orange County that could process the City’s mixed residential waste. Residual waste that remains after processing must

be disposed in the Orange County Landfill System in accordance with the City’s disposal agreement with the County. Athens proposed to use its own processing facility in the City of Industry and confirmed it would return the residual waste to Orange County.

Table 5: Diversion and Processing Facilities

Proposer	Proposed to Use City Processing Contract?	Proposed Facility for Processing Mixed Waste	Guaranteed Minimum Diversion Rate	
			Path 1	Path 2
Athens	No	Athens (in Industry)	42%	42%
CR&R	n/a	CR Transfer (CR&R)	40%	40%
N.B.E.L.	(1)	To be determined (1)	40% existing 50% proposed (1)	50% (1)
Newport Recycles	Yes	CR Transfer (CR&R)	41%	n/a
Rainbow	No	Rainbow	41%	41%
Republic	Yes	CR Transfer (CR&R)	41%	44%
Ware	Yes	CR Transfer (CR&R)	43%	43%

(1) The City currently operates under the CR&R contract, which guarantees a diversion rate over 40%. This agreement was competitively procured and began in 2008. N.B.E.L. proposes that the City conduct another competitive procurement for processing services and suggests that the City would receive a 50% diversion guarantee at the current price.

Proposers were also asked to indicate which facility they would use for the processing of source separated recyclables under Path 2. See page 3-6 for details.

EXCEPTIONS TO THE FRANCHISE AGREEMENT

Proposers were instructed to indicate all items they would request to negotiate if selected. Otherwise, the City could assume that the proposer was willing to sign the collection agreement as drafted. The only company to take any exceptions to the draft franchise agreement included in the RFP was Athens, which took one exception, requesting deletion of draft agreement language that the issuance of four or more citations in a 12-month period shall be deemed a breach. See page 3-13.

LEGAL DISCLOSURES

The RFP required the proposers to describe certain legal actions meeting the disclosure requirements that occurred in the past ten years against the entity submitting the proposal, its key personnel, or affiliated companies in the State of California. See pages 3-14 through 3-16 for details.

REFERENCE CHECKS

At the City’s request, HF&H conducted reference checks for the two lowest cost proposers. HF&H contacted the primary contract manager in other jurisdictions to inquire about the proposer’s performance in the areas of customer service, program implementation, and working with the public agency. HF&H then solicited an overall rating reflecting each agency’s satisfaction with their hauler. Neither hauler received an overall rating from a customer below a “satisfactory” rating.

Table 6: Reference Check Summary

Proposer	# of References	Average Rating by Municipal References (1)
CR&R	9	4.2
Ware	3	3.7

(1) 1 = Unsatisfactory, 2 = Below Expectations, 3 = Satisfactory, 4 = Above Expectations, 5 = Exceptional Performance

OVERALL OBSERVATIONS ON CR&R AND WARE PROPOSALS

1. CR&R and Ware offer the lowest cost proposals under both Path 1 and Path 2, as shown in the table below. CR&R’s Path 2 proposal is the least costly option. The next lowest cost proposal (Ware’s Path 1) is approximately 15% higher over the term.

**Table 7: Core Services Including One-Time Benefits,
Net of Transfer Station Lease Payments Over 7-Year Term⁽¹⁾**

Proposal	7-Year Projection	Difference vs. Low Bid	Savings vs. Current City Operations Over 7-Year Term
1. CR&R - Path 2	\$ 18,582,000	-	\$ 17,013,000
2. Ware - Path 1	\$ 21,422,000	15%	\$ 14,173,000
3. CR&R - Path 1	\$ 22,039,000	19%	\$ 13,556,000
4. Ware - Path 2	\$ 23,426,000	26%	\$ 12,169,000
Current City Operations	\$ 35,595,000	92%	-

(1) Excluding optional services.

2. The lowest cost proposal would save the City approximately \$17.0 million over seven years compared to current City operations under Path 2 and \$14.2 million under Path 1, as shown in Table 7 including one-time benefits.
3. If transfer station lease payments and one-time cost benefits are excluded, and only the annual cost for core services is considered, CR&R and Ware are again the lowest cost

proposers. Table 8 compares the CR&R and Ware annual core service costs to existing City operations and the N.B.E.L. proposed costs.

Table 8: First-Year Core Service Costs

Proposal	Proposed First-Year Core Service Costs	Annual Savings vs. Current City Operations
1. CR&R - Path 2	\$ 3,651,000	\$ 1,065,000
2. Ware - Path 1	\$ 3,790,000	\$ 926,000
3. Ware - Path 2	\$ 4,056,000	\$ 660,000
4. CR&R - Path 1	\$ 4,109,000	\$ 607,000
5. N.B.E.L. - Path 2 (1)	\$ 4,253,000	\$ 463,000
6. N.B.E.L. - Path 1 (1)	\$ 4,525,000	\$ 191,000
Current City Operations	\$ 4,716,000	-

(1) Includes the recycling fee of \$941,000 added back. Excludes overtime, “one-man” incentive pay, temporary workers and other costs. See Attachment 6 for further detail.

4. Both CR&R and Ware received positive reference checks from jurisdictions they service, with CR&R’s references slightly more favorable.
5. CR&R owns and operates a facility that processes mixed residential waste. Ware proposed to use the City’s existing processing contract with CR&R. If CR&R terminates the processing contract, or does not extend the processing term, Ware would need to renegotiate the processing agreement with CR&R or arrange for processing services with another facility.
6. CR&R and Ware currently contract with the City to provide other solid waste services:
 - CR&R services the communities of Newport Coast and Santa Ana Heights, and provides the transport and processing services for the City.
 - Ware provides collection from City facilities.
7. CR&R and Ware have residential collection experience, with CR&R serving a larger number of communities:
 - Ware services the City of Laguna Woods and county unincorporated areas.
 - CR&R services 27 cities in Southern California.

Attachments

1. Summary of Key Services and Contract Terms Requested in RFP
2. Summary of Compensation Proposals
3. Detailed Proposal Matrix
4. Diversion Plan Comparison – Projected Diversion of Hauler-Collected Solid Waste
5. Estimated Annual Cost of City Refuse Operations
6. Newport Beach Employee League Cost Proposal

CITY OF NEWPORT BEACH

SUMMARY OF KEY SERVICES AND CONTRACT TERMS REQUESTED IN RFP

I. RESIDENTIAL COLLECTION SERVICES

A. Collection Method – Proposers may propose on one or both options

Path 1: Existing System (Manual Collection)

- Unlimited manual co-collection of all waste.
- Customer-provided containers.
- Processing of all waste to recover recyclables.

Path 2: Two-Cart Automated System

- Unlimited automated collection of refuse and recyclables in separate containers.
- Hauler-provided refuse and recycling carts (customer selects sizes: 96, 64 or 32-gallon).
- Processing of refuse as needed to meet minimum diversion requirements.

B. Core Services Included In Both Paths 1 and 2

- Continuation of basic bulky item collection on a call-in basis.
- Saturday collection of select areas during summer, in addition to regular collection day.
- Alley collection and two-man crews for challenging areas.
- Special event collection for 4th of July and Corona del Mar 5K events.
- Natural gas collection vehicles.
- Hiring of displaced City refuse collection services employees.
- Christmas tree collection.
- Collection and processing/disposal from City yard of abandoned items.

C. Optional Services for both Paths 1 and 2 – Compensation to be proposed, with services to be included at City's option

- Enhanced bulky item collection, including large appliances and electronic waste.
- Container pull-out for physically disabled customers.
- Sharps collection program
- Household Hazardous Waste door-to-door collection program.
- Hauler-sponsored Annual Community Shred-It Day.

II. CONTRACT TERMS

A. Term of Contract

Seven-year term, with a City option to extend the agreement for up to three additional years. Proposers were instructed to indicate the transition period needed after award of the agreement to complete a smooth transition.

B. Minimum Diversion Requirements

Minimum diversion rate for hauler-collected waste to be proposed. Minimum to be at least as high as the current rate of over 40%. Liquidated damages of \$25 per ton for failure to achieve guaranteed diversion.

C. Purchase of City Solid Waste Collection Vehicles

Proposers were to propose a payment to purchase all of the City's collection vehicles.

D. Faithful Performance Bond/Letter of Credit

Hauler will provide \$1,000,000 in performance surety and was permitted to propose whether it would be in the form of a performance bond, letter of credit, or combination of the two.

E. Vehicles

All route collection vehicles will be powered by natural gas within 12 months of the start of service, or sooner if required by law.

F. Rate Adjustment

Rate adjustment is based on weighted changes in published indices for disposal (based on actual change in the disposal gate rate), fuel (based on the change in the natural gas index), and all other (based on the change in (CPI)).

G. Compensation

Compensation shall be an annual total cost to service the City, paid by the City to the hauler 1/12th each month.

III. OPTIONS FOR PROPOSERS

A. Lease of City's Transfer Station

Proposers were given the option to lease the City's transfer station to take advantage of the excess permitted capacity available. Proposers were to propose a total annual lease payment.

B. Assumption of City's Processing Agreement with CR&R

City holds an agreement with CR&R for the collection and processing of all City waste delivered to the City yard. This agreement includes a minimum guaranteed diversion rate of over 40%, and may be cancelled by either party upon 180 days' notice. The City instructed proposers to indicate whether they would request the City to assign this agreement to them.

Table 2-1: 7-Year Compensation/Cost Projections - Path 1 and Path 2 (sorted low to high)

Proposer	Path	7-Year Compensation (1)			Less One-Time Cost Benefits to City (2)	7-Year Net Cost to City	Difference from Current City Operations	
		Core Services Cost to City	Transfer Station Lease Payments	Net Compensation			\$	%
1. CR&R	2	\$ 27,556,000	\$ (3,174,000)	\$ 24,382,000	\$ (5,800,000)	\$ 18,582,000	\$ (17,013,000)	-48%
2. Ware (3)	1	\$ 28,608,000	\$ (1,886,000)	\$ 26,722,000	\$ (5,300,000)	\$ 21,422,000	\$ (14,173,000)	-40%
3. CR&R	1	\$ 31,013,000	\$ (3,174,000)	\$ 27,839,000	\$ (5,800,000)	\$ 22,039,000	\$ (13,556,000)	-38%
4. Ware	2	\$ 30,612,000	\$ (1,886,000)	\$ 28,726,000	\$ (5,300,000)	\$ 23,426,000	\$ (12,169,000)	-34%
5. Rainbow	2	\$ 43,502,000	\$ (11,318,000)	\$ 32,184,000	\$ (4,933,000)	\$ 27,251,000	\$ (8,344,000)	-23%
6. Republic	1	\$ 41,218,000	\$ (7,606,000)	\$ 33,612,000	\$ (5,036,000)	\$ 28,576,000	\$ (7,019,000)	-20%
7. Republic	2	\$ 41,218,000	\$ (7,606,000)	\$ 33,612,000	\$ (5,036,000)	\$ 28,576,000	\$ (7,019,000)	-20%
8. Athens	1	\$ 39,459,000	\$ (3,534,000)	\$ 35,925,000	\$ (5,800,000)	\$ 30,125,000	\$ (5,470,000)	-15%
9. N.B.E.L. (4)	2	\$ 32,099,000	\$ -	\$ 32,099,000	\$ -	\$ 32,099,000	\$ (3,496,000)	-10%
10. Athens	2	\$ 42,486,000	\$ (3,534,000)	\$ 38,952,000	\$ (5,800,000)	\$ 33,152,000	\$ (2,443,000)	-7%
11. Rainbow	1	\$ 49,886,000	\$ (11,318,000)	\$ 38,568,000	\$ (4,933,000)	\$ 33,635,000	\$ (1,960,000)	-6%
12. N.B.E.L. (4)	1	\$ 34,153,000	\$ -	\$ 34,153,000	\$ -	\$ 34,153,000	\$ (1,442,000)	-4%
13. Current City Operations	1	\$ 35,595,000	\$ -	\$ 35,595,000	\$ -	\$ 35,595,000	\$ -	-
14. Newport Recycles	1	\$ 55,110,000	(\$329,000)	\$ 54,781,000	\$ (4,900,000)	\$ 49,881,000	\$ 14,286,000	40%
15. Newport Recycles	2	Not proposed						

(1) Assumes 2.5% per year adjustments.

(2) One-time benefits include purchase of City vehicles, "signing bonus" (Ware only), and release of \$4.3 million City equipment reserve to General Fund (except for current City operations and under the N.B.E.L. proposal).

(3) Ware increased its proposed annual compensation under Path 1 from \$3,493,000 per year to \$3,790,000 in response to an inquiry

(4) Includes N.B.E.L. proposed costs with City's recycling fee added back. Excludes overtime, one-man incentive pay, temporary worker and other costs. See Attachment 6.

Table 2-2: Core Services (sorted low to high)

Proposer	Annual Compensation	Amount Above Low-Cost Proposer	
		Amount	Percent
1. Ware	\$ 3,790,000	-	-
2. CR&R	\$ 4,109,000	\$ 319,000	8%
3. N.B.E.L. (1)	\$ 4,525,000	\$ 735,000	19%
Current City Operations	\$ 4,716,000	\$ 926,000	24%
4. Athens	\$ 5,228,000	\$ 1,438,000	38%
5. Republic	\$ 5,461,000	\$ 1,671,000	44%
6. Rainbow	\$ 6,610,000	\$ 2,820,000	74%
7. Newport Recycles	\$ 7,301,000	\$ 3,511,000	93%

Table 2-3: City Transfer Station Lease (sorted high to low)

Proposer	Annual Lease Payment
1. Rainbow	\$ 1,500,000
2. Republic (2)	\$ 1,008,000
3. Athens	\$ 468,000
4. CR&R	\$ 420,000
5. Ware	\$ 250,000
6. Newport Recycles	\$ 44,000
7. N.B.E.L.	\$ -
Current City Operations	\$ -

Table 2-4: Core Services Net of Transfer Station Payment (sorted low to high)

Proposer	Net Annual Compensation	Amount Above Low-Cost Proposer	
		Amount	Percent
1. Ware	\$ 3,540,000	-	-
2. CR&R	\$ 3,689,000	\$ 149,000	4%
3. Republic	\$ 4,453,000	\$ 913,000	26%
4. N.B.E.L. (1)	\$ 4,525,000	\$ 985,000	28%
Current City Operations	\$ 4,716,000	\$ 1,176,000	33%
5. Athens	\$ 4,760,000	\$ 1,220,000	34%
6. Rainbow	\$ 5,110,000	\$ 1,570,000	44%
7. Newport Recycles	\$ 7,257,000	\$ 3,717,000	105%

(1) Includes N.B.E.L. proposed annual cost of \$3,584,000 with the City's recycling fee of \$941,000 per year added back. Excludes overtime, one-man incentive pay and temporary worker costs. See Attachment 6.

(2) Includes \$1,000,000/year fixed payment, plus host fee of \$1.00 per non-residential agreement ton, based on 27 tons per day.

Table 2-5: Core Services (sorted low to high)

Proposer	Annual Compensation	Amount Above Low-Cost Proposer	
		Amount	Percent
1. CR&R	\$ 3,651,000	-	-
2. Ware	\$ 4,056,000	\$ 405,000	11%
3. N.B.E.L. (1)	\$ 4,253,000	\$ 602,000	16%
Current City Operations	\$ 4,716,000	\$ 1,065,000	29%
4. Republic	\$ 5,461,000	\$ 1,810,000	50%
5. Athens	\$ 5,629,000	\$ 1,978,000	54%
6. Rainbow	\$ 5,764,000	\$ 2,113,000	58%
7. Newport Recycles	Not Proposed	n/a	n/a

Table 2-6: City Transfer Station Lease (sorted high to low)

Proposer	Annual Lease Payment
1. Rainbow	\$ 1,500,000
2. Republic (2)	\$ 1,008,000
3. Athens	\$ 468,000
4. CR&R	\$ 420,000
5. Ware	\$ 250,000
6. N.B.E.L.	\$ -
Current City Operations	\$ -
7. Newport Recycles	Not Proposed

Table 2-7: Core Services Net of Transfer Station Payment (sorted low to high)

Proposer	Net Annual Compensation	Amount Above Low-Cost Proposer	
		Amount	Percent
1. CR&R	\$ 3,231,000	-	-
2. Ware	\$ 3,806,000	\$ 575,000	18%
3. N.B.E.L. (1)	\$ 4,253,000	\$ 1,022,000	32%
4. Rainbow	\$ 4,264,000	\$ 1,033,000	32%
5. Republic	\$ 4,453,000	\$ 1,222,000	38%
Current City Operations	\$ 4,716,000	\$ 1,485,000	46%
6. Athens	\$ 5,161,000	\$ 1,930,000	60%
7. Newport Recycles	Not Proposed	n/a	n/a

(1) Includes N.B.E.L. proposed annual cost of \$3,312,000 with the City's recycling fee of \$941,000 per year added back. Excludes overtime, one-man incentive pay, and temporary worker and other costs. See Attachment 6.

(2) Includes \$1,000,000/year fixed payment, plus host fee of \$1.00 per non-residential agreement ton, based on 27 tons per day.

Table 2-8: Annual Core Service Costs less Transfer Station Lease and One-Time Cost Benefits

Year	Current City Operations	Athens	CR&R	N.B.E.L. (1)	Newport Recycles	Rainbow	Republic	Ware
Core Service Costs								
1	\$4,716,000	\$5,228,000	\$4,109,000	\$4,525,000	\$7,301,000	\$6,610,000	\$5,461,000	\$3,790,000
2	\$4,834,000	\$5,359,000	\$4,212,000	\$4,638,000	\$7,484,000	\$6,775,000	\$5,598,000	\$3,885,000
3	\$4,955,000	\$5,493,000	\$4,317,000	\$4,754,000	\$7,671,000	\$6,944,000	\$5,738,000	\$3,982,000
4	\$5,079,000	\$5,630,000	\$4,425,000	\$4,873,000	\$7,863,000	\$7,118,000	\$5,881,000	\$4,082,000
5	\$5,206,000	\$5,771,000	\$4,536,000	\$4,995,000	\$8,060,000	\$7,296,000	\$6,028,000	\$4,184,000
6	\$5,336,000	\$5,915,000	\$4,649,000	\$5,120,000	\$8,262,000	\$7,478,000	\$6,179,000	\$4,289,000
7	\$5,469,000	\$6,063,000	\$4,765,000	\$5,248,000	\$8,469,000	\$7,665,000	\$6,333,000	\$4,396,000
Sub-Total - Core Services	\$35,595,000	\$39,459,000	\$31,013,000	\$34,153,000	\$55,110,000	\$49,886,000	\$41,218,000	\$28,608,000
Transfer Station Lease Payments								
1		(\$468,000)	(\$420,000)		(\$44,000)	(\$1,500,000)	(\$1,008,000) (2)	(\$250,000)
2		(\$480,000)	(\$431,000)		(\$45,000)	(\$1,538,000)	(\$1,033,000)	(\$256,000)
3		(\$492,000)	(\$442,000)		(\$46,000)	(\$1,576,000)	(\$1,059,000)	(\$262,000)
4		(\$504,000)	(\$453,000)		(\$47,000)	(\$1,615,000)	(\$1,085,000)	(\$269,000)
5		(\$517,000)	(\$464,000)		(\$48,000)	(\$1,655,000)	(\$1,112,000)	(\$276,000)
6		(\$530,000)	(\$476,000)		(\$49,000)	(\$1,696,000)	(\$1,140,000)	(\$283,000)
7		(\$543,000)	(\$488,000)		(\$50,000)	(\$1,738,000)	(\$1,169,000)	(\$290,000)
Sub-Total - Lease Payments		(\$3,534,000)	(\$3,174,000)		(\$329,000)	(\$11,318,000)	(\$7,606,000)	(\$1,886,000)
7-Year Net Compensation Before One-Time Benefits	\$35,595,000	\$35,925,000	\$27,839,000	\$34,153,000	\$54,781,000	\$38,568,000	\$33,612,000	\$26,722,000
One-Time Cost Benefits to City								
Purchase of City Vehicles		\$ (1,500,000)	\$ (1,500,000)		\$ (600,000)	\$ (633,000)	\$ (736,000)	\$ (875,000)
"Signing Bonus"								\$ (125,000)
Release of Equipment Fund to General Fund	(3)	\$ (4,300,000)	\$ (4,300,000)	(3)	\$ (4,300,000)	\$ (4,300,000)	\$ (4,300,000)	\$ (4,300,000)
Sub-Total: One-Time Adjustments		\$ (5,800,000)	\$ (5,800,000)		\$ (4,900,000)	\$ (4,933,000)	\$ (5,036,000)	\$ (5,300,000)
Net 7-Year Costs	(3)	\$ 30,125,000	\$ 22,039,000	(3)	\$ 49,881,000	\$ 33,635,000	\$ 28,576,000	\$ 21,422,000

Annual Compensation Increase Assumption: 2.5%

- (1) Includes N.B.E.L. proposed annual cost of \$3,584,000 with the City's recycling fee of \$941,000 per year added back. Excludes overtime, one-man incentive pay and temporary worker costs. See Attachment 6.
- (2) Includes \$1,000,000/year fixed payment, plus host fee of \$1.00 per non-residential agreement ton, based on 27 tons per day. Assumes host fee adjusts annually.
- (3) If the current \$4.3 million reserve is maintained or replenished during the term, then there would be no release to the General Fund under the N.B.E.L. proposal or City operations.

