



DEPARTMENT

CHRISTOPHER J. GARNER
DIRECTOR

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December 4, 2012

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached resolution authorizing the City Manager to enter into an agreement with Waste Management, Inc., to allow the City of Long Beach to deliver ash from SERRF to Waste Management's El Sobrante Landfill at a fixed cost, for a period of up to seven years, at an estimated cost of \$7,000,000 - \$8,000,000 per year. (District 2)

DISCUSSION

The City of Long Beach's (City) residential refuse, as well as refuse from numerous private haulers serving other area cities, is taken to the Southeast Resource Recovery Facility (SERRF) where it is burned and generates electricity. SERRF handles approximately 500,000 tons of municipal solid waste each year and, in the combustion process to create the electricity, produces about 175,000 tons of ash annually. This ash is treated and currently transported to the Los Angeles County Sanitation Districts' Puente Hills Landfill (Puente Hills) located near the City of Whittier.

Puente Hills does not charge the City for disposal of ash. The ash is put to beneficial use as road base material and this reuse contributes about 13 percent to the City's overall estimated waste diversion of about 75 percent, which is among the highest in the nation. The Puente Hills landfill, however, is scheduled to close on October 31, 2013 and will likely stop accepting ash from SERRF for reuse around July of 2013, jeopardizing the waste diversion credit the City receives for the beneficial reuse and no-cost disposal of ash at this facility. If this diversion credit is lost, the City will need to develop and implement new waste diversion programs, at an unknown cost, to continue to meet its current diversion rate.

El Sobrante Landfill (El Sobrante), located in Riverside County, is owned by Waste Management, Inc. (WM). Once the Puente Hills landfill closes in 2013, El Sobrante will be the only Class 3 landfill in California that is permitted by the Regional Water Quality Control Board (RWQCB) to receive and reuse ash. By utilizing El Sobrante, the City can maintain its current waste diversion rate and avoid implementation of new waste diversion programs. El Sobrante will charge SERRF a negotiated rate of \$32 per ton for disposal of ash, below its usual rate for non-county waste. Depending upon the amount of ash generated at SERRF, the estimated annual cost for transportation and disposal will be approximately \$7,000,000 - \$8,000,000.

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The City's only other option would be to dispose of SERRF's ash at Kettlemen Landfill (Kettlemen), located just south of Fresno and also owned by Waste Management. The estimated cost for this option is \$18,000,000 per year for disposal and transportation. In addition, Kettlemen is not permitted to accept ash for reuse, so the City's estimated diversion rate would drop from its current 75 percent to approximately 62 percent.

Waste Management is the only entity permitted to accept ash in California. Therefore, no useful purpose would be served in conducting a competitive procurement process, and to do so would be an unnecessary expenditure of public funds.

Staff recommends that the agreement with WM be for two years with five additional one-year options, at the City Manager's discretion. The two-year requirement is preferable as SERRF will likely not need to deliver ash to El Sobrante until July of 2013, as the option of utilizing Puente Hills will still be available until that time.

This matter was reviewed by Deputy City Attorney Amy R. Webber on October 25, 2012 and by Budget Management Officer Victoria Bell on October 26, 2012.

TIMING CONSIDERATIONS

City Council action on this matter is requested by December 4, 2012 in order to execute an agreement with WM before the end of the year to ensure that SERRF's ability to dispose of its waste ash is uninterrupted once Puente Hills closes in 2013.

FISCAL IMPACT

The estimated cost for ash delivery and reuse is \$7,000,000 - \$8,000,000 per year and will vary based on the amount of ash sent to El Sobrante Landfill. In its FY13 budget, SERRF had factored in the potential substantial increased costs for ash disposal beginning in late FY 13. This cost is budgeted in the SERRF Fund (EF331). There is no fiscal impact to the General Fund.

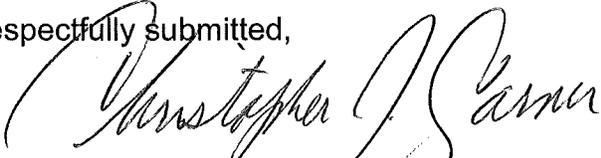
For 2014 and beyond, the SERRF Fund will be impacted by the continuing ash disposal costs. Fortunately, the SERRF Fund has a fund balance that has been built up over the years in anticipation of such costs and is expected to be sufficient to cover these costs. Approval of this recommendation will provide continued support to the local economy.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER
DIRECTOR, LONG BEACH GAS AND OIL

CG:cg

APPROVED:



PATRICK H. WEST
CITY MANAGER

1 RESOLUTION NO.
2

3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH AUTHORIZING THE CITY
5 MANAGER TO EXECUTE A CONTRACT WITH WASTE
6 MANAGEMENT, INC., WITHOUT ADVERTISING FOR
7 BIDS, FOR SERRF ASH DISPOSAL
8

9 WHEREAS, the City, as member of a joint powers authority ("JPA"), owns
10 the Southeast Resource Recovery Facility ("SERRF") and is responsible for its operation
11 and maintenance, including disposal of the ash it produces; and

12 WHEREAS, SERRF had a long-standing agreement with the County
13 Sanitation District to dispose of its ash at no cost to SERRF at the County's Puente Hills
14 landfill, which possessed permits from the Southern California Regional Water Quality
15 Control Board to receive incinerator ash, for which the City receives AB 939 diversion
16 credits; and

17 WHEREAS, the Puente Hills landfill is scheduled to cease operation
18 October 31, 2013 and SERRF must now find a facility with the appropriate permits to
19 accept SERRF's ash; and

20 WHEREAS, Waste Management, Inc. owns the El Sobrante landfill in
21 Riverside County, which is the only landfill in Southern California which is permitted by
22 the Southern California Regional Water Quality Control Board to accept incinerator ash
23 such as SERRF's; and

24 WHEREAS, as a result, no useful purpose would be served by advertising
25 for bids since Waste Management, Inc. is the only entity permitted to accept incinerator
26 ash and to conduct a competitive procurement process would constitute an idle and
27 useless act and an unnecessary expenditure of public funds;

28 NOW, THEREFORE, the City Council of the City of Long Beach resolves as

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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follows:

Section 1. The City Manager of the City of Long Beach is hereby authorized to enter a contract, without advertising for bids, with Waste Management, Inc. for waste ash disposal from the SERRF facility to El Sobrante for a period of two (2) years with five (5) additional one (1) year options to extend the agreement at the City Manager's discretion. If the sole source status of Waste Management, Inc. changes, City shall publicly bid instead of extending the contract.

Section 2. This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting this resolution.

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 20__ by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk