



Tuesday, March 6, 2012

A Special Meeting of the City Council was held in the Council Chamber, Pico Rivera City Hall, 6615 Passons Boulevard, Pico Rivera, California.

Mayor Archuleta called the meeting to order at 4:00 p.m. on behalf of the City Council.

**PRESENT:** Armenta, Salcido, Tercero, Camacho, Archuleta

**ABSENT:** None

**INVOCATION:** Esther Celiz, Planning Commissioner

**PLEDGE OF ALLEGIANCE:** Alex Solis, Chamber of Commerce Member

**SPECIAL PRESENTATIONS FORMAT:**

1. Vendor Selection Process Related to the Pico Rivera Waste Management and Recycling Franchise Agreement.

Mayor Archuleta opened the meeting by welcoming everyone and stated that the City Council opened the bidding process to allow the city to save anywhere from \$890,000 up to a possible \$1.5 million and thanked all the participants in this process.

2. Introductory Remarks- City Manager

City Manager Bates stated that this process started in April 2011 when the City Council determined to use a consultant to assist the city in the selection process and through a competitive process selected HF&H Consultants who will give a presentation this evening to help the city in selecting a solid waste contractor. The consultants, he stated, developed an RFP which was reviewed by the Ad-Hoc Committee consisting of Councilmembers Salcido and Armenta, city staff and the balance of the Council reviewed it before it was circulated to potential contractors. He stated that the RFP was circulated, and once proposals were received, they were reviewed by the consultants, city staff, and a detailed information package was prepared for the Ad-Hoc Committee's consideration. After reviewing all the documentations, he stated, the Ad-Hoc Committee agreed to interview the three lowest most responsive proposers along with the Pico Rivera based contractor. These four contractors, he commented, were

interviewed making detailed presentations to the Ad-Hoc Committee, city staff, and the consultants. Subsequent to the presentations, he said, each of the contractors were questioned by committee members and by city staff in trying to clarify the proposals that were submitted. Finally, he stated, the four contractors' facilities were visited and reviewed by all five council members, city staff and the consultants. He further stated that all information resulting from this process was condensed, put into a package and has been presented to City Council tonight to gather further information and hopefully come to a conclusion this evening on who the best contractor will be for the residents.

### 3. HF&H Presentation

Laith Ezzet, Senior Vice President with HF&H Consultants was the project director. He stated that his company HF&H does not work for any waste haulers; they only provide these services to cities to avoid any conflict-of-interest and have helped more than 300 cities in California with their solid waste programs. He stated that there has been a robust and competitive process and with the selection of any one of the four finalists the city will receive increased services at reduced rates for residential and commercial rate payers. Mr. Ezzet continued with his presentation which provided background information, the RFP process, key contract terms, key service enhancements, the eight proposers, proposed rate revenues, proposal enhancements, diversion percentages, contract rate revenue, reference checks and facility locations and labor force. Highlights of his presentation included the four selected companies Rainbow, NASA, CalMet and UPW for interviews and further analysis.

All council members were given the opportunity to ask questions of the consultants, questions asked by the Council included the following: are all the haulers capable/qualified to handle the task, elaborate on the four selected haulers financial stabilities and their debt ratio, elaborate on the point of sale office, which company relies on enhancements or services yet to be implemented to arrive at their final price and diversion rate, how will the franchise diversion rate of \$360,000 per year be guaranteed, and asked if the tax revenues would be equal across the board.

In regard to the four selected trash haulers being capable/qualified to handle the tasks, Mr. Ezzet responded in the affirmative and also stated that pertaining to haulers stabilities and their debt ratio that each company provided in their proposal the ratio of total liability, total assets as well as the size of the company compared to this contract. He stated that he also requested and reviewed the financial statements from NASA, UPW and Rainbow. Rainbow, he stated, produces an audited financial statement and that the other two companies did not provide an audited statement; they provided an

internally prepared financial statement. It is a requirement of this contract, he stated, that if you select one of these companies prior to actual award that they would have to produce an audited financial statement, which two proposers have not yet provided. Further, he stated, in the documents that he did review, there was a concern expressed in the evaluation report about a debt covenant, which Rainbow is not in compliance with. Rainbow, he stated, has ensured him that this is close to being resolved and should be resolved by the end of the month.