Table 2-9: Annual Core Service Costs less Transfer Station Lease and One-Time Cost Benefits

Year	Athens	CR&R	N.B.E.L. (1)	Newport Recycles	Rainbow	Republic	Ware
Core Service Costs							
1	\$5,629,000	\$3,651,000	\$4,253,000	Not Proposed	\$5,764,000	\$5,461,000	\$4,056,000
2	\$5,770,000	\$3,742,000	\$4,359,000		\$5,908,000	\$5,598,000	\$4,157,000
3	\$5,914,000	\$3,836,000	\$4,468,000		\$6,056,000	\$5,738,000	\$4,261,000
4	\$6,062,000	\$3,932,000	\$4,580,000		\$6,207,000	\$5,881,000	\$4,368,000
5	\$6,214,000	\$4,030,000	\$4,695,000		\$6,362,000	\$6,028,000	\$4,477,000
6	\$6,369,000	\$4,131,000	\$4,812,000		\$6,521,000	\$6,179,000	\$4,589,000
7	\$6,528,000	\$4,234,000	\$4,932,000		\$6,684,000	\$6,333,000	\$4,704,000
Sub-Total - Core Services	\$42,486,000	\$27,556,000	\$32,099,000		\$43,502,000	\$41,218,000	\$30,612,000
Transfer Station Lease Payments							
1	(468,000)	(420,000)			(1,500,000)	(1,008,000) (2)	(250,000)
2	(480,000)	(431,000)			(1,538,000)	(1,033,000)	(256,000)
3	(492,000)	(442,000)			(1,576,000)	(1,059,000)	(262,000)
4	(504,000)	(453,000)			(1,615,000)	(1,085,000)	(269,000)
5	(517,000)	(464,000)			(1,655,000)	(1,112,000)	(276,000)
6	(530,000)	(476,000)			(1,696,000)	(1,140,000)	(283,000)
7	(543,000)	(488,000)			(1,738,000)	(1,169,000)	(290,000)
Sub-Total - Lease Payments	(\$3,534,000)	(\$3,174,000)			(\$11,318,000)	(\$7,606,000)	(\$1,886,000)
7-Year Net Compensation Before One-Time Benefits	\$38,952,000	\$24,382,000	\$32,099,000		\$32,184,000	\$33,612,000	\$28,726,000
One-Time Cost Benefits to City							
Purchase of City Vehicles	\$ (1,500,000)	\$ (1,500,000)			\$ (633,000)	\$ (736,000)	\$ (875,000)
"Signing Bonus"							\$ (125,000)
Release of Equipment Fund to General Fund	\$ (4,300,000)	\$ (4,300,000)	(3)		\$ (4,300,000)	\$ (4,300,000)	\$ (4,300,000)
Sub-Total: One-Time Adjustments	\$ (5,800,000)	\$ (5,800,000)			\$ (4,933,000)	\$ (5,036,000)	\$ (5,300,000)
Net 7-Year Costs	\$ 33,152,000	\$ 18,582,000	(3)		\$ 27,251,000	\$ 28,576,000	\$ 23,426,000

Annual Compensation Increase Assumption: 2.5%

(1) Includes N.B.E.L. proposed annual cost of \$3,312,000 with the City's recycling fee of \$941,000 per year added back. Excludes overtime, one-man incentive pay, and temporary worker and other costs. See Attachment 6.

(2) Includes \$1,000,000/year fixed payment, plus host fee of \$1.00 per non-residential agreement ton, based on 27 tons per day. Assumes host fee adjusts annually.

(3) If the current \$4.3 million reserve is maintained or replenished during the term, then there would be no release to the General Fund under the N.B.E.L. proposal or City operations.

Table 2-10: Path 1
Calculation of Core Services Net of Transfer Station Payment in Table 2-4
(sorted low to high based on Net Annual Compensation)

Proposer	Core Services Annual Compensation	Less Transfer Station Payment	Net Annual Compensation
1. Ware	\$ 3,790,000	\$ 250,000	\$ 3,540,000
2. CR&R	\$ 4,109,000	\$ 420,000	\$ 3,689,000
4. Republic	\$ 5,461,000	\$ 1,008,000	\$ 4,453,000
3. N.B.E.L. (1)	\$ 4,525,000	-	\$ 4,525,000
Current City Operations	\$ 4,716,000	-	\$ 4,716,000
5. Athens	\$ 5,228,000	\$ 468,000	\$ 4,760,000
6. Rainbow	\$ 6,610,000	\$ 1,500,000	\$ 5,110,000
7. Newport Recycles	\$ 7,301,000	\$ 44,000	\$ 7,257,000

(1) Includes N.B.E.L. proposed annual cost of \$3,584,000 with the City's recycling fee of \$941,000 per year added back. Excludes overtime, one-man incentive pay, and temporary worker costs. See Attachment 6.

Table 2-11: Path 2
Calculation of Core Services Net of Transfer Station Payment in Table 2-7
(sorted low to high based on Net Annual Compensation)

Proposer	Core Services Annual Compensation	Less Transfer Station Payment	Net Annual Compensation
1. CR&R	\$ 3,651,000	\$ 420,000	\$ 3,231,000
2. Ware	\$ 4,056,000	\$ 250,000	\$ 3,806,000
3. N.B.E.L. (2)	\$ 4,253,000	-	\$ 4,253,000
4. Rainbow	\$ 5,764,000	\$ 1,500,000	\$ 4,264,000
5. Republic	\$ 5,461,000	\$ 1,008,000	\$ 4,453,000
Current City Operations	\$ 4,716,000	-	\$ 4,716,000
6. Athens	\$ 5,629,000	\$ 468,000	\$ 5,161,000
7. Newport Recycles	Not Proposed	Not Proposed	n/a

(2) Includes N.B.E.L. proposed annual cost of \$3,312,000 with the City's recycling fee of \$941,000 per year added back. Excludes overtime, one-man incentive pay, and temporary worker and other costs. See Attachment 6.

Attachment 3
City of Newport Beach
Detailed Proposal Matrix
September 3, 2013

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Proposer Overview

PROPOSER	CORPORATE (CITY) HEADQUARTERS	GUARANTOR (PARENT COMPANY)	LABOR FORCE
Athens	City of Industry, CA	n/a	Non-Union
CR&R	Stanton, CA	n/a	Non-Union
N.B.E.L.	Newport Beach, CA	n/a	Union
Newport Recycles	Santa Ana, CA	Waste Resources Inc. and Roberts Waste & Recycling Inc.	Non-Union
Rainbow	Huntington Beach, CA	n/a	Union (Employee-Owned)
Republic	Phoenix, AZ	Republic Services, Inc.	Union
Ware	Santa Ana, CA	n/a	Union

Experience

PROPOSER	
Athens	<p><u>Overview</u></p> <p>Arakelian Enterprises, Inc., dba Athens Services (“Athens”), is a family-owned business, operating for over 55 years. Athens provides collection services in Southern California, primarily in Los Angeles County. Athens owns and operates the Athens Material Recovery Facility in the City of Industry, American Waste Industries in Sun Valley, and American Organics in Victorville, and operates the San Bernardino Disposal System under contract with San Bernardino County. Athens is the City of Newport Beach’s current street sweeper.</p> <p><u>Orange County Residential Collection Experience</u></p> <p>None reported.</p> <p><u>Other Experience</u></p> <p>Athens cites the following residential services in Los Angeles County: 16 cities with automated collection, three with manual collection, and three with backyard manual collection.</p> <p>Athens also cites bin and/or roll-off service experience in over 40 cities and areas throughout Los Angeles County, and in Orange, Riverside and San Bernardino counties.</p> <p><u>Transition Experience</u></p> <p>Athens cites recent hauler transitions including the cities of Redondo Beach (2011), Irwindale (2011), Hermosa Beach (2013), and the unincorporated area of the County of Los Angeles of Altadena (2011). Athens cites transitions in a total of 20 jurisdictions.</p>

Experience (continued)

