

# **2012 COMPLIANCE EVALUATION AND FINANCIAL REVIEW OF SOLID WASTE SERVICES**

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## **ADDENDUM: ADDITIONAL FINDINGS**

**This is an addendum to the  
REVISED FINAL HAULER AUDIT REPORT  
of  
December 3, 2013**

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**February 10, 2014**

**Submitted to: City of El Monte  
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**With the assistance of Huls Environmental Management, LLC.**

## **ADDENDUM: ADDITIONAL FINDINGS**

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The purpose of this addendum is to address two key components of the compliance audit that developed *after* submittal of the December 3, 2013 Revised Final Hauler Audit Report.

- #1 SECTION I:** To report on the legal interpretation of select sections of the waste hauler Franchise Agreements. This legal interpretation was necessary in order to accurately assess hauler compliance with diversion requirements.
  
- #2 SECTION II:** To report the corrective actions implemented by each waste hauler in order to correct the deficiencies uncovered by the audit.

### **BACKGROUND**

The Environmental Services Division recently performed a compliance audit of each of the City's waste haulers. The initial findings were identified in the Final Hauler Audit Report submitted to the City of El Monte (City) on July 23, 2013. In December, upon review of the findings with the City Manager and the receipt of various recommendations, a Revised Final Hauler Audit Report was produced, and dated December 3, 2013. At that time also, direction was given by the City Manager's Office to perform the additional investigation required to bring final closure to the compliance audit.

### **SECTION I**

The American Reclamation and Waste Management Franchise Agreements are unclear on what constitutes diversion compliance. A legal interpretation of the applicable sections of the Agreements was requested of the City Attorney's office. As determined by the City Attorney, for the commercial and multi-family sectors, American Reclamation and Waste Management must increase diversion each year by 30% over the previous year. For the temporary services sector, Waste Management must divert 50% of all construction and demolition debris generated on a jobsite.

Using these determinations, an accurate assessment of hauler diversion compliance was made, and is discussed in Section II.

### **SECTION II**

After submittal of the initial audit findings to the City, each hauler was provided with a summary of their respective audit findings in a letter dated December 19, 2013. The correspondence provided an account of compliance as well as non-compliance areas. For areas of compliance deficiency, the letter included a request for additional information and/or a written plan of corrective action.

Based on the additional information submitted by the haulers, the following is the final audit outcome for each waste hauler.

## ► American Reclamation

### Areas of Compliance

American Reclamation was found to be compliant in the following compliance categories:

- Construction and Demolition Debris Diversion
- Financial Fulfillment and Reconciliation
- Vehicle Requirements
- Corrective Actions
- Customer Service Standards
- Legal Standing
- Recycling Program Outreach
  - Including AB341 Requirement to Educate and Report
- Employee Safety Training

### Areas of Non-Compliance

American Reclamation was found to be non-compliant in the following compliance categories:

- **Disposal and Diversion Integrity**

**Requirement** – Each year, diversion must be increased by 30% over the previous year.

**Finding** – At the conclusion of 2013, the hauler had achieved a diversion rate of 8.9%, however diversion should have been at least 17.8%. A good faith effort has not been demonstrated.

Year End	Required Diversion	Achieved Diversion
2008	NA, base line established	4.8%
2009	6.2%	6.1%
2010	8.1%	7.0%
2011	10.5%	7.0%
2012	13.7%	9.5%
2013	17.8%	8.9% (estimate)
2014	23.1%	15.9% (estimate)

**Corrective Action** – Beginning November 2013, the hauler began delivering waste material to the Puente Hills Materials Recovery Facility (MRF), where recyclables are extracted from the waste stream and recycled. For November 2013, the Puente Hills MRF diverted 7.5% of the material received from American Reclamation. For December 2013, the MRF diverted 14.4%. Despite the use of a MRF, further recycling efforts must be implemented in order to meet the diversion goal of 23.1% by the end of 2014. The hauler will work closely with the City's Environmental Services Division to establish a comprehensive plan that will increase diversion.

- **Public Education**

**Requirement** – To maintain a public education program that includes annual notices, billing inserts, welcome packets, and corrective action notices.

**Finding** – The hauler has made a good faith effort to implement the required public education, however not all requirements were met.

**Corrective Action** – American Reclamation has submitted written confirmation that all required public education efforts will be accomplished for the remainder of their contract term.