Pertaining to the point of sale office, Mr. Ezzet stated that all proposers have indicated that they will purchase all the vehicles in Pico Rivera. Mr. Ezzet further stated that all proposers have stated that they will be able to create the relationship so that the sales tax from the purchase of the vehicle would occur here in the city of Pico Rivera. Mr. Ezzet responded in the affirmative to the question if going the RFP route was the best approach for the city to maximize its benefit.

In response to which company least relies on enhancements or services yet to be implemented to arrive at their final price and diversion rate, Mr. Ezzet stated that the final price has been done with and without the enhancements, but the most enhancements are in the UPW proposal. In regard to the diversion rate, he stated, NASA provided the highest over all diversion rate at 60%, CalMet and Rainbow both at 50%. Mr. Ezzet stated that there are teeth behind the diversion requirement because there is a penalty of \$25 per ton for each ton the city is short in the contract. He stated that NASA has the most aggressive diversion goal. In regard to how the franchise diversion rate of \$360,000 per year could be guaranteed, Mr. Ezzet stated that it is a lump sum amount paid in the agreement. Mr. Ezzet stated in response to the question if tax revenues would be equal across the board that the tax revenues should all be similar.

Mayor Archuleta stated that in Mr. Ezzet's opening statement he stated that they have helped more than 300 cities in this process and asked if the City of Pico Rivera has established the norm in that process with Mr. Ezzet responding in the affirmative.

Mayor Archuleta further asked if the written proposals that were sent out and received by each of the four selected proposers were given equal time, equal opportunity and that each had personal interviews with Mr. Ezzet responding in the affirmative. Mr. Archuleta asked Mr. Ezzet in regard to financial concerns, if he had any reluctance to point one proposer over the other because of financial issues with Mr. Ezzet stating that it would be just another risk factor in the city's selection.

Mayor Archuleta instructed each presenter that they have 10 minutes to make their presentation with one minute for final closing statements.

4. Presenters:

*a.* CalMet Services, Bill Kalpakoff and Enrique Vasquez

Mr. Kalpakoff thanked the City Council for the opportunity to present and for the opportunity to provide services to the city for over the last 30 years.

Mr. Enrique Vasquez began the presentation by stating that CalMet has a proven track record with 32 years of exemplary service and safety in the City of Pico Rivera. The CalMet Advantage he stated has strong financial ability, good cash flow and positive banking relationships and stated that CalMet has a union work force represented by Teamsters Local 396. He further stated that CalMet is local, has recycling and sustainability infrastructure for green waste/composting, construction and demolition debris, e-waste and food waste, multi-material MRF and Eco-Park, immediate implementation, community involvement, outstanding rates, fully integrated facility, loyal, high committed employees and is company owned. Mr. Vasquez stated that CalMet's proposal offers Pico Rivera real rates, a residential rate at \$17.80 that is based on facts and what it takes to continue to provide the quality of service that Pico Rivera expects. He stated that CalMet proposed the best financial benefit to the City. CalMet's revenue sharing commitment, he stated, will give the city between \$500,000 to \$1 million dollars annually making it the best of all proposals. He added that this revenue was not included in the seven year revenue projection provided in the staff report. Mr. Kalpakoff spoke of contributions made to the city in ways of scholarships and sports programs, Christmas Basket Committee, Thrift Store, Pio Pico's Women's Club, VFW, and Pico Rivera Chamber of Commerce.

Councilmember Armenta commented by asking CalMet why they did not lower the \$750,000 rate that their proposing now and suggested that if they are awarded the contract that they utilize the CNG gas facility in the city.

All council members were given the opportunity to ask questions of CalMet Services, questions asked by the Council included the following: to elaborate on their diversion rates, how important would the Pico Rivera contract be to the completion of the MRF, to provide their opinion on the future of conversion technology, asked why there is \$1 million dollar difference in the rate revenue, asked how much they currently process out of commercial bins, asked if the opening of the state-of-the-art MRF is guaranteed to

open in 2014, and if they foresee any problems jumping from a 22% diversion rate to a 30% rate.

