

# County's Solid Waste Collection Agreements

Resource Recovery & Waste  
Management Division

April 6, 2010



# Solid Waste Collection Background

## ➤ Services include

- Collection of residential and business
  - trash,
  - greenwaste, and
  - recyclables
- Residential bulky item collection
- Communication with customers
  - Billing for services
  - Newsletters, etc.

# Solid Waste Collection Background

- December 1996, BOS
  - Designated 5 collection zones in unincorporated County
  - Awarded 5 exclusive franchise agreements for collection of solid waste from residents and businesses
- Currently, there are 5 collection zones served by 3 service providers
  - Zones 1 & 3: MarBorg Industries
  - Zone 2: Allied/Republic
  - Zones 4 & 5: Waste Management
- Total annual revenue of \$21.7 million



GRAPHIC SCALE

( IN FEET )  
1 inch = 1000 ft



# Solid Waste Collection Background

- Agreements in zones 2, 4 & 5 expire June 30, 2011
- Agreements in zones 1 & 3 have potential to expire as late as June 30, 2019





# Franchise Process

- Audits of all franchisees
- Completed 3<sup>rd</sup> customer satisfaction survey
- Franchisees notified of upcoming process and invited to submit information

# Franchise Process

- Received proposals from each franchisee
  - MarBorg requested merging Allied's current service area (Zone 2) with MarBorg's service area (Zone 3)
  - Allied proposed either
    - Automating Zone 2 and reducing rates 12.5%, or
    - Maintaining rates and adding weekly recycling collection
  - Waste Management requested an extension of their contract

# Past Performance Audits

- Conducted 2007-2009 for all 3 companies
- Beneficial process
- Issues resolved quickly
- All service providers are currently in compliance



# Past Performance

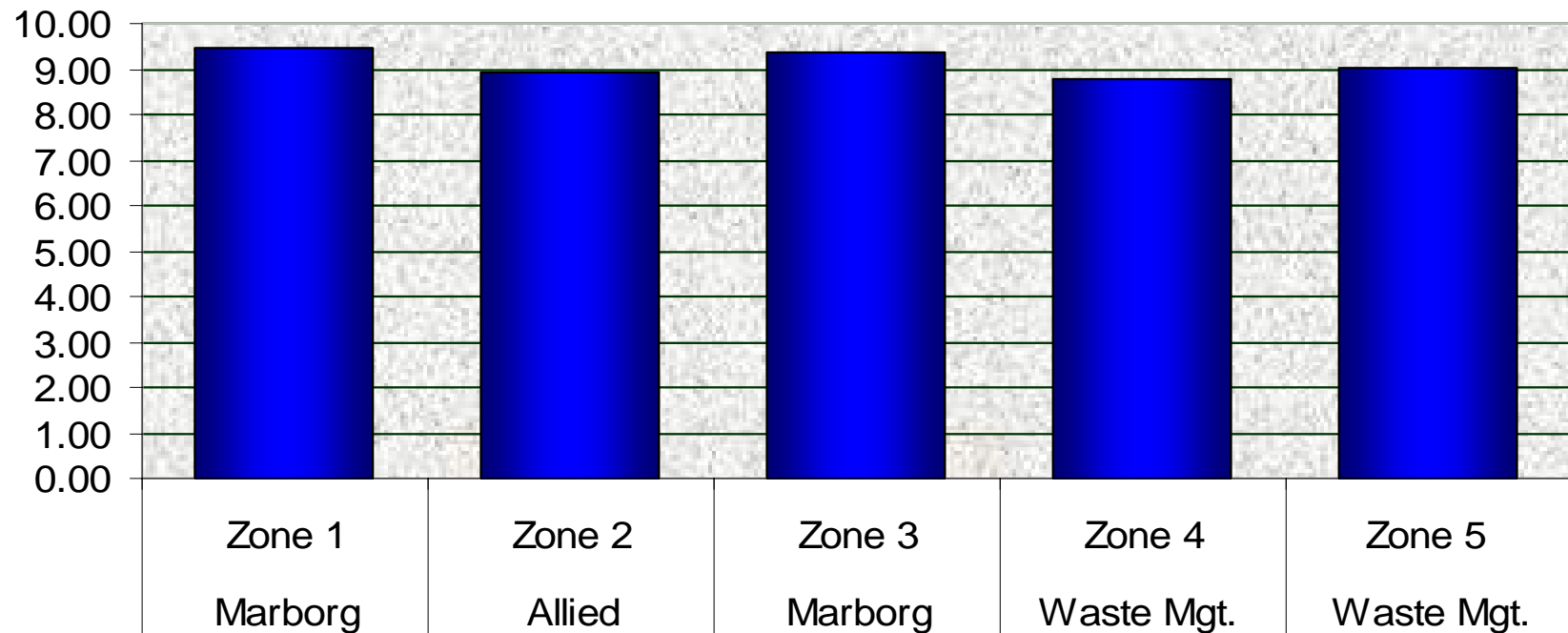
## Customer Satisfaction Surveys

- Surveys conducted for residential and commercial customers in 1999, 2004, and 2009
- Each company received high level of satisfaction from customers



