

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

May 18, 2021

FROM

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

SUBJECT

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

RECOMMENDATION(S)

Approve **Amendment No. 3 to Contract No. 13-188** with Arakelian Enterprises, Inc. dba Athens Services for Waste Disposal System Operations to revise density standards and liquidated damage penalties for failure to meet the standards and add incentive payments for exceeding the standards.

(Presenter: Brendon Biggs, 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. If the density at a specific landfill site does not meet the density standard, liquidated damages in the amount of \$2.50 per cubic yard (increased from \$2.00 per cubic yard) for the difference in the volume consumed will be assessed, which is the calculated cost of the lost airspace. If the density at a specific landfill site exceeds the standard, and meets the minimum density required for a bonus, an incentive payment in the amount of \$2.50 per cubic yard will be given, up to a maximum payment determined by the maximum density for each site. Sufficient appropriation and revenue are included in the SWMD 2020-21 budget, and will be included in future recommended budgets.

BACKGROUND INFORMATION

On April 23, 2013 (Item No. 39), the Board of Supervisors (Board) approved Contract No. 13-188 (Contract) with Arakelian Enterprises, Inc. dba Athens Services (Athens) for a period of 10 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's Disposal System.

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.

**Amendment to Contract with Arakelian Enterprises, Inc. dba Athens
Services for Waste Disposal System Operations
May 18, 2021**

On February 11, 2020 (Item No. 55), the Board approved Amendment No. 2 to the Contract to extend the term of the Contract by eight additional years, from July 1, 2023 to June 30, 2031, increase the operations Contract burial rates, and reduce the amount of import tonnage by Athens for the remaining term of the Contract in order to conserve landfill airspace for future needs. Additionally, it allowed for two four-year options to extend, though each of those extensions will require approval by Athens and the Board.

This recommended action supports the goals and objectives of operating in a fiscally-responsible and business-like manner by ensuring the County, via Athens as the operator, conserves airspace to provide for the landfill capacity needs of the residents of the County.

Effective use of the available capacity (airspace) at the County's landfills is of extreme importance. By maximizing the compaction of the waste, the landfills' site life is extended by conserving the airspace for the future. As a part of Amendment No. 2, the County and Athens agreed to meet and negotiate additional revisions to the Contract related the Minimum Effective Density (MED) standards, associated incentive pay to Athens for exceeding the revised MEDs, and liquidated damage penalties for the failure to meet the minimum standards. Below are the revised MEDs for each of the active landfills:

LANDFILL	CURRENT MED (pounds per cubic yard)	NEW MED, effective July 1, 2021
Barstow	1,200 pcy	1,125 pcy
Landers	1,200 pcy	1,125 pcy
Mid-Valley	1,200 pcy	1,350 pcy
San Timoteo	1,200 pcy	1,200 pcy
Victorville	1,200 pcy	1,250 pcy

If the calculated effective density at a specific landfill equals or exceeds the MED identified above, there will be no liquidated damages imposed. However, if the calculated effective density at a specific landfill is less than the MED identified, then liquidated damages will be assessed in the amount of \$2.50 per cubic yard (increased from \$2.00 per cubic yard) for the additional volume consumed, which is the calculated cost of the lost airspace. In order to assist meeting the new minimum density requirement at the Mid-Valley Sanitary Landfill, Athens has agreed to add one new additional waste handling compactor at the site.

Additionally, as a part of this Amendment No. 3, an incentive clause has been added to the Contract. If Athens exceeds the Minimum Effective Density for Bonus at a specific landfill site according to the chart below, an incentive payment in the amount of \$2.50 per cubic yard of saved airspace will be given, up to a maximum payment determined by the Maximum Effective Density for Bonus at each site:

LANDFILL	MINIMUM EFFECTIVE DENSITY FOR BONUS (pounds per cubic yard)	MAXIMUM EFFECTIVE DENSITY FOR BONUS
Barstow	1,225 pcy	1,300 pcy
Landers	1,225 pcy	1,300 pcy
Mid-Valley	1,425 pcy	1,725 pcy
San Timoteo	1,300 pcy	1,450 pcy
Victorville	1,350 pcy	1,500 pcy

**Amendment to Contract with Arakelian Enterprises, Inc. dba Athens
Services for Waste Disposal System Operations
May 18, 2021**

PROCUREMENT

In 2012, the County released a Request for Proposals and as a result awarded the Contract to Athens. On February 11, 2020 (Item No. 55), the Board approved Amendment No. 2 which extended the term of the Contract eight years to June 30, 2031, with an option to extend the contract term by an additional four years. Any future 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 Surber, Principal Assistant County Counsel, 387-5455) on April 8, 2021; Purchasing (Jason Cloninger, Lead Buyer, 387-8258) on April 13, 2021; Finance (Jessica Trillo, Administrative Analyst, 387-4222) on April 26, 2021; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on May 2, 2021.

**Amendment to Contract with Arakelian Enterprises, Inc. dba Athens
Services for Waste Disposal System Operations
May 18, 2021**

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

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Janice Rutherford
Ayes: Col. Paul Cook (Ret.), Janice Rutherford, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: May 18, 2021



cc: PW/SWMD - Meeka w/agree
Contractor - C/O PW/SWMD w/agree
File - w/agree
CCM 05/19/2021