Mr. Vasquez stated that their diversion rate is based on real practical application and that they will process 60% of the commercial waste of the bin service waste, then as soon as their facility is up and running in 2014, they will process 100% of the bin service customers and 100% of the black cart, the one that goes to the landfill. In regard to the importance of the city's contract to the completion of the MRF, Mr. Vasquez stated that it is important and CalMet wants the city's contract but CalMet is going to be build the MRF anyway as it is a benefit to both the city and the company to have the waste come to their facility. He further stated that CalMet has long term disposal arrangements at the Orange County facilities at a special rate indefinitely. Mr. Kalpakoff stated that there is no guarantee that the MRF will open in 2014 but the commitment from all parties involved is there. He further stated that there would be no problem jumping from a 22% diversion rate to 30% rate immediately.

Pertaining to the future of conversion technology, Mr. Vasquez replied that conversion technology is in a nascence stage and as such there are not a lot of applications but they anticipate that there will eventually be some real applications. The one they are proposing, he stated, is a small component that produces energy and/or heat and there is currently one facility coming into California so they will be the second. He stated that they are selecting one that works and provides a symbiotic realization and that they will continue to buy fuel from the gas company.

In regard to the \$1 million dollar rate difference, Mr. Vasquez stated that CalMet has been operating under a shorten term in the contract and that they've been seeking a longer term. This proposal, he stated, gives a definite term and time frame by which they could expense their investment of seven years and thus are able to price it over that time. Secondly, he stated, they are investing in a MRF that will allow them to manage their own waste processing and control those cost and generate their own revenue, which is going to be a big plus for the company; and they are looking at that in terms of the whole seven years. In addition, he further stated, that on their own initiative automated the green waste processing for collection which provided additional efficiencies that they gained.

In response to how much waste is currently processed out of commercial bins, Mr. Kalpakoff stated they have 40 white recycle containers throughout the city. Some of the commercial waste, he stated, goes to the Commerce burning plant, some goes to the

Dart Facility in Downey, and most of the roll-offs come to PR&R for processing. Currently 35% to 40%, he stated, are hand sorted through the belt system.

Mayor Archuleta asked CalMet if they felt they received an equal opportunity with HF&H Consultant and staff with Mr. Vasquez responding in the affirmative.

*b. NASA Services, Judi Gregory and Jack Topalian*

Ms. Gregory thanked the City Council for the opportunity to speak and expressed her gratitude for the individual time spent with each presenter in this process and to be able to present. She began her presentation by stating that Pico Rivera is a progressive city and believes that the city is seeking a company who seeks the same vision. She further stated that employees make the difference and would like to transition current employees into their facility if they are selected as the cities trash hauler. She stated that jobs are an important part of the economy and that recycling and composting creates jobs. Further, she stated that NASA seeks to empower local residents and businesses to "go green," they plan to keep the sales tax revenue in the city by purchasing vehicles and parts in the city as well as purchasing all of their fuel and CNG from the local gas company and office supplies as well. She added that they will be providing the local school district \$25,000 per year and will continue to strive to enhance their program. NASA, she stated, is a local family owned and operated company with over 55 years experience. Some of the key highlights of the proposal, she stated, is 21% overall savings, 30% savings for Commercial rates, and saves the city \$10 million over seven years. She added that zero waste matters because it reduces CO<sub>2</sub> emissions that are being released into the atmosphere.

All council members were given the opportunity to ask questions of NASA, questions asked by the Council included the following: how does NASA plan to help current city organizations, can their facility accommodate the new trucks they will need to purchase, how quickly can they transition into a fully operational hauler, asked if the low rate offered by NASA is sustainable, can they guarantee their recycle rate, what are their long term disposal arrangements, asked if the lower driver cost could be problematic in the future, and asked if NASA would be able to handle the surge in business if they are the selected hauler.

Mr. Topalian stated that in response to NASA's involvement in the community they will be heavily involved in the community and will be present at all local events, youth sports and will try to meet or exceed what CalMet is currently doing.

In regard to whether NASA has the facility to accommodate the new trucks that they will be purchasing, Mr. Topalian stated that they have the facility and that they have three locations in the City of Montebello, two are for truck storage and one is for bin storage. He further stated one facility that currently is not being utilized will be used to store the new vehicles.

Mr. Topalian stated that in regard to how quickly NASA could transition into a fully operational hauler, he said immediately and further stated that NASA could sustain the lowest rate that they offer and suggested that Council look at the total overall cost.