► **Waste Management**

**Areas of Compliance**

Waste Management was found to be compliant in the following compliance categories:

- Construction and Demolition Debris Diversion
- Financial Fulfillment and Reconciliation
- Vehicle Requirements
- Corrective Actions
- Customer Service Standards
- Legal Standing
- Recycling Program Outreach
  - Including AB341 Requirement to Educate and Report
- Employee Safety Training

**Areas of Non-Compliance**

Waste Management was found to be non-compliant in the following compliance categories:

- **Disposal and Diversion Integrity**

**Requirement** – Each year, diversion must be increased by 30% over the previous year.

**Finding** – At the conclusion of 2013, the hauler had achieved a diversion rate of 0.6%, however diversion should have been at least 7.4%. A good faith effort has not been demonstrated.

Year End	Required Diversion	Achieved Diversion
2008	NA, base line established	2.0%
2009	2.6%	0.9%
2010	3.4%	0.8%
2011	4.4%	0.4%
2012	5.7%	0.4%
2013	7.4%	0.6% (estimate)
2014	9.7%	0.5% (estimate)

**Corrective Action** – The hauler has begun delivering waste material to their new Materials Recovery Facility in the City of Azusa in order to achieve higher diversion. In addition to the use of a MRF, further recycling efforts

may need to be implemented in order to meet the diversion goal of 9.7% by the end of 2014. Both Waste Management and the City's Environmental Services Department will monitor diversion closely in order to assess the MRF's diversion achievements. Additional recycling efforts will be implemented as needed.

- **Public Education**

**Requirement** – To maintain a public education program that includes annual notices, billing inserts, welcome packets, and corrective action notices.

**Finding** – The hauler has made a good faith effort to implement the required public education, however not all requirements were met.

**Corrective Action** – Waste Management has submitted a comprehensive listing of 2014 public education deliverables and associated timelines. The hauler has confirmed that all required public education efforts will be accomplished for the remainder of their contract term.

- **Customer Account Charges**

**Requirement** – To charge all disposal and recycling services according to the City approved rate schedule.

**Finding** – The audit has revealed that temporary services (i.e. – bin rentals) are not charged according to the City approved rate schedule.

**Corrective Action** – Both the City and Waste Management must research the origin of the alternative charges. Discussions took place soon after the inception of the Temporary Services Franchise Agreements regarding alternative charges that may be more feasible than those identified on the City approved rate schedule. At this time, it is not known whether or not such alternative charges were memorialized by the City. This matter is currently under investigation by the Environmental Services Division.

## ► **Valley Vista Services**

### **Areas of Compliance**

Valley Vista Services was found to be compliant in the following compliance categories:

- Construction and Demolition Debris Diversion
- Financial Fulfillment and Reconciliation
- Vehicle Requirements
- Corrective Actions
- Customer Service Standards
- Legal Standing
- Recycling Program Outreach
  - Including AB341 Requirement to Educate and Report
- Employee Safety Training

## **Areas of Non-Compliance**

Valley Vista Services was found to be non-compliant in the following compliance categories:

- **Public Education**

**Requirement** – To maintain a public education program that includes quarterly notices, billing inserts, welcome packets, corrective action notices, and waste audits.

**Finding** – The hauler has made a good faith effort to implement the required public education, however not all requirements were met.

**Corrective Action** – Valley Vista Services has submitted written confirmation that a comprehensive education and outreach plan will be drafted and implemented to meet the intent of the Franchise Agreement. The hauler has indicated that the plan will include an emphasis on bulky item collection.

- **Customer Account Charges**

**Requirement** – To charge all disposal and recycling services according to the City approved rate schedule.

**Findings** – 1) The audit has revealed that temporary services (i.e. – bin rentals) are not charged according to the City approved rate schedule. 2) The audit also revealed that select ancillary services such as scout, locking lid, and push out services are charged at a rate that is slightly higher than the City approved rate.

**Corrective Action** – 1) Both the City and Valley Vista must research the origin of the alternative temporary services charges. Discussions took place soon after the inception of the Temporary Services Franchise Agreements regarding alternative charges that may be more feasible than those identified on the City approved rate schedule. At this time, it is not known whether or not such alternative charges were memorialized by the City. This matter is currently under investigation by the Environmental Services Division. 2) Valley Vista has indicated that ancillary service charges differ slightly from the City approved rates simply due to a rounding error. The hauler is updating their billing system to mirror the City approved rates.