

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 10/10/2005		Item Number: <u>C-6</u>	
AGENDA ITEM: Authorization to Enter into a License Agreement With Eco-Logics Environmental, Inc. to Process the City of Los Angeles' Greenwaste Through the Culver City Transfer Station.			
Contact Person/Dept.: Damian Skinner		Phone Number: (310) 253-6402	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master Public Notification List, Eco-Logics Inc. via telephone on 9/28/05 and City of Los Angeles via telephone on 9/28/05.			
Department Approval: Charles D. Herbertson 9/29/05		CAO Approval: Scott Bixby for Jerry Fulwood 10/4/05	
City Controller Approval: Mary Noller for Marlee Chang 10/4/05			
<u>RECOMMENDATION:</u> The City Council is requested to authorize entering into a two-year license agreement with Eco-Logics Environmental, Inc. (Eco-Logics) to process greenwaste generated by the City of Los Angeles through the Culver City Transfer Station. <u>BACKGROUND:</u> The City of Culver City operates an exclusive residential and commercial refuse collection and disposal service as a municipal enterprise. The Sanitation Division (Sanitation) operates solely on revenues generated from the provision of solid waste collection services to businesses and residents, grants, and the sale of recyclable material. These revenues cover the costs for refuse collection, disposal, recycling programs, and public outreach. Sanitation operations are 100% supported by its enterprise fund revenues and do not receive other funds or tax contributions. <u>Eco-Logics</u> In November 2002, the City of Los Angeles (LA) issued a Request for Qualifications to local greenwaste processing facilities to mulch greenwaste collected by LA's residential collection crews. Eco-Logics Environmental Inc. was selected as a qualifying firm in the Request for Qualifications process and was selected to proceed to the next level of contractor selection, the Request for Bid process.			

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On May 23, 2003, Eco-Logics Environmental Inc was selected as the lowest most responsible bidder for LA's Western District. A map of LA's Western District is attached for your review.

On May 26, 2004, the City of Los Angeles Board of Public Works authorized LA staff to enter into an agreement with Eco-Logics for the receipt, processing and re-use of greenwaste collected from the City of LA's Western District.

On October 14, 2004, LA staff returned to the Board of Public Works with the final contract for approval and authorization to commence work for green waste recycling services.

Eco-Logics entered into a three year agreement with LA commencing on October 14, 2004, and concluding on October 14, 2007. The Agreement has two (2) three year renewal options which require a ninety day notification of either party to terminate the agreement. In the absence of such notification, the agreement shall automatically renew for an additional three years starting October 14, 2007 and ending October 14, 2010 and so on.

To facilitate the transfer of greenwaste to Eco-Logics, Dave Hare, Owner/President of Eco-Logics, approached Culver City to inquire about the use of the Culver City Transfer Station. Mr. Hare offered to pay Culver City several dollars per ton for depositing greenwaste at the Transfer Station. Under his proposal, Culver City would be obligated to push the greenwaste into surge piles until it could be hauled away by his contract hauler.

Staff took Mr. Hare's proposal under serious consideration and worked out a per ton fee structure with the City Controller (See Fiscal Analysis Section).

Pilot Program

Staff determined that it would be prudent to conduct a pilot program to determine whether it would be logistically feasible for LA trucks to deposit greenwaste on the Transfer Station floor and to allow a private hauler to transfer the greenwaste to Eco-Logic's chipping and grinding facility.

Staff consulted the City Attorney who determined that the only thing necessary to conduct the pilot program would be a joint license agreement with Eco-Logics and the City, since Culver City was being paid for the use of the Transfer Station.

On November 11, 2004 the pilot program commenced with LA bringing 100 -200 tons per day of greenwaste to the Transfer Station. The pilot program ended on October 1, 2005.

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The primary intent of the pilot program was to work out any operational issues or other logistical problems prior to asking the City Council to enter into a multi-year license agreement with Eco-Logics.

DISCUSSION:

Pilot Program

During the pilot program, LA brought 100-200 tons per day of greenwaste generated by LA's Western District to the Transfer Station which added approximately 30 collection vehicles through the Transfer Station.