In regard to their aggressive approach to recycle and being able to guarantee their requirements, Ms. Gregory stated that diversion will come through the programs and through education and outreach. Pertaining to the question regarding long term disposal arrangements, Mr. Topalian said they have not had a problem with long term disposal capacity.

Mr. Topalian stated that in regard to driver costs, he is not aware of what CalMet's hourly cost is so he's not able to comment.

In regard to how NASA would handle the surge in business if they are the selected hauler, Mr. Topalian stated that NASA is financially stable and has no debt.

Mayor Archuleta asked NASA if they felt they received an equal opportunity with HF&H Consultant and staff with Mr. Topalian responding in the affirmative.

*c. Rainbow Environmental Services, Jeff Snow*

Jeff Snow stated that he is an employee owner of Rainbow Environmental Services. He stated that he is representing 350 employee-owners and thanked the city, city staff and consulting firm for their diligence exercised in this process. Rainbow, he stated, is a very well established solid waste company founded in 1957 with humble beginnings. Today Rainbow offers an infrastructure and campus that is second to none in the state of California. He stated that they are one of the only 100% employee-owned company's in California, they are located on 18 acres in Huntington Beach, and they own five MRF's. Their diversion plan, he stated, is well thought out: 53% diversion commercial, 42% residential and 72% special events in C&D from day one they will deliver 50% plus diversion to the City of Pico Rivera. He stated that their long term diversion plan puts them in the 80% range towards the end of the contract which they are confident they could deliver. He further stated that 100% of food waste is diverted

composted with other organics and used to enrich the soil. One of their enhancements, he stated, is 5,000 cubic yards each year to the City of Pico Rivera for some of the city's parks improvement plans that are eminent. Rainbow, he stated, is the highest referenced service level of any proposer with three exceptions: they will maintain and improve the service levels in the city; all of their vehicles are CNG and the lowest profile which provides more visibility for the drivers and makes it safer for the public; and they are proposing all new quality carts. He stated that they are "Best-In-Class" and have environmental representatives who will meet with every business, multi-family establishments to set-up customized recycling programs that are economically advantageous to them. He mentioned their education and outreach program, implementation plan, stated they have a strong transition record and stated they are eager to employ the CalMet Services employees that know the lay of the land and are well beloved in the City of Pico Rivera. He stated, they believe they are the best company for the city, employee owned and have employee care, and that they are the state leader in diversion and offer the best diversion programs. He added that they have the most unique and best infrastructure to process all the materials, the highest reference service, best rates, and overall the best value to build a better Pico Rivera.

All council members were given the opportunity to ask questions of Rainbow, questions asked by the Council included the following: if Rainbow is the selected hauler and you are able to take some of the CalMet employees, would these employees be able to keep their seniority, asked to elaborate on employee ownership, asked how Rainbow plans to ensure the point of sale throughout the contract, inquired about the purchase of four new vehicles and use of some older vehicles, asked how Rainbow will guarantee diversion rate, asked how Rainbow will mitigate their lowest bid with the highest revenue, inquired about mitigation of carbon footprint with their distance from the city, and asked how Rainbow plans to make the City of Pico Rivera their number one client.

Mr. Snow stated in regard to CalMet employees keeping their seniority should they become an employee of Rainbow then they would need to meet with their union representatives to discuss seniority benefits as this has not happened yet.

Pertaining to employee ownership, Mr. Snow stated that Rainbow is 100% owned by its employees, 350 of them. He stated that all employees after a year's service could become an employee-owner, once they've met that requirement, there are shares allocated by the company each year based on years of service and compensation levels. From our sorters, to our drivers, to our managers, he stated, it ends up being a significant retirement benefit far above any 401(k) or any other competitive retirement

product that they've seen and each year that the company is profitable, those profits are distributed directly to the employees.

In regard to the point of sale, Mr. Snow stated that the purchases of trucks, he stated, will be made through Rush trucks, and stated that they've already met with their parts manufacturer who will establish and pull a business license in the City of Pico Rivera to sell that equipment to us and then the other majority of the purchases will be the CNG fuel for the next seven to ten years will be made at the station in Pico Rivera.

Mike Grumbo with Rainbow Environmental, stated that in regard to the purchasing of vehicles, they are purchasing four vehicles and the other vehicles that they will bring in are less than two years old.