# Past Performance Customer Satisfaction Survey

**Customer Satisfaction by Franchise Zone**



**Aggregate Results - 1999, 2004 & 2009 Surveys**

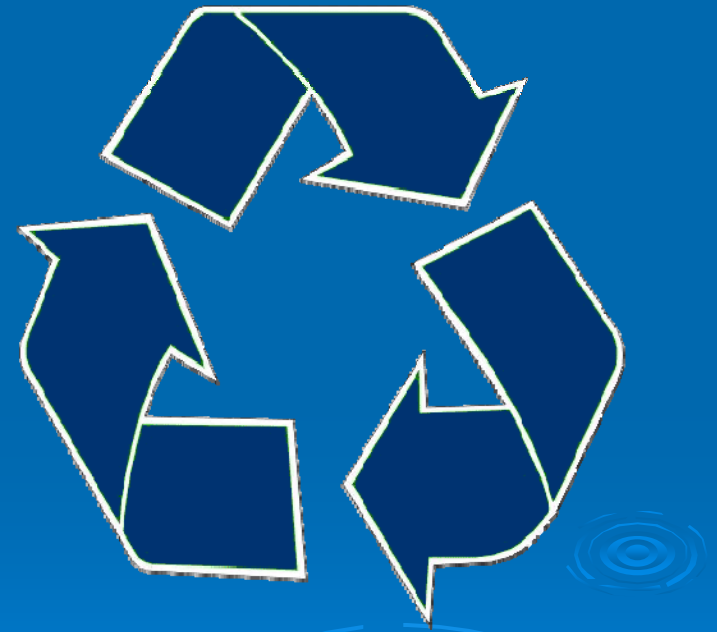
# Past Performance Services Provided

- Companies are meeting service specifications in their contract
- Attachment G of Board Letter lists specific programs offered by company
- MarBorg and Waste Management provide the most extra services



# Board Direction

- July 2009, your Board
  - Received results of audits of three companies
  - Directed staff to form a Project Team
  - Created a Subcommittee to oversee the Project Team



# Purpose of Project Team

- Evaluate options available to the BOS for the procurement of collection services
  - Zone 2
  - Zone 4
  - Zone 5



# Purpose of Subcommittee

- Oversee work of Project Team
- Provide recommendation to BOS
- Maintain transparent process
- Meetings subject to Brown Act



# Franchise Project Participants

## **Subcommittee**

Salud Carbajal  
Doreen Farr (Chair)

County Supervisor  
County Supervisor

## **Project Team**

Terri Maus-Nisich  
Mark Schleich  
Theo Fallati  
Marie La Sala  
Leslie Wells  
Thomas Chiarodit  
Constance Hornig

Deputy County Executive  
Public Works  
Auditor-Controllers  
County Counsel  
Public Works  
Public Works  
Solid Waste Consultant

# Franchise Process

## ➤ Comprehensive Process

- 9 Project Team meetings since August '09
- 3 Subcommittee meetings

## ➤ Transparent Process

- Subcommittee meetings publically noticed
- All materials discussed are posted on the County's website

# Customer Service Goals

- High quality collection services
- Competitive cost to ratepayers
- Program accountability



# Procurement Process

## Subcommittee Key Policy Decisions:

- Public vs. private service providers: directed to pursue contractual services with private sector
- Franchise agreement options (unregulated to regulated): directed to continue regulated exclusive agreements

# Procurement Process

## Subcommittee Key Policy Decisions:

- Staff directed to evaluate zone configurations
- Staff directed to meet with City of Goleta

# Procurement Process

- Two part process
  - Configuration of service zones
  - Specific procurement options
- Identified 2 critical terms that will enhance County's ability to reach its customer service goals




# Term and Condition Recommendations

- Subcommittee recommends the following:
  - 8 year contract terms
  - Minimum of 2 service providers  
(will require amendment to County Code)


# Term and Condition Recommendations

## 8 Year Contract Terms

- Benefit of synchronizing all franchise agreement terms in 2019
  - Enhances competition
  - Motivates responsiveness
- 

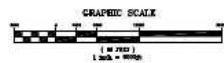
# Term and Condition Recommendations

## Minimum of 2 Service Providers Countywide

- Encourages competitive and innovative services
  - Enhances rate competitiveness
  - Motivates responsiveness
- 



Completed by the Office of the County Surveyor in September 2002



# Configuration of Service Zones

- Project Team developed criteria and weighted them
- Assigned scoring system of 1 – 5
- Identified potential zone configurations