To accommodate the extra vehicles, three logistical procedures were established. The first measure was to create a schedule for LA. By scheduling LA's arrival, we were able to take advantage of "dead time" when Culver City's vehicles are not at the Transfer Station.

The second procedure was to utilize a private hauler to remove the greenwaste from the Transfer Station as it is deposited. One of the requirements of the license agreement with Eco-Logics is that they will provide a hauler to transport greenwaste to their facility. Eco-Logics is obligated to pay for all hauling services and to provide an umbrella insurance policy covering all subcontractor's in addition to the hauler's one million dollar liability insurance.

The final procedure was to implement a "sudden stop" clause. If for any reason the Transfer Station was unable to accommodate the amount of greenwaste being deposited, LA's collection vehicles were redirected to another facility until the problem was resolved.

Transfer Station Permit

In March 2005, the City Council approved the Transfer Station's revised Non Disposal Facility Element to lay the ground work for amending the Transfer Station's Solid Waste Facility Permit (SWFP). The application to amend the Transfer Station's SWFP is in the final stages of approval by the Los Angeles County Department of Health Services and is scheduled to be approved in November 2005. The amended SWFP will increase the amount of municipal solid waste the Transfer Station can except from 500 tons per day to 1,056 tons per day. When this happens, Culver City will be able to process all greenwaste generated in LA's Western District which amounts to 300-400 tons per day.

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Staff estimates that 60 collection vehicles would be required to bring 400 tons of greenwaste to the Transfer Station. To accommodate the extra vehicles, staff will continue to employ the logistical procedures listed above and require LA to approach and leave the Transfer Station using La Cienega Boulevard only.

FISCAL ANALYSIS:

Eco-Logics will pay Culver City \$5.00 for every ton of greenwaste LA deposits at the Transfer Station. In addition to the \$5.00 fee, Eco-Logics will haul away greenwaste generated by Culver City and Beverly Hills to their chipping and grinding facility free of charge. The following table itemizes the annual revenue/savings from the Eco-Logics proposal based on 200 tons per day of green waste.

<u>Category</u>	<u>Revenue</u>
\$5.00 dollar/ ton fee @ 200 tons per day	\$261,000
Disposal Savings	\$167,960
Sub Total	<u>\$428,960</u>
 Labor/Fuel/Vehicle Maintenance Cost Savings (soft)	 \$70,720
Grand Total	<u>\$499,680</u>

After the first year, the \$5.00 processing fee will automatically increase 3.5% to \$5.18 to account for inflation. The processing fee will continue to increase each year by 3.5% for the duration of the contract.

If Eco-Logics elects not to accept Beverly Hills' green waste free of charge, or if Beverly Hills stops depositing their greenwaste at the Transfer Station, then the \$5.00 dollar processing fee will be increased to \$6.90. This increased processing fee (if enacted) will also increase each year by 3.5% for the duration of the contract. The following table itemizes the annual revenue/savings at \$6.90 per ton.

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<u>Category</u>	<u>Revenue/Savings</u>
\$6.90/ ton fee @ 200 tons per day	\$360,180
Disposal Savings	\$69,160
Sub Total	<u>\$429,340</u>
 Labor/Fuel/Vehicle Maintenance Cost Savings (soft)	 \$29,120
Grand Total	<u>\$458,460</u>

ATTACHMENTS:

- 1) Map of the City of Los Angeles' Western District

MOTION:

That the City Council:

- 1) Authorize entering into an Agreement with Eco-Logics to process up to 400 tons per day of greenwaste generated by the City of Los Angeles through the Culver City Transfer Station, for a two-year period between October 17, 2005 through October 17, 2007, with the option to amend the Agreement for an additional two-year period, between October 17, 2007 through October 17, 2009 with the approval of the Chief Administrative Officer, and
- 2) Direct the City Attorney to prepare the necessary documents and authorize the Chief Administrative Officer to execute the agreement on behalf of the City.