In regard to the diversion rate guarantee, Mr. Grumbo stated that they are recognized as a state leader, and have achieved this by knowing their community and characterizing their material while on the street.

Mr. Gumbo stated in regard to having the lowest bid and highest revenue that they have five (5) different MRF's within their 18 acre facility which means that the five (5) MRF's are five profit centers, or with the five centers they are allowed to save money because that material is not going to the landfill.

Pertaining to the carbon footprint, Mr. Snow stated that they are 22 miles away and that the vehicles coming up in the morning would all be CNG vehicles. All the selected trash that is not going to be recycled, he stated, would end up in a landfill four miles away. He further stated they would only bring home material that is deemed for recycling so it limits the amount of miles their trucks will travel during the day. Mr. Snow stated that the efficiencies are that their vehicles have different collection bodies, their payloads are one ton more than other competitor trucks so they expect to have efficiencies on that which will allow their vehicles to stay on the route longer and not make as many trips.

With respect as to how Pico Rivera will be their number one client, Mr. Snow stated that Rainbow has not acquired a new municipal contract in 20 years, and that it was by design and strategy. Pico Rivera, he stated, was not an easy decision for their executive team and their employee-owner base to come to. Mr. Snow stated that Rainbow is very serious about Pico Rivera and they are hoping by getting A plus reports from the City of Pico Rivera that it will help them get other franchises particularly with the City of Los Angeles.

Mayor Archuleta asked Rainbow Environment if they felt they received an equal opportunity with HF&H Consultant and staff with Mr. Snow responding in the affirmative.

*d. United Pacific Waste & Recycling Services, Michael Kandilian*

Mr. Kandilian stated that they are a family owned business located in the City of Pico Rivera. He thanked the City Council for the opportunity to work with the city and to further invest in the community. He provided the following summary: UPW Proposal Enhancements franchise initiation incentive, verifiable sales tax revenue, additional revenue, expansion of a local business and employment for residents, scholarship, internship and community philanthropy, \$100,000 per year every year for the term of the contract, pollution liability insurance and new abandoned shopping cart retrieval/drop-off program. He further stated that portable toilets (regular and handicap) with hand-sanitizer and hand-wash stations at each city event, extended "missed pickup," food waste recycling program partner with LACSD, unlimited bulky item collection (residential) in lieu of one time per year clean up and extra two year moratorium on residential rate increases (through July 2016). He stated that UPW has successful transitions, utilizes the Puente Hills Materials Recovery Facility, \$4 to \$7 million dollars offered in enhancements, local family owned business in the City of Pico Rivera and the only firm guaranteed to provide the tax revenue to the city.

All council members were given the opportunity to ask questions of UPW, questions asked by the Council included the following: why their rates are higher, how do you mitigate 59% transition, asked why enhancements were not part of the overall proposal, asked to explain the city's financing of an extra \$150,000 to \$200,000 savings, and if they foresee a problem of increasing their diversion rate to 50% by 2016.

Ruben Kandilian, UPW, stated that in regard to high rates that they see themselves as a first class facility and want to ensure that they have enough profit built in to be able to service the city in the correct way and that there are unknown factors in diversion, residential and commercial pickups.

In regard to the 59% mitigation transition, Mike Kandilian stated that the transition would be simple for them. He further stated that pertaining to enhancement it was in the overall proposal originally submitted to the city, the enhancements are at the city's discretion if they want them or not.

With respect to the city's financing and a savings of \$150,000 to \$200,000, Mike Kandilian explained that if the city were to finance the equipment, UPW would be making the payments like any normal financial structure would, but because the city is exempt from certain taxes, they would take those savings and offer them in the form of a franchise fee giving money back to the city.

Mr. Kandilian stated that in regard to increasing their diversion rate to 50% by 2016 that it would not be a problem and explained the reason why their diversion is where it's at is he had to use the information given in the RFP to determine what their diversion rates would be. He further stated he would have to assume that the information is all true and correct and that he'd rather under promise and over deliver. Once NASA started collection, he stated, he would know exactly what they would be dealing with; he could increase diversion as high as they could possibly go. At 39%, he stated, the overall city diversion rate would be over 74% with their 39% diversion rate from third party diversion. Their proposal, he stated, would actually be over 74%.