PROPOSER	
CR&R	<p>CR&R Incorporated (“CR&R”) is a privately-owned company, established in 1963. CR&R provides collection services throughout Southern California, and in Arizona and Colorado. CR&R owns and operates two transfer/processing facilities in Stanton, a facility in Perris, and a landfill in Arizona.</p> <p><u>Orange County Residential Collection Experience</u></p> <p>CR&R is the current service provider for the Newport Coast and Santa Ana Heights districts in the City of Newport Beach.</p> <p>CR&R cites manual residential collection service in unincorporated areas of Orange County and automated collection service in the Orange County cities of Stanton, Costa Mesa, Tustin, Orange, San Juan Capistrano, San Clemente, Dana Point, Laguna Niguel, Laguna Hills, Aliso Viejo, and Rancho Santa Margarita.</p> <p><u>Other Experience</u></p> <p>CR&R cites manual collection service in unincorporated areas of San Bernardino County and portions of the City of Avalon, and automated residential collection experience in 15 additional Southern California cities.</p> <p>CR&R has bin and roll-off box collection experience in multiple jurisdictions inside and out of Orange County through exclusive and non-exclusive arrangements.</p> <p><u>Transition Experience</u></p> <p>CR&R cited transitioning the City of Hemet from municipal collection, hiring the City’s employees and purchasing City equipment. CR&R cited transition experience in the following Orange County cities from another hauler: Orange in 2010, Rancho Santa Margarita in 2005, and Tustin in 2007. CR&R listed additional transition experience in six other cities.</p>
N.B.E.L.	<p>Newport Beach Employee League (“N.B.E.L.”) is the proposing entity for the City of Newport Beach solid waste hauling employees.</p> <p><u>Orange County Residential Collection Experience</u></p> <p>N.B.E.L. currently provides collection service to the majority of Newport Beach residents.</p> <p><u>Other Experience</u></p> <p>None.</p> <p><u>Transition Experience</u></p> <p>N/A</p>

Experience (continued)

PROPOSER	
Newport Recycles	<p>Newport Recycles, JV is a joint venture between Waste Resources Inc. (“WRI”) and Roberts Waste and Recycling Inc. (“RWRI”). Both WRI and RWRI are privately-owned corporations. WRI was incorporated in 2002. WRI was founded by the founder of Western Waste Industries, the 4th largest solid waste management company in the nation prior to its sale and merger with USA Waste in 1996 (now Waste Management, Inc.). RWRI is a small, minority-owned business that incorporated in 2004.</p> <p><u>Orange County Residential Collection Experience</u></p> <p>None reported.</p> <p><u>Other Experience</u></p> <p>WRI cites automated residential collection and commercial collection in the City of Gardena. WRI also provides open market commercial/industrial/recycling services to cities throughout Los Angeles County.</p> <p>RWR collects refuse for the City of Newport Beach at the City’s parks and beaches, and provides bin and roll-off box services in the City of Newport Beach.</p> <p><u>Transition Experience</u></p> <p>Newport Recycles cites Waste Resource’s experience in transitioning from another hauler in the City of Gardena in 2003.</p>
Rainbow	<p>Rainbow Disposal Co., Inc. dba Rainbow Environmental Services (“Rainbow”) is a 100% employee-owned corporation, incorporated in 1970, and operating since 1957. Rainbow provides solid waste collection services in Orange County. Rainbow owns and operates a transfer station/processing facility in Huntington Beach, CA.</p> <p><u>Orange County Residential Collection Experience</u></p> <p>Rainbow is the exclusive service provider for Huntington Beach, Fountain Valley, and Sunset Beach Sanitary District.</p> <p><u>Other Experience</u></p> <p>Rainbow provides exclusive commercial service in two unincorporated areas in the County of Orange and exclusive commercial service for Midway City Sanitary District (City of Westminster).</p> <p>Rainbow provides the collection of 160 trash carts off of the City’s beaches using four-wheel drive automated collection trucks.</p> <p><u>Transition Experience</u></p> <p>Rainbow assumed beach-front trash collection in Newport Beach in 2011. Rainbow transitioned Huntington Beach, Fountain Valley and Sunset Beach from manual to automated collection in 2007.</p>

Experience (continued)

PROPOSER	
Republic	<p>Republic Services of Southern California, LLC (“Republic”) is a subsidiary of Republic Services, Inc., the second largest solid waste service provider in North America with two landfills and numerous material recovery facilities and transfer stations in Southern California. Republic operates a large material recovery facility in Anaheim.</p> <p><u>Orange County Residential Collection Experience</u></p> <p>Republic cites residential automated collection service in the cities of Anaheim, Brea, Fullerton, Garden Grove, Placentia, Villa Park, and Yorba Linda for the division that will service Newport Beach. Another division of the parent company services the cities of Cypress, Los Alamitos, and Seal Beach.</p> <p><u>Other Experience</u></p> <p>Republic provides bin and roll-off services in the above mentioned cities, and notes providing residential and commercial services in the City of Chino Hills. Additional divisions of the parent company provide residential, bin and roll-off collection service throughout Southern California.</p> <p><u>Transition Experience</u></p> <p>Republic cites transitioning from another hauler through mergers in the following cities: Anaheim (1997), Chino Hills (2001), Brea (1988), Fullerton (1996), Placentia (1988), Villa Park (1992), and Yorba Linda (1988).</p>
Ware	<p>Ware Disposal Co. Inc. (“Ware”) is a privately-owned company established in 1968. Ware provides collection services in Orange and Los Angeles counties. Ware’s sister company Madison Materials operates a transfer/processing facility in Santa Ana.</p> <p><u>Orange County Residential Collection Experience</u></p> <p>Ware provides residential automated cart collection in the City of Laguna Woods, and two unincorporated areas of Orange County.</p> <p><u>Other Experience</u></p> <p>Ware cites automated residential collection experience in two unincorporated areas of Los Angeles County. Ware has bin and roll-off collection experience in several Orange County school districts, the City of Laguna Woods, unincorporated Orange County permit areas, and other non-exclusive areas.</p> <p><u>Transition Experience</u></p> <p>Ware cites transition experience in the following areas from another hauler: the City of Laguna Woods in 2005, Orange County permit areas in 1999 and 2007, and Los Angeles County permit areas in 2008.</p>

Facilities

PROPOSER	TRANSFER FACILITY		
	TRANSFER STATION FOR RESIDENTIAL SOLID WASTE	LEASE OF CITY TRANSFER STATION FOR NON-AGREEMENT SOLID WASTE	
		ANNUAL PAYMENT	NON-AGREEMENT TONNAGE PROJECTED TO BE DELIVERED
Athens	Newport Beach Transfer Station	\$468,000	169 tons per day
CR&R	Newport Beach Transfer Station	\$420,000	169 tons per day
N.B.E.L.	Newport Beach Transfer Station	n/a	Lease of facility not proposed.
Newport Recycles	Newport Beach Transfer Station	\$43,940	50 tons per day
Rainbow	Rainbow Environmental Services 17121 Nichols Lanes Huntington Beach Newport Beach Transfer Station	\$1,500,000	169 tons per day
Republic	Newport Beach Transfer Station	\$1,000,000 + 8,000 \$1,008,000	27 tons per day Republic also offers a \$1.00 per ton host fee on non-Newport Beach waste transferred through facility. (Additional revenue assumed 307 operating days per year at 27 tons per day, rounded to nearest thousand.)
Ware	Newport Beach Transfer Station	\$250,000	100 tons per day

Facilities (continued)

PROPOSER	PROCESSING FACILITIES	
	MIXED WASTE	SOURCE SEPARATED RECYCLABLES
Athens	<u>Athens MRF</u> 14048 Valley Blvd., City of Industry <u>Commerce Refuse-to-Energy</u> 5926 Sheila Street, Commerce <u>Southeast Resource Recovery Facility (SERRF)</u> 120 Pier S Ave., Long Beach	<u>Potential Industries</u> 922 East E Street, Wilmington <u>American Organics</u> 20055 Shay Road, Victorville
CR&R	<u>CR Transfer (CRT) MRF</u> 11232 Knott Ave., Stanton Owned/operated by CR&R	<u>CR&R Western Ave. MRF</u> 11292 Western Ave., Stanton Owned/operated by CR&R
N.B.E.L.	<u>CR Transfer (CRT) MRF</u> 11232 Knott Ave., Stanton Currently operating under City's contract, but proposes to bid out this service, which may result in a facility change.	Proposes to bid out processing service.
Newport Recycles	<u>CR Transfer (CRT) MRF</u> 11232 Knott Ave., Stanton Under City's contract	N/A
Rainbow	<u>Rainbow Environmental Services</u> 17121 Nichols Lanes Huntington Beach	<u>Rainbow Environmental Services</u> 17121 Nichols Lanes Huntington Beach
Republic	<u>CR Transfer (CRT) MRF</u> 11232 Knott Ave., Stanton Under City's contract <u>Southeast Resource Recovery Facility (SERRF)</u> 120 Pier S Ave., Long Beach	<u>CVT Regional Material Recovery Facility and TS</u> 1131 N. Blue Gum Street, Anaheim, CA Owned/operated by Republic (CR&R Transfer to be used initially)
Ware	<u>CR Transfer (CRT) MRF</u> 11232 Knott Ave., Stanton Under City's contract	<u>Madison Materials</u> 1035 East 4 th Street, Santa Ana Sister company to Ware

PROPOSER	CUSTOMER SERVICE OFFICE
Athens	5353 Vincent Avenue, Irwindale
CR&R	11292 Western Avenue, Stanton
N.B.E.L.	100 Civic Center Drive, Newport Beach (City Hall)
Newport Recycles	930 Walnut Street, Santa Ana
Rainbow	17121 Nichols Lane, Huntington Beach
Republic	1131 N. Blue Gum Street, Anaheim
Ware	1035 East 4 th Street, Santa Ana

Equipment

PROPOSER	COLLECTION VEHICLES	PROPOSED PAYMENT TO PURCHASE EXISTING CITY COLLECTION VEHICLES
Athens	Continued use of two CNG rear loaders and two CNG front loaders from City fleet under Path 1. Continued use of two CNG rear loaders from City fleet under Path 2. Plus purchase of four new CNG rear loaders and four new CNG front loaders.	\$1,500,000
CR&R	11 new CNG AutoCar/Volvo chassis with McNeilus body. Will continue to use four compliant rear and front loaders to be purchased from the City.	\$1,500,000
N.B.E.L.	Continued use of existing collection vehicles under Path 1. Purchase of five new CNG vehicles in 2013, and three more through 2016 under Path 2.	N/A
Newport Recycles	Continued use of existing City fleet initially. Purchase new, or good as new, refurbished alternative fuel replacement vehicles over the first four years of the term.	\$600,000
Rainbow	Continue to use four existing CNG City vehicles. Purchase ten new Crane Carrier (one NuWay and nine Amrep bodies) under Path 1 and seven new Crane Carrier/Amrep trucks under Path 2. All collection vehicles CNG.	\$633,000
Republic	Continued use of existing collection vehicles for first six to 12 months. New CNG vehicles will be purchased to replace existing vehicles during the first year under Path 1. Under Path 2, vehicles would be replaced with new CNG vehicles as automated service is phased in between 12 and 18 months after start of service.	\$736,000
Ware	Five new Peterbilt trucks with Cummins CNG engines, plus nine trucks in Ware's fleet to be refitted with residential truck bodies.	\$875,000

Equipment (continued)

PROPOSER	CARTS (NEW CARTS REQUIRED)	FUELING STATION
Athens	Manufacturer: Rehrig Pacific Company Proposes black refuse and blue recycling carts.	Athens will use the City's fueling station.
CR&R	Manufacturer: Toter Proposes black and blue lids to signify refuse and recycling carts, with the same granite look for each cart body.	CR&R will use the City's fueling station for vehicles used in-City and in neighboring cities.
N.B.E.L.	Manufacturer: Toter.	N.B.E.L. will continue to use the City's fueling station.
Newport Recycles	N/A. Did not propose Path 2 option.	Newport Recycles will use the City's fueling station.
Rainbow	Manufacturer: Rehrig Pacific Company Proposes brown for refuse/trash cart and blue for recycle cart.	Rainbow will use the City's fueling station. Would like to discuss allowing the vehicles to use the fueling facility on holidays if the need arises.
Republic	Manufacturer: SSI Schaefer (colors not proposed – City may select colors)	Republic will use the City's fueling station for CNG vehicles purchased for Path 2.
Ware	Manufacturer: Rehrig Pacific Proposes black refuse and blue recycling carts.	Ware does not propose to use the City's fueling station.

