

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

February 11, 2020

FROM

BRENDON BIGGS, Interim Director, Department of Public Works – Solid Waste Management

SUBJECT

Amendment to Waste Disposal Operations Contract with Arakelian Enterprises, Inc. dba Athens Services

RECOMMENDATION(S)

Approve **Amendment No. 2** to Waste Disposal System Operations **Contract No. 13-188** with Arakelian Enterprises, Inc. dba Athens Services to extend the term of the contract by eight additional years for the period of July 1, 2023 through June 30, 2031, with the option to extend two additional four-year periods, reset the operations contract burial rates, which will be adjusted annually based on the Consumer Price Index, and reduce the amount of import tonnage delivered.

(Presenter: Brendon Biggs, Interim Director, 387-7906)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost) as the Department of Public Works – Solid Waste Management Division (SWMD) is financed by fee revenue. SWMD establishes fees that are charged to the public and other agencies for utilization of the County's Waste Disposal System. Approval of this item will extend the Contract by eight years from July 1, 2023 to June 30, 2031. On July 1, 2020, the yearly compensation will be rebased to \$19,027,015, from the current amount of \$17,261,238, which will be adjusted annually beginning 2021-22. This Contract also includes costs up to the amount of revenue generated by eligible waste in the Comprehensive Disposal Site Diversion Program (CSDSP) (estimated to be approximately \$3,200,906 million for 2020-21), the burial of imported waste at the per ton rate per import location (estimated to be approximately \$5,477,163 million for 2020-21 and \$5,181,312 million annually thereafter), transportation of waste from the Baker Transfer Station to the designated disposal facility (estimated to be approximately \$35,242 for 2020-21), waste that requires special handling (estimated to be approximately \$58,689 for 2020-21), and time and material charges for extra services (up to \$500,000 per year) provided by Arakelian enterprises, Inc. dba Athens Services (Athens). The annual Contract cost is approximately \$28,299,015 for 2020-21.

This amendment also includes a reduction in amount of imported tonnage. For 2020-21, the minimum import tonnage is 600,000 tons up to a maximum of 900,000 tons. For 2021-22 through the end of the Contract, the minimum import tonnage is 550,000 tons with a maximum

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of 820,000 tons. The reduction in tonnage will remain through the end of the Contract term, unless as otherwise adjusted per the Contract. The import tonnage will generate gross revenue to the County in the amount of \$19,839,663 million for 2020-21, approximately \$18,546,326 million for 2021-22, and approximately \$18,917,253 million for 2022-23 and thereafter. The net annual cost of the Contract for 2020-21, after including gross revenue from the import tonnage, is approximately \$8,459,352. Both the operations and maintenance costs and the fees for import are subject to annual Cost of Living Adjustments (COLA) based on the Consumer Price Index (CPI). The contract cost is funded with fee revenue, which includes revenue from various cities through Waste Disposal Agreements. Revenue sources are adjusted annually based on the Employment Index, CPI, and/or the Producer Price Index, depending on the agreement. Sufficient appropriation and revenue will be included in the SWMD 2020-21 recommended budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

Approval of this item will extend the term of the Waste Disposal System Operations Contract with Athens by eight additional years from July 1, 2023 to June 30, 2031, to allow the continued operation and maintenance of the County's active landfills and transfer stations and increase the current operations contract burial rates by approximately ten percent as a result of negotiations and to adjust for inflation, which will be based on CPI annually, beginning 2021-22. Additionally, this item will reduce the amount of imported tonnage by Athens for the remaining term of the contract in order to conserve landfill airspace for future needs. This amendment will also allow for two four-year options to extend, though each of those extensions will require approval by Athens and the Board of Supervisors (Board).

On April 23, 2013 (Item No. 39), the Board approved the Waste Disposal System Operations Contract (Contract No. 13-188) with Athens for a period of ten years, from July 1, 2013 through June 30, 2023 for the operation and maintenance of the County's Disposal System, along with import tonnage commitments to generate revenue for the County.

On May 19, 2015 (Item No. 47), the Board approved Amendment No. 1 to the Contract to provide a portion of the Land Use Assessment revenue to finance additional recycling, increase the maximum time and material budget for extra services, and other clarifying contract language.

This recommended action supports the goals and objectives of operating in a fiscally-responsible and business-like manner by ensuring that the County via its vendor, is able to continue the operation and maintenance of the Waste Disposal System, as well as reducing import tonnage to conserve airspace to provide for the landfill capacity needs of the residents of the County.

SWMD has reassessed the effect of import tonnage on the Waste Disposal System and determined it would be beneficial to the County's solid waste system to continue to receive import tonnage at a reduced amount. Reducing the total amount of import tonnage by 200,000 tons per year, the County would conserve airspace for the future capacity needs. SWMD also reviewed the continued import request in light of County Code section 33.08150 of Title 3, Division 3, Article 9 which established the County's goal to carefully manage the waste stream and the acceptance of solid waste generated outside of the County in order to achieve optimum life of the disposal sites within the County's Solid Waste Disposal System. SWMD has determined that continuing to allow the import tonnage by Athens will not adversely impact SWMD's ability to handle the County's current and projected future solid waste stream. The

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Mid-Valley Landfill, after accepting the reduced import tonnage from Athens during the remainder of the contract term, will have sufficient airspace capacity available to sustain the projected future solid waste needs of the County. Additionally, the revenue from this imported waste will help SWMD continue to maintain a healthy budget, while continuing to allow funds to be set aside to address current unfunded liabilities and corrective actions.

PROCUREMENT

In 2012, the County released a Request for Proposals and as a result awarded Contract No. 13-188 to Athens. The Contract provides that the term may be extended by mutual consent of both the County and Athens. Approval of this item authorizes the County to extend the term eight years to June 30, 2031. The Contract also provides for reopener periods, beginning July 1, 2023 and every four years thereafter during the Contract term. During these periods, the County and Athens will meet and discuss potential amendments to the Contract that may be necessary. If both Parties agree to the amended Contract terms within 180 days from the reopener dates (i.e., July 1, 2023, July 1, 2027, etc.), the County has the option to extend the Contract term by an additional four years. Any option to extend the Contract will be presented to the Board as an amendment to the Contract.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Julie J. Surber, Principal Assistant County Counsel, 387-5455) on February 4, 2020; Purchasing (Jason Cloninger, Lead Buyer, 387-8258) on January 31, 2020; Finance (Jessica Trillo, Administrative Analyst, 387-4222) on February 4, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on February 4, 2020.


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Record of Action of the Board of Supervisors
County of San Bernardino

DEFERRED/APPROVED

Moved: Janice Rutherford Seconded: Josie Gonzales
Ayes: Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales
Nays: Robert A. Lovingood

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: February 11, 2020



cc: PW/SWMD- Meeka w/agree
Contractor- C/O PW/SWMD w/agree
File- w/agree
la 02/21/2020