Mayor Archuleta stated that there is not much of a savings for the residents and is something that the city needs to look at. He asked how the city could continue saving money if UPW is the company that is selected. Mr. Kandilian stated that if you look at all the enhancements you have the rates based on the seven year term with and without the household hazardous buy back center and with the 12 year term the rates are significantly less. If UPW pulled out all of their enhancements, they would be at a rate of \$16.98 on the residential, with all the enhancements that you get you would still be under your current rates. Ruben Kandilian stated that their vehicles, bins, carts everything that they will deploy will be brand new.

Mayor Archuleta asked UPW if they felt they received an equal opportunity with HF&H Consultant and staff with Mr. Kandilian responding in the affirmative.

##### 5. City Manager Presentation

City Manager Bates stated that back in the late 70's and 80's he spent a lot of time in the solid waste business in Orange County operating the landfill sites, transfer stations and regulating collection in the unincorporated area. He stated that he has an appreciation for the challenge that all the collectors face. He stated that the Council committee did a very good job in selecting the four contractors that made presentations to the committee. Mr. Bates stated that all four contractors are good quality operations. He further stated that when a manager looks at a proposal such as this, staff looks at cost effectiveness, and when you look at cost effectiveness, there are clearly three very

competitive proposals those of Rainbow, CalMet and NASA. Mr. Bates proceeded to talk about each of the companies:

UPW is a family-owned and operated business with a very efficient, operational layout at their main facility in Pico Rivera which is kept very clean and well-maintained. As a Pico Rivera business, UPW was of interest to the community because as mentioned they are located in the City. The challenge that they had in trying to review all this was that the rate that they offer our community is only 1% below the rates we are currently receiving.

NASA has an experienced management team and has worked well together to produce a competitive proposal. In reviewing their facilities there was a question of adequate space and the answer to that today is that they have other property that they can locate additional trucks on, as their current site is crowded in terms of all the vehicles located at that site. The question also then with NASA is how readily are they going to be able to increase their operation by 35% to which they have addressed that issue. NASA was the second lowest proposer submitting cost that are 21% below current rates.

CalMet he stated our current truck contractor is located in Paramount has provided quality service to the community for over 32 years. Their facilities meet the needs of our community and the company has acquired property across the street from their current MRF to develop a state of the art recycling operation whereby in future years the City of Pico Rivera could financially benefit subject to further negotiation. CalMet was the third lowest proposer submitting a first-year revenue reduction from their current rates of 13%.

Rainbow is a professionally managed employee-owned and favorably referenced solid waste contractor. The company operates a state-of-the-art facility separating and recycling over 58 commodities and more than likely based on their past experience would be able to expand their operation by 9% to cover the expansion needed for Pico Rivera. Additionally, they were the lowest proposer proposing rates that are 24% below the current rates we have in Pico Rivera today.

In looking at this from a City Manager's perspective in trying to analyze these proposals, my objective in making my recommendation to Council was to try to control the downside risk to the city. Looking at the growth rates for UPW and NASA, he stated, that they can do the job, but is that a risk that the city wants to take. In that regard, he stated he would look to the large companies, both bigger operators, unionized operators with both Rainbow and CalMet. In conclusion, the

recommendation is that the city is in a unique position to make a well vetted selection of the contractor for the residents and businesses of Pico Rivera. The proposals from CalMet and Rainbow are significant improvements over the current agreement. CalMet's agreement would lower the cost of residential collection from \$21.03 a month to \$17.80 a month for a savings of \$38.76 a year. On the commercial side, CalMet's agreement would lower the cost of a 3 yard bin from \$119.78 per month to \$104.40 per month for a yearly savings of \$184.56. This equates to taking \$892,000 less for solid waste services per year from the residents and businesses here in Pico Rivera.

With regard to Rainbow, their proposal goes further in terms of reducing cost for example; when we look at residential rates they are lowered by \$7.84 per month so the average family would expect a yearly savings of \$94.08 per year and on the commercial 3 yard bin their down \$177.36 per year.