Diversion and Programs

PROPOSER	PROPOSED USE OF CITY PROCESSING CONTRACT (1)	MINIMUM GUARANTEED DIVERSION RATES	
		PATH 1	PATH 2
Athens	No	42%	42%
CR&R	N/A	40%	40%
N.B.E.L.	Proposes to re-bid contract.	40% Existing 50% Proposed (2)	50% (3)
Newport Recycles	Yes	41%	N/A
Rainbow	No	41%	41%
Republic	Yes	41%	44%
Ware	Yes	43%	43%

(1) City holds a contract with CR&R for processing of solid waste collected from the City yard. Contract may be cancelled on 180 days' notice.

(2) Assumes that the City can re-bid the mixed waste processing contract to receive higher diversion at current costs.

(3) Proposes that the City conduct competitive procurements for a new mixed waste processing contract and for a processing agreement for the source separated recyclables.

PROPOSER	ANNUAL COST	SHARPS (4)
Athens	\$80,269	Proposes a call-in program, whereby residents will be sent a pre-paid mail-back container to collect used Sharps and send Sharps for proper disposal.
CR&R	\$25,000	Proposes customers call in to receive pre-paid mail-back Sharps containers or pharmaceutical envelopes. Customers may choose whether to obtain these containers at a central pickup location or receive them by mail.
N.B.E.L.	N/A	Not proposed.
Newport Recycles	\$0	Proposes a call-in program, whereby residents will be sent one free pre-paid, mail-back Sharps container each year. A second and third Sharps Kit would be available for \$7.00 co-pay each.
Rainbow	\$0	Customer can order a mail-back biohazard container for sharps either by ordering online on Rainbow's or the City's website, or by picking one up at the City yard (to be staffed by Rainbow) and other locations such as the Oasis Senior Center.
Republic	\$0	Customers can order pre-paid, mail-back Sharps containers through Republic's website. Containers will be mailed to customers.
Ware	\$100,000	Proposes a call-in program, in which customers are delivered pre-paid mail-back Sharps containers.

(4) Services provided at no additional charge to residents unless otherwise noted.

Diversion and Programs (continued)

PROPOSER	HHW PROGRAM (1)	
	PROGRAM	COST
Athens	<p>HHW will be collected on two designated days per week. Residents will call in 48 hour in advance to schedule the collection of HHW, and place the material at the curb on one of the two weekly collection days.</p> <p>Alternatively, Athens proposes to provide a monthly drop-off event for HHW collection and disposal.</p> <p>Athens may subcontract HHW services to a qualified 3rd party HHW contractor, such as Veolia Environmental Services.</p>	<p>\$127,200 for door-to-door program</p> <p>\$80,000 for the drop-off event option</p>
CR&R	<p>Call-in program. CR&R will collect and deliver HHW to its Garden Grove facility for consolidation and transfer to Clean Harbors.</p>	<p>\$125,000 per year</p>
N.B.E.L.	<p>Not proposed.</p>	<p>N/A</p>
Newport Recycles	<p>Not proposed.</p>	<p>N/A</p>
Rainbow	<p>Customers call in for curbside collection on regular collection day by Rainbow or qualified vendor.</p>	<p>\$0 for two pickups per year for each residence. \$75 for each additional pickup.</p>
Republic	<p>Proposed a customer-funded program.</p>	<p>Approximately \$10 per pickup billed to customer.</p>
Ware	<p>Call-in program for door-to-door collection.</p> <p>Will use Clean Harbors, Veolia Environmental or Curbside, Inc. for processing.</p>	<p>\$100,000 per year.</p> <p>Ware indicates it will share savings with City if participation results in costs below expectations.</p>

(1) The requested Household Hazardous Waste, or “HHW,” program permits residents to call in for the hauler (or hauler’s properly permitted subcontractor) to collect HHW from the resident’s porch or other agreed-to location. This arrangement is typically referred to as door-to-door” collection.

Diversion and Programs (continued)

PROPOSER	OTHER OPTIONAL SERVICE COSTS		
	ENHANCED BULKY ITEM COLLECTION	CONTAINER PULL-OUT FOR DISABLED	ANNUAL COMMUNITY SHRED-IT DAY
Athens	\$25,459	\$24,000	\$3,262
CR&R	\$6,000	\$0	\$0
N.B.E.L.	(1)	(2)	(3)
Newport Recycles	\$0	\$0	\$0
Rainbow	\$0	\$0	\$0
Republic	\$0	\$0	\$0
Ware	\$216,000	\$30,000	\$0

(1) N.B.E.L. proposed that a vendor "Orange E-Waste" would provide this service for free.

(2) N.B.E.L. responded in correspondence dated August 2, 2013 that the City is already providing this service. At the meeting with N.B.E.L., representative stated that there would be no additional cost/time to service the additional customers signing up for this service when it is advertised.

(3) N.B.E.L. responded in correspondence dated August 2, 2013 that vendors are interested in providing this service at no cost. At meeting with N.B.E.L., representative stated the cost may be \$1,000/event.

Other Operational Information

PROPOSER	PROPOSED TRANSITION PERIOD FROM AWARD OF CONTRACT TO START OF SERVICE
Athens	Six months.
CR&R	Three to six months, depending on whether the SCAQMD permits the use of existing vehicles pending delivery of new compliant vehicles.
N.B.E.L.	No transition period, as current service provider. Under Path 2, N.B.E.L. proposes to phase in automation over an 18 to 24-month period.
Newport Recycles	Three months for Path 1. Path 2 not proposed.
Rainbow	Six months. Rainbow will be able to convert 500 homes per day over a ten week period.
Republic	One to two months.
Ware	Six months under Path 1. Seven months under Path 2.

Other Operational Information (continued)

PROPOSER	PATH 2 OPERATING ASSUMPTIONS
Athens	<ul style="list-style-type: none"> • 60% of the City serviced with fully-automated side loaders with carts set out in front of single family residences. • 25% of the City serviced with semi-automated rear-loader with tipper for residences with limited vehicle clearance but with room to handle automated carts. • 15% of the City serviced with manual collection with rear loader for residences that have limited space to store automated containers.
CR&R	<p>CR&R notes that 15% of collection may need to remain manual. Refuse cart waste shall be sent for processing only to the extent needed to reach 40% diversion, with the rest transferred from the City yard to the landfill.</p> <p>For recyclable “overage” that may not fit in the recycling cart, CR&R will collect and process recyclables placed in clear plastic bags, in addition to collecting recyclables placed in the recycling cart. (If material is not in a clear plastic bag or recycling cart, it will be collected as refuse.)</p>
N.B.E.L.	N.B.E.L. proposes to automate refuse service by 4 th quarter 2014, and to phase in separate recycling service through Spring 2017. N.B.E.L. notes about 25% of the City may continue manual service.
Newport Recycles	Not proposed.
Rainbow	Rainbow anticipates using front loaders with automated arms, automated side loaders and semi-automated rear loaders. Rainbow suggests that the City survey denser areas as to whether the areas want dual-collection, with two truck passes. If an area, or an individual, does not want recycling carts, Rainbow would provide blue bags in which to place recyclables. These bags would be collected with refuse and recovered during processing.
Republic	Republic proposes to phase in automated collection 13 months after the start of service. Estimates 81% of the City can be serviced using automated side loaders. 19% may require smaller, rear-load two-man trucks.
Ware	Ware listed specific areas of the City in which manual and semi-automated will be required, versus fully automated collection, and that such areas will require two-man crews.

Other Operational Information (continued)

PROPOSER	ROUTING
Athens	No changes proposed initially during the start-up period.
CR&R	No changes proposed initially. Proposes reviewing routing efficiencies after the start of service.
N.B.E.L.	N.B.E.L. included alternative collection schedules under Path 2.
Newport Recycles	No changes proposed initially. However, proposes option to make changes to the current routes, if changes create greater efficiency in collection hours. City to approve any route changes.
Rainbow	No changes proposed during the first six months. Route changes on a small scale may be required in the future.
Republic	No changes proposed, until Path 2 automation is implemented 13 months into agreement.
Ware	No changes proposed initially. Anticipates proposing any routing changes after six months of service under Path 2 to rebalance routes.