\*\* Important to note restrictions on South Coast because majority of area potentially does not expire until June 30, 2019

# Configuration of Service Zones

## Criteria

- Quality Service: tapping into marketplace forces that foster great service, innovation, and a proactive approach to meeting and exceeding all contract goals (35%)
- Competitive rates: a sufficient customer & revenue base to attract investments in infrastructure, personnel & the community (30%)



# Configuration of Service Zones

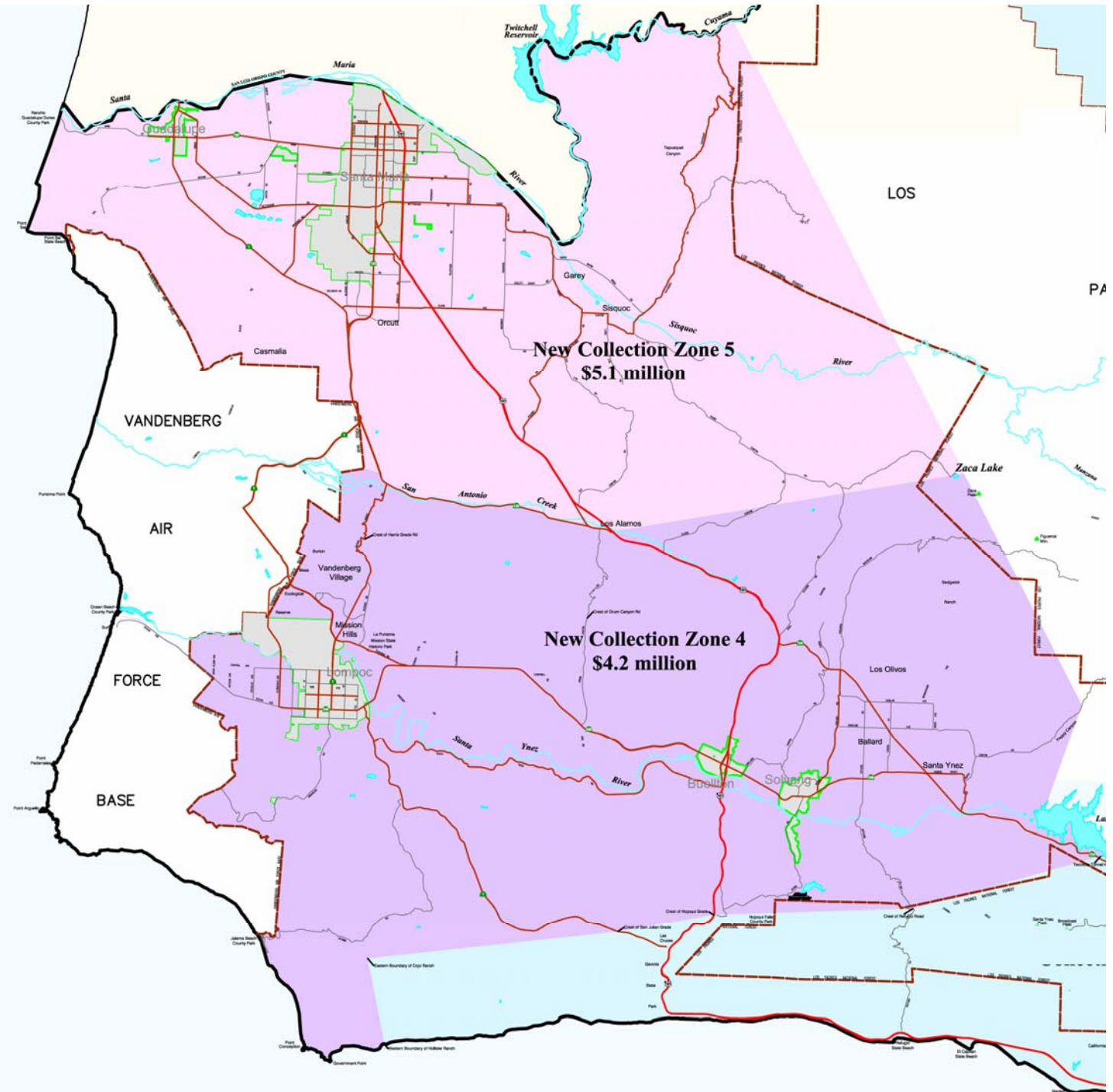
## Criteria

- Efficiency: Service areas should be proximate to service yards and solid waste facilities to the extent possible, and the zones should be designed to maximize routing efficiency. (20%)
- Ease of Implementation: Consideration of potential administrative, legal and/or logistical realities that could impact the procurement process. (15%)

# Configuration of Service Zones North County

- Five options presented
- Subcommittee preferences:
  - Continue to evaluate the following 2 options
    - Combine Zones 4 & 5
    - 2 New More Balanced Zones

# North County Reconfiguration