In conclusion, he stated that these companies are quality supplier of solid waste services. Rainbow, he stated, has the capacity to expand their annual revenue base by 9% to provide solid waste services to Pico Rivera. Further, he stated, the City Council and the community would be well served by either contractor. The savings with Rainbow, he stated, are an additional \$796,000 per year primarily for residential customers, and with CalMet, the risk noted above of changing responsibility or something going wrong are minimized, practically negated in this process because they are currently providing the service. The rates to residents and businesses, he state, may vary somewhat depending on the amenities the City Council would like to see added in a final agreement; however, in any regard the amenities do not affect the major savings offered to the community by either CalMet or Rainbow.

Councilmember Armenta stated his concerns with Rainbow and the transition and the \$2 million dollars recycling money.

City Manager Bates stated that on the transition the benefit that a company such as Rainbow or CalMet brings to the table is resources. Any of the larger companies in the solid waste business, he stated, have significant reserves in terms of operation, equipment and all of them usually in terms of financing and that's where he comes to the conclusion that to make a transition for a company such as Rainbow would be pretty routine based on all the number of different routes they already operate both in Huntington Beach, Fountain Valley and their commercial activities.

With regard to the \$2 million dollars in recycling, he stated, if you look at the complexity of their operation, it is one of the top recycling operations in the state if not

the best, and just volume and commodity wise they are able to recycle and find markets for a lot of their commodities. Mr. Bates stated that what's more important is that Rainbow is guaranteeing the rates and he thinks they have the resources to support that guarantee and that is his basis for his recommendation to Council.

Councilmember Armenta stated in regard to UPW they have done smooth transitions with El Monte and other cities and stated that he is looking at it experience wise. He further stated that NASA has with their rubbish pickups employees who get off the truck and bring the trash out. In stating his concerns with a smooth transition he also stated that he believes all trash haulers are capable. He stated that if another trash hauler is selected other than CalMet, it would be the City's responsibility to hold CalMet responsible for a smooth transition and that it would be the responsibility of the City Manager to ensure the smooth transition.

Mayor Pro Tem Camacho asked Mr. Ezzet why the difference in the number of trucks being provided to service the city. Mr. Ezzet stated that they all have similar number of route hours, and that Rainbow has the fewest number of route hours that they are going to run, but all of them are reasonably achievable with different operating plans so they may have a need for different number of operating vehicles, but they will all have roughly a similar size fleet. Mr. Camacho asked which companies have pending legal issues with Mr. Ezzet stating that the most significant issue stated in the report has been resolved. Mr. Camacho asked which companies have stayed whole since day one and who has participated in mergers, acquisitions and so forth. Mr. Ezzet stated that all the trash haulers are privately owned regional companies and is not aware of any mergers with the exception of CalMet Services who merged some years ago. Mr. Camacho addressed his concerns with the performance survey with each company and Mr. Ezzet stated that he did not see any red flags or he would have let them know. Mr. Camacho asked what the typical length of a contract is with Mr. Ezzet stating seven years. Mr. Camacho asked if having a four year contract plus a three year extension if services are satisfactory helps minimize the risk factor with Mr. Ezzet responding in the affirmative.

Mayor Archuleta inquired about all four contractors having the capability of making a smooth transition with Mr. Bates stating that all went well and staff has not received any negative feedback. In regards to other questions asked by Mayor Archuleta, Mr. Bates and Mr. Ezzet responded that the different type bins would not affect the citizens, and that there could be rate increases if a company expands rather fast and that company's growth may affect the unionization factor. Mayor Archuleta asked if any of the companies that are non-union would have an issue becoming union. Mr. Ezzet stated that he knows of an instance were a non-union company won a city franchise and

then was subject to a union action and asked for a significant rate increase because of their labor costs. Mr. Archuleta asked if all were capable of providing the services. Mr. Ezzet responded in the affirmative and added that the larger operations have additional resources in the system.