Proposed Exceptions to Franchise Agreement

PROPOSER	NUMBER OF EXCEPTIONS	SUMMARY OF EXCEPTIONS
Athens	1	Article 5, Section 5.1.3 K – Requested that this sentence be removed. “In performance of this Agreement, the issuance of four (4) or more vehicle, driver/operator or other citation that relate in any way to this Agreement within a twelve (12) month period shall be deemed to be a breach of this Agreement.”
CR&R	0	
N.B.E.L.	0	Not applicable.
Newport Recycles	0	
Rainbow	0	
Republic	0	
Ware	0	

Legal Disclosures

PROPOSER	# OF LEGAL DISCLOSURES	SUMMARY OF LEGAL DISCLOSURES																
Athens	13	<p>Civil Proceedings:</p> <ol style="list-style-type: none"> 1. <u>Riad Abboud v. Consolidated Disposal Services, LLC, 2013</u> – Alleged that Athens wrongfully charged fees for services provided to certain customers who allegedly should have received such services from other companies for free. Athens dismissed. 2. <u>Key Disposal v. Combined Properties, Inc., 2013</u> – Alleged that Athens wrongly assisted the customer in switching waste management companies. Settled. 3. <u>Mike Torres v. City of Montebello, currently under appeal</u> - City is accused of improperly awarding a waste hauling contract to Athens. The ruling in the case to invalidate the agreement is on appeal. Athens is not a defendant, but a Real Party in interest. 4. <u>City of Montebello v. Rosemarie Vasquez</u> – The City of Montebello is suing various former city council members and a former city manager for allegedly accepting improper payments and/or favors. Athens is not a defendant, but a Real Party in interest. 5. <u>Julie Enamorad v. Athens Services, 2013</u> – Athens is accused of wrongful termination. Recent filing. 6. <u>Mr. Franco v. Athens Services, currently under review</u> – This action is a wage and hour claim against Athens. The plaintiff is attempting to form a class action. The California Supreme Court is to review the case to determine whether the plaintiff is precluded from representing a class by virtue of his arbitration agreement with Athens. 7. <u>John L. Flores v Athens, 2009</u> – Class action by a driver. Settled 2009. <p>Administrative Proceedings:</p> <p><u>Occupational Safety & Health Administration (OSHA)</u></p> <p>OSHA facility inspections:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">#</th> <th style="text-align: center;">Facility</th> <th style="text-align: center;">Citation Date</th> <th style="text-align: center;">Settlement</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">8.</td> <td>125918953 Valley Blvd.</td> <td style="text-align: center;">9/27/07</td> <td style="text-align: center;">\$1,150</td> </tr> <tr> <td style="text-align: center;">9.</td> <td>310196019 Sun Valley</td> <td style="text-align: center;">6/29/07</td> <td style="text-align: center;">\$1,685</td> </tr> <tr> <td style="text-align: center;">10.</td> <td>309149268 Sun Valley</td> <td style="text-align: center;">6/28/07</td> <td style="text-align: center;">Contested. No further inquiries</td> </tr> </tbody> </table> <ol style="list-style-type: none"> 11. <u>Air Resource Board (ARB)</u> - Athens entered into a settlement agreement in 2009 with the Air Resources Board; ARB asserted that Athens failed to properly inspect diesel vehicles in 2005 and 2006 and to install emission-reduction devices from 2004 to 2008. 12. <u>South Coast Air Quality Management District</u> – Reached settlement 1/2009 for facility improvements, costs and fines regarding ongoing odor issues at its City of Industry facility (Athens MRF). 13. <u>City of Los Angeles v. American Waste Industries (2006)</u> – Athens purchased American Waste Ind. Inc. in November 2006. American’s Sun Valley MRF had a number of legal and regulatory issues. Athens negotiated an agreement with the City of Los Angeles and the local enforcement agency to allow on-going operations. Indicates facility is in full compliance at this time. 	#	Facility	Citation Date	Settlement	8.	125918953 Valley Blvd.	9/27/07	\$1,150	9.	310196019 Sun Valley	6/29/07	\$1,685	10.	309149268 Sun Valley	6/28/07	Contested. No further inquiries
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10.	309149268 Sun Valley	6/28/07	Contested. No further inquiries															

Legal Disclosures (continued)

PROPOSER	# OF LEGAL DISCLOSURES	SUMMARY OF LEGAL DISCLOSURES
CR&R	2	<ol style="list-style-type: none"> 1. <u>OSHA, July 5, 2007</u> – Facility inspection write-ups for a circuit breaker box cover missing, a mid rail missing, An improper lock out tag out, the improper storage of respirator, the unguarded conveyor belt nip points, and an overhead hoist with bent safety latch. 2. <u>OSHA, March 3, 2008</u> – During construction of South County MRF, an industrial truck improperly moved an I-beam, causing an accident.
N.B.E.L.	0	None cited.
Newport Recycles	0	None cited.
Rainbow	10	<p>Civil Proceedings:</p> <ol style="list-style-type: none"> 1. <u>Duarte, et al v. Rainbow, 2012</u> - Four employees claimed that they were not permitted to take meal and lunch breaks, which Rainbow denied. Settled 2012. 2. <u>Rainbow Disposal v. CR&R, 2008</u> – California Unfair Practices Act relating to CR&R’s proposal to the City of Newport Beach to pay the City for each load transferred to the CR&R MRF in Stanton. Settled 2012. 3. <u>CR&R v. Rainbow Disposal</u> - CR&R contended that Rainbow underpaid CR&R for profits under an agreement with Midway City Sanitary District. Settled 2012. 4. <u>Albrick v. Rainbow Disposal</u> – Involved an allegation of “repudiation of partnership/joint venture agreement.” Allegations were disputed by Rainbow. Settled 2012. 5. <u>Rainbow Disposal Co., Inc. v. Arnold & Porter, LLP, In Arbitration</u> - Rainbow alleging malpractice, breach of contract and over-billing. Filed April 13, 2013. 6. <u>REDF-Organic Recovery, LLC v. Rainbow Disposal Co., Inc. (State of New York), 2013</u> – REDF alleges breach of the Confidentiality Agreement. <p>Administrative Proceedings:</p> <ol style="list-style-type: none"> 7. & 8. CAL OSHA: Two cases were cited, 11/30/07 and 5/22/07 relating to minor equipment infractions, such as labeling, guards and eye wash stations. In both cases, appeals and mitigation measures were taken, and citations were reduced and eliminated. 9. & 10. SCAQMD: Notices of Violations (NOV) during the past nine years: one in 2001 and in 2007. The NOV’s were for violation of Rule 402 – nuisance odors, operating a transfer station and discharging odors.
Republic	3	<p>Disclosures for proposing division:</p> <ol style="list-style-type: none"> 1. <u>Casmalia Disposal Site/BFI, et al, 1998</u> – EPA seeking settlements from multiple parent company divisions related to a hazardous waste facility operated in Santa Barbara County from 1973 to 1989. Cash settlement with the proposing entity in 2011. 2. <u>Republic v. City of Placentia, 2010</u> – Dispute over calculation of Franchise Fee paid to City. Settled and new franchise agreement signed. 3. <u>City of Oxnard v. Republic Services, 2007</u> - City sued for declaratory relief on termination provisions in Republic’s MRF operating agreement. Amendment to agreement negotiated.

Legal Disclosures (continued)

PROPOSER	# OF LEGAL DISCLOSURES	SUMMARY OF LEGAL DISCLOSURES
Ware	7	<ol style="list-style-type: none"> 1. <u>Air Resources Board (“ARB”), 7/24/2007</u> – Settlement related to allegations of violations of the ARB’s solid waste collection vehicle rule, and smoke inspection program. 2. & 3. <u>Cal/OSHA, 5/10/2007 and Cal/OSHA, 9/13/2007</u> – Citations for missing pulley cover, out of date air tank permit, missing eyewash station, failure to give employee a form, storing files overhead and missing electrical outlet plate. 4. & 5. <u>CIWMB, 8/18/2008 and CIWMB, 8/20/2008</u> – Violations related to incomplete waste tire manifests. 6. <u>Lopez v. Ware Disposal Inc., 2012/12</u> – Allegations related to wage and hour claims, failure to pay wages and failure to provide meal and rest periods. Settled. 7. <u>Ware Disposal Inc. v. State of California, 3/23/12</u> - Writ of Mandate regarding issues surrounding the Department of Conservation.

Unique Proposal Features

Proposers included the following extra items in their proposals at no additional cost unless otherwise stated, which they consider enhancements:

Athens

1. Free Compost and Mulch Events - Athens will provide two 40-cubic yard containers of nutrient-rich compost from Athens' American Organics compost facility for distribution to residents on a first-come-first-served basis, using customers' own bags twice per year. Athens would staff the event at the City yard or other City-owned location.
2. Job Fair Participation – Athens will participate in the City's job fairs and will offer internships to City residents.
3. Event boxes – Athens will provide the City with up to 500 event boxes per year as temporary waste receptacles for special City events.
4. Recycling speakers – Athens will provide speakers for school assemblies, sciences classes, and other City events, and provide assistance to the City in drafting recycling and composting materials.
5. Twitter handle – Athens will engage the @AthensServices Twitter handle, which covers environmental and local community news.
6. MRF tours – Athens will provide educational tours of the City of Industry MRF and/or video lectures of the facilities and Victorville compost site.

Alternative Proposals

1. Athens would like to discuss leasing service bay space at the City yard for vehicle maintenance. (Otherwise, major maintenance services will take place at Athens' yard.)

CR&R

1. Free Mulch Give-A-Way Events – CR&R will conduct annual mulch give-a-way events at no additional cost.
2. Free Compost and Wood Chips to City – CR&R will provide compost and wood chips to the City at no additional cost.
3. Free Residential Trash Cart Tagging Program – CR&R will place instructional tags on trash carts to educate residents to place more recyclables in the recycling cart.
4. Free Residential "Newsletter" – CR&R generates a quarterly Orange County newsletter. CR&R will provide copies for the City to place in mailers.
5. City Council Power-Point Presentations – CR&R will provide two Power-Point presentations to update the City Council regarding program implementation.
6. Classroom Education Curriculum – CR&R will offer the school district relevant curriculum.
7. SMART Vehicles – Collection vehicles are equipped with GPS, video with time stamping, and communication devices.

Alternative Proposals

1. Automated Co-Collection – CR&R proposes an option to have all waste collected in one cart and processed. CR&R notes some customers will still require manual collection. The proposed annual cost for core services under this option is \$3,968,640.
2. Refuse and Organics Cart Collection – CR&R proposes an option to have all refuse and recyclables collected in one cart and sent for processing. Green and food waste would be placed in the second cart and sent to CR&R's Perris Anaerobic Digestion facility for conversion to energy and compost. CR&R notes some customers will still require manual collection. The proposed annual cost for core services under this option is \$4,576,020.
3. Multi-Family HHW Collection – If the City chooses to extend the optional HHW collection program to multi-family bin customers, CR&R offers to provide the program for a monthly charge equal to the number of cubic yards collected per week.

Unique Proposal Features (continued)

N.B.E.L.

1. Battery Drop – N.B.E.L. proposed a battery drop-off program. The current program is provided through a third-party vendor at a cost of approximately \$1,000 per year.

Alternative Proposal

N.B.E.L. suggests that the City automate a portion of the City under Path 1.

Newport Recycles

1. Public Outreach - Customer Education and Awareness programs to be linked to YouTube through the City and WRI websites, in addition to local workshops and mail marketing.

Rainbow

1. Blue Bag Program – Rainbow will offer blue bags to residents under Path 1, and residents under Path 2 that do not want a separate recycling cart. Recyclables may be placed in the bag which is collected with the refuse and recovered at the processing facility.
2. Visually Impaired Assistance - Rainbow developed a tactile system for visually impaired customers to be able to identify the type of cart. Rainbow has had a Visually Impaired Program in Fountain Valley since 2007. Rainbow also provides the rollout instruction in Braille.
3. Outreach to Schools – Rainbow provides teachers with state standard based lesson plans, curriculum and student activity pages. Rainbow would make this program available to Newport Beach City schools.
4. Community Gardens – Rainbow will support school and community garden programs.

Republic

1. Community Health-Care Donation – Republic will donate \$5,000 per year to a health care-directed community program selected by City Council.
2. Battery Recycling Collection – Under Path 2, Republic will collect household batteries placed in clear zip-lock bags on top of recycling carts each week at no additional cost.
3. Republic Rewards Program – Republic offers a program whereby residents can enroll, gain points, and access discounts at local Newport Beach retail locations by recycling material at the curb.
4. Special Events – In addition to servicing the required special events at no additional charge as required, Republic will provide service at “reasonable community events that the City would elect to sponsor in the future.”

Alternative Proposal

Backyard Collection Service by Subscription - In addition to providing backyard collection service to disabled residents at no additional cost, Republic will provide backyard service to seniors for \$12.00/month and to other residents for \$25.00/month.

Unique Proposal Features (continued)

Ware

1. \$125,000 Signing Bonus – Ware will provide a \$125,000 payment within six months of the execution of the agreement.
2. Free Annual Disposal Day – Ware will host a free disposal day each year at Madison Materials for residents.
3. Reduced Gate Fee – Ware will offer City residents a \$47.00 per ton disposal fee at Madison Materials, instead of the currently posted \$62.00 per ton rate.
4. Used Oil Collection – Ware will provide used oil collection containers for curbside collection at no additional cost.

Alternative Proposal

Exclusive C&D Disposal – Ware requests that the City consider requiring self-haulers to deliver all construction and demolition debris to Madison Materials in Santa Ana in exchange for a \$5.00 per ton fee payment to the City.

City of Newport Beach

Table 4-1: Diversion Plan Comparison - Projected Diversion of Hauler-Collected Solid Waste

Diversion Program	Athens		CR&R		N.B.E.L.		Newport Recycles		Rainbow		Republic		Ware		2012 Actual	
	Tonnage	%	Tonnage	%	Tonnage	%	Tonnage	%	Tonnage	%	Tonnage	%	Tonnage	%	Tonnage	%
Path 1																
MMP - Recyclables Diverted	10,780	31.6%	9,831	28.9%	14,000	41.1%	10,620	31.2%	11,793	34.6%	10,217	30.0%	9,686	28.4%	10,612	31.1%
MWP - Green Waste Diverted	3,530	10.4%	3,882	11.4%	3,000	8.8%	3,552	10.4%	3,033	8.9%	3,866	11.3%	5,048	14.8%	3,514	10.3%
MWP - Other Diverted	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Projected Annual Tons Diverted	14,310	42.0%	13,713	40.2%	17,000	49.9%	14,172	41.6%	14,826	43.5%	14,083	41.3%	14,734	43.2%	14,126	41.5%
Total Projected Annual Tons Collected	34,071		34,071		34,071		34,071		34,071		34,071		34,071		34,071	
Planned Diversion Percentage	42%		40%		50%	(1)	42%		44%		41%		43%		41%	
Guaranteed Hauler Diversion Percentage	42%		40%		50%(1)		41%		41%		41%		43%			
Path 2																
MMP - Recyclables Diverted	5,405	15.9%	4,205	12.3%	(2)		(3)		10,393	30.5%	1,136	3.3%	2,240	6.6%		
MWP - Green Waste Diverted	3,530	10.4%	1,755	5.2%					2,583	7.6%	725	2.1%	5,048	14.8%		
MWP - Other Diverted	-	0.0%	-	0.0%					-	0.0%	4,261	12.5%	-	0.0%		
Source Separated Recycling	5,248	15.4%	7,666	22.5%					3,964	11.6%	8,868	26.0%	7,240	21.2%		
Total Projected Annual Tons Diverted	14,183	41.6%	13,626	40.0%					16,940	49.7%	14,990	44.0%	14,528	42.6%		
Total Projected Annual Tons Collected	34,071		34,071						34,071		34,071		34,071			
Planned Diversion Percentage	42%		40%						50%		44%		43%			
Guaranteed Hauler Diversion Percentage	42%		40%						41%		44%		43%			
Amount Processed (MWP of Refuse)	27,733		14,500						28,703		5,137		20,288			
Amount Recovered	8,572		5,800						12,342		1,592		7,288			
Diversion Rate for Path 2 Processing	31%		40%						43%		31%		36%			

(1) Newport Beach Employee League's (N.B.E.L.) 50% diversion rate depends on results of a yet-to-be conducted procurement of new processing services. Existing processing arrangements, competitively procured in 2008, provide for at least 40% diversion.

(2) N.B.E.L. did not include tonnage projections for a source separated recyclables program required under Path 2.

(3) Newport Recycles did not propose under Path 2.

ESTIMATED ANNUAL COST OF CITY REFUSE OPERATIONS

In 2012, the City of Newport Beach retained HF&H Consultants, LLC (“HF&H”) to determine which existing City costs would be eliminated and which overhead costs would be retained if the City were to privatize residential solid waste operations. Costs that would be eliminated if operations are privatized include salaries and benefits for City employees engaged in solid waste operations, costs under CR&R’s processing agreement (these would be shifted to the contractor), vehicle and equipment acquisition and maintenance, insurance and other direct operating costs. The annual City costs that would cease, based on FY 2012 costs, were determined to be \$4,949,000, with labor costs representing 50% of this amount at \$2,488,000 per year. Two adjustments were made to this figure in order to use it for comparison to annual compensation proposals submitted through this RFP process: one for a reduction in solid waste employees; and another for transfer-related equipment.

Employee Cost Reductions – Since the 2012 study, the City has determined it can sustain a reduction in solid waste collection labor from 23 to 18 employees. This staff reduction has been achieved through routing efficiencies, additional overtime, and use of temporary workers. Previously, the City’s collection crew members were often able to complete collection routes in less than eight hours. Requiring employees to work the full eight hours achieves routing efficiencies without additional labor costs. However, fewer employees working longer days to accomplish the same tasks results in less scheduling flexibility and requires additional expenses for overtime and temporary workers. The projected net annual employee cost savings from FY 2012 to FY 2014 is \$218,000.

Table 5-1: FY 2014 Employee Cost Savings

Category	Amount
FY 2014 Budgeted Labor (permanent workers base salary including budgeted overtime and one-man incentive pay) (1)	\$2,135,000
Temporary Worker Costs (2)	\$60,000
Unbudgeted Overtime Expenses (2)	<u>\$75,000</u>
Total Projected FY 2014 Labor Cost	\$2,270,000
FY 2012 Labor Cost (3)	\$2,488,000
Net Labor Savings in 2014 versus 2012	\$218,000

(1) From FY 13-14 Refuse Division budget “Requested Position Worksheet,” page 199. Budgeted overtime is approximately \$150,000/year and one-man incentive pay is \$100,000/year.

(2) Estimated by City staff.

(3) October 4, 2012 Residential Solid Waste & Recycling Study, Page 11, Table 3, row 1.

Based on the labor cost savings and a minor equipment cost adjustment, the estimated annual cost of current City operations is approximately \$4.7 million as shown in Table 5-2 below.

Table 5-2: Projected FY 2014 City Municipal Solid Waste Operating Costs

Category	Amount
2012 Study Incremental City Costs (1)	\$4,949,000
Labor Cost Savings Adjustment	(\$218,000)
Equipment Adjustment (2)	<u>(\$15,000)</u>
Estimated Annual Cost for City Operations	\$4,716,000

- (1) October 4, 2012 Residential Solid Waste & Recycling Study, Page 11, Table 3, row 13.
 (2) October 4, 2012 Residential Solid Waste & Recycling Study, Exhibit 4 included depreciation of \$15,000/year for three pieces of non-collection equipment.

Table 4 of the report lists hourly wages for the average hourly driver. The City’s average hourly wage for drivers was calculated based on the following base salary schedule as provided by N.B.E.L. and confirmed by the City:

Table 5-3: Newport Beach Employee League-Provided Salary List⁽¹⁾

Position	Base Salary
Refuse Worker I	\$ 54,454.40
Refuse Worker I	54,454.40
Refuse Worker I	54,454.40
Refuse Worker I	54,454.40
Refuse Worker I	54,454.40
Refuse Worker I	54,454.40
Refuse Worker I	54,454.40
Refuse Worker II	59,987.20
Refuse Worker II	59,987.20
Refuse Worker II	59,987.20
Refuse Worker II	59,987.20
Refuse Worker II	59,987.20
Refuse Worker II	59,987.20
Refuse Worker II	59,987.20
Refuse Worker II	59,987.20
Refuse Worker II	59,987.20
Refuse Worker II	59,987.20
Refuse Worker II	58,562.05
Refuse Worker II	<u>58,562.05</u>
Average	\$ 57,677.21
Hours/Year	2,080
Average Wage/Hour	\$ 27.73

(1) Excluding benefits, and supervisor and superintendent costs.