## 6. Public Comments

The following members of the public addressed the City Council to speak in favor of the city renewing its rubbish contract with CalMet Services:

- Mike Lawrence
- Herbert Morales
- Sergio Gonzalez
- Otoniel Olivares
- Zita Rodriguez
- Sergio Orozco
- Juan Martinez
- Paula Murga
- Virginia Aguirre
- Raul Ruelas
- Jerry Viera
- Chris Alvarez
- Esther Celiz
- Jim Smith
- Efrain Castaneda
- Tony Gonzalez

The following members of the public addressed the City Council to speak in favor of the city contracting with Rainbow Environmental Services:

- Ofelia "Roddie" Rodriguez
- John Belmonte
- Amalia Tara Galindo

## 7. Close Public Comments

Councilmember Salcido stated that he and Councilmember Armenta participated in the Ad-Hoc Committee and proceeded to provide historical background to the implementation of this committee. He stated that when he was Mayor he put together

this Ad-Hoc Committee to avoid some of the problems that were happening in other cities in regard to trash hauler contracts and that the committee put together an RFP. Although he was initially against the RFP, in going through the process and meeting individuals and getting Mr. Ron Bates on board, he stated, it was clear that the RFP was definitely the way to go in this case. He stated that in order for this to work, it needs to be a unanimous vote among Council and stated that CalMet is his personal preference for several reasons; the incumbency factor, has not received any complaints from the business or residential community, prefers union company, and provide first rate service. UPW he stated was a pleasure to meet them and to know what they want to do with the city. He stated knowing that they are located in Pico Rivera causes him to seriously consider awarding them a contract and he believes that they could do the job. He gave his compliments to NASA stating that they are aggressive and have a fire that he appreciates. Rainbow, he stated, is a step-up for the city and he was extremely impressed with their operation. He stated that he supports the union companies but the non-union companies expressed that they would consider unionizing if they got the award.

Councilmember Tercero stated that he believes that all four companies are qualified and stated that price is something to consider. He stated that he is a proponent of small businesses like UPW and NASA and stated that Rainbow Environmental is a top notch facility and CalMet has been very good to this community.

Mayor Pro Tem Camacho thanked all the proposers for putting their proposals together. He stated that he pushed for the RFP because he felt it was the best way to go and that the City will benefit dramatically whether we stay with our current hauler or choose someone new. He also stated that he was glad that this was an open process thereby letting the community have an opportunity to see what Council has seen in the numbers, service, quality and issues.

Motion by Councilmember Salcido, seconded by Mayor Archuleta to award the trash hauler contract to CalMet Services. Motion failed.

**AYES:** Salcido, Archuleta

**NOES:** Armenta, Tercero, Camacho

Motion by Councilmember Armenta, seconded by Mayor Archuleta to award the trash contract to NASA. Motion failed.

**AYES:** Armenta, Camacho

**NOES:** Salcido, Tercero, Archuleta

Motion by Councilmember Salcido, seconded by Mayor Archuleta to award the trash hauler contract to CalMet Services. Motion failed.

**AYES:** Salcido, Archuleta

**NOES:** Armenta, Tercero, Camacho

Motion by Councilmember Salcido, seconded by Councilmember Tercero to award the trash contract to Rainbow Environmental. Motion failed.

**AYES:** Salcido, Tercero

**NOES:** Armenta, Camacho, Archuleta

Motion by Councilmember Tercero, seconded by Mayor Archuleta to award the trash contract to UPW. Motion failed.

**AYES:** Tercero

**NOES:** Armenta, Salcido, Camacho, Archuleta

Motion by Councilmember Armenta, seconded by Councilmember Salcido to continue the discussion to the City Council meeting of March 13, 2012.

**AYES:** Armenta, Salcido, Camacho, Archuleta

**NOES:** Tercero

Recessed to Closed Session at 7:55 p.m.

ALL MEMBERS WERE PRESENT

Reconvened from Closed Session at 8:15 p.m.

ALL MEMBERS WERE PRESENT

### **CLOSED SESSION**

### **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**

Pursuant to Government Code Section 54956.9(a)

Graffiti Protective Services v. City of Pico Rivera

City Attorney Nichols stated that direction was given regarding a settlement agreement and that there was no reportable action taken.

**ADJOURNMENT:**

Mayor Archuleta adjourned the City Council meeting at 8:16 p.m. There being no objection it was so ordered.

**AYES:** Armenta, Salcido, Tercero, Camacho, Archuleta

**NOES:** None

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Bob J. Archuleta, Mayor

**ATTEST:**

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Daryl A. Betancur, City Clerk

I hereby certify that the foregoing is a true and correct report of the proceedings of the City Council Special meeting dated March 6, 2012 and approved by the City Council on March 13, 2012.

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Daryl A. Betancur, City Clerk