NEWPORT BEACH EMPLOYEE LEAGUE COST PROPOSAL

The City's solid waste employees submitted a proposal prepared by the Orange County Employee League as the Newport Beach Employee League (N.B.E.L). The N.B.E.L.'s submittal of a responsive proposal is not necessary to allow the City to choose to continue providing municipal service. The City's cost to continue under the current arrangements has been estimated (see Attachment 5). Submitting a proposal provided the N.B.E.L. an opportunity to present innovative methods to improve service and/or reduce costs.

If a private company underestimates the cost to provide service to the City, the financial risk would be the company's, and the City would be under no obligation to share the loss. Regardless of assumptions made by the N.B.E.L. in developing its proposal, the City is fully responsible for all costs actually incurred. Therefore, a comparison has been made between the City's budgeted costs and the Employee League's proposed costs.

Recycling Fee – The N.B.E.L. reduced its proposed annual compensation by the amount of the City's residential recycling fee revenue, approximately \$941,000 per year. This recycling fee is one of the City's funding sources for solid waste services, but was not part of the RFP process. As this recycling fee would be used to offset collection costs under all possible outcomes, this fee adjustment was added back to the Employee League's proposed costs to allow a comparison to the other proposals on a consistent basis.

Employee Cost Savings – The N.B.E.L. proposal excludes certain employee costs. Under Path 1, N.B.E.L. indicated it included base salaries for 20 positions (18 Refuse Workers I and II, Supervisor and Superintendent - approximately \$1,902,000 per year). N.B.E.L. submitted the list of proposed worker salaries in support of its proposed employee costs as shown in Table 6-2. This cost figure does not include overtime pay and "one-man incentive pay." As described in Attachment 5, the City reduced its budgeted full-time employee base from 23 to 18 employees effective July 1, 2013. After evaluating operations since the start of the fiscal year, City Staff projected the additional overtime and temporary worker costs the City would incur for FY 2014. These costs were not included in the N.B.E.L. proposal. This salary information, including the FY 2014 projected employee costs of \$2,270,000, was shared with N.B.E.L. on August 9 and August 20, 2013. The City is obligated to pay its employees for overtime worked, even if the N.B.E.L. does not request it in the proposal.

Table 6-1: Newport Beach Employee League Response, August 21, 2013

Proposed Staff	Compensation	Benefits	Total
1. Refuse Supervisor	\$ 89,609.60	\$ 37,336.79	\$ 126,946.39
2. Refuse Worker I	54,454.40	31,357.28	85,811.68
3. Refuse Worker I	54,454.40	31,357.28	85,811.68
4. Refuse Worker I	54,454.40	31,357.28	85,811.68
5. Refuse Worker I	54,454.40	31,567.36	86,021.76
6. Refuse Worker I	54,454.40	31,657.32	86,111.72
7. Refuse Worker I	54,454.40	31,567.36	86,021.76
8. Refuse Worker I	54,454.40	31,177.36	85,631.76
9. Refuse Worker II	59,987.20	31,193.27	91,180.47
10. Refuse Worker II	59,987.20	31,193.27	91,180.47
11. Refuse Worker II	59,987.20	33,203.33	93,190.53
12. Refuse Worker II	59,987.20	31,193.27	91,180.47
13. Refuse Worker II	59,987.20	31,193.27	91,180.47
14. Refuse Worker II	59,987.20	31,193.27	91,180.47
15. Refuse Worker II	59,987.20	30,315.02	90,302.22
16. Refuse Worker II	59,987.20	31,193.27	91,180.47
17. Refuse Worker II	59,987.20	31,193.27	91,180.47
18. Refuse Worker II	58,562.05	32,057.80	90,619.85
19. Refuse Worker II	58,562.05	30,887.80	89,449.85
20. Refuse Superintendent	126,779.20	45,288.09	172,067.29
Total			\$ 1,902,061.46

Path 1 Cost Proposal Adjustments

Adjusting for the Recycling Fee and employee labor costs as described above results in estimated annual costs of \$4,893,000 as shown in Table 6-2. This is close (within 4%) to the \$4,716,000 estimated cost of current City operations as described in Attachment 5.

Table 6-2: Key Proposal Cost Adjustments – Path 1

Category		Total
N.B.E.L. Proposed Annual Cost, net of Recycling Fee Funding		\$3,584,000
Recycling Fee Add Back		<u>\$941,000</u>
Total N.B.E.L. Proposed Annual Cost with Recycling Fee Add Back		\$4,525,000
Employee Cost Adjustment		
FY 2014 Projected City Employee Costs		\$2,270,000
N.B.E.L. Proposed Employee Costs		<u>\$1,902,000</u>
Employee Cost Adjustment		\$368,000 <u>\$368,000</u>
Adjusted Annual Cost		\$4,893,000

Proposed Diversion Rate and Mixed Refuse Processing Cost – Under Path 1, N.B.E.L. has included current transport, mixed waste processing, and disposal costs based on the existing processing agreement with CR&R which yielded a 41% diversion rate last year. N.B.E.L. proposes that the City conduct a competitive procurement of this transport and processing service, and projects achieving a 50% diversion rate at the current cost. It is reasonable to project a 40% diversion rate at current costs. However, the actual cost and diversion rate to be obtained through a new transport and processing services procurement cannot be confirmed in advance of an RFP process for such services.

Path 2 Cost Proposal

N.B.E.L. proposed a \$272,000 per year lower cost under Path 2 than Path 1 (an 8% reduction from \$3,584,000 to \$3,312,000). The N.B.E.L.’s Path 2 proposal lacked sufficient support to confirm the proposed cost. At a minimum, the recycling fee of \$941,000 would need to be added back to the proposed cost for Path 2, similar to Path 1, and other adjustments may be required, as described below.

Under Path 2, certain categories of costs would increase compared to Path 1 due to the added cost of purchasing containers, purchasing automated trucks, and making two truck passes by each home instead of one. These additional costs may or may not be fully offset by automated collection efficiencies in much of the City. Proposals received from the private haulers include two proposers assuming net cost savings from Path 2 compared to Path 1, two assuming net cost increases, and one proposing no difference in costs as shown in Table 6-3.

**Table 6-3: Cost Comparison Between Path 1 and Path 2 –
Core Services net of Transfer Station Payment**

Proposer	Path 1	Path 2	Incremental Path 2 Costs (Savings) (Path 2 - Path 1)
1. Athens	\$ 4,760,000	\$ 5,161,000	\$ 401,000
2. CR&R	\$ 3,689,000	\$ 3,231,000	\$ (458,000)
3. N.B.E.L. - as proposed with recycling fee added back (1)	\$ 4,525,000	\$ 4,253,000	\$ (272,000)
4. Newport Recycles	\$ 7,257,000	Not proposed	n/a
5. Rainbow	\$ 5,110,000	\$ 4,264,000	\$ (846,000)
6 Republic	\$ 4,453,000	\$ 4,453,000	\$ -
7. Ware	\$ 3,540,000	\$ 3,806,000	\$ 266,000

(1) N.B.E.L.’s annual cost/compensation as proposed with \$941,000 recycling fee added back, without additional cost adjustments for employee costs or other costs.

Other Cost Proposal Issues

N.B.E.L.’s proposal and subsequent responses to requests for clarification did not include all of the information necessary to verify the reasonableness of the proposed cost. Key issues include the following:

Processing Cost for Source Separated Recyclables – N.B.E.L. suggested in its proposal that the City conduct a competitive proposal process to seek costs for the processing of the materials collected in the recyclables cart under Path 2. This cost is not available for the N.B.E.L. proposal.

Tonnage/Diversion Projections – N.B.E.L. did not include the tonnage collection and diversion assumptions for source separated recyclables collection under Path 2 required in the RFP Attachment 4-C2.

Route Hours – N.B.E.L.’s proposed route hours under Path 2 did not separately identify refuse and recycling routes. Therefore, the reasonableness of the assumptions could not be determined.

Under Path 2, N.B.E.L. proposed a 35% reduction in total annual route hours versus revised Path 1 route hours. (In response to the first inquiry regarding N.B.E.L.’s proposed routes, N.B.E.L. submitted revised Path 1 hours.) N.B.E.L. attributed the 35% reduction from Path 1 hours to its assumption that it could operate with 11% fewer employees (a reduction from 18 to 16 workers). The 11% employee reduction appears inconsistent with the 35% route hour reduction. N.B.E.L. and other proposers noted that portions of the City would need to continue manual service; those areas would therefore not benefit from efficiencies due to automation, and the entire City would require a second route for recyclables collection.

Container Costs Under Path 2 – N.B.E.L. amortized the container costs over a longer period than most carts will remain in use. N.B.E.L. indicated it assumed the carts were amortized over 20 years, though they have a 10-year warranty. N.B.E.L.’s submitted cost information indicated a cost of \$39.45 per container that included the cost of labeling and delivery. However, the quotation N.B.E.L. provided from the cart manufacturer appears to indicate these costs are options provided for an additional cost, and we confirmed this with a call to the cart vendor.

Table 6-4: Automated Cart Costs

Cart Cost	N.B.E.L. Cart Cost Assumptions	Estimated Cart Cost Based on Updated Assumptions
Per Cart Cost	\$39.45	\$39.45
Labeling	Included	\$2.45
Delivery	<u>Included</u>	<u>\$3.50</u>
Per Cart Costs	\$39.45	\$45.40
# of Carts	50,000	50,000
Cart Cost	\$1,972,500	\$2,270,000
Amortization Period	20 years	10 years
Annualized Cart Cost	\$98,625	\$227,000
Difference		\$128,375

Annual Compensation Adjustments

Projected seven-year net City costs in Table 1 (earlier in this report) assume 2.5% annual increases for all proposals, including the City’s costs under municipal operations. The draft agreement in the RFP limits contractor compensation adjustment to all but the fuel and disposal components to increases in the Consumer Price Index less food and energy or 2.5%, whichever is lower. Total annual compensation increases are capped at no more than 5% per year. The City remains fully responsible for all costs actually incurred under municipal service, and costs under the municipal option may increase at a greater rate than permitted under a private hauling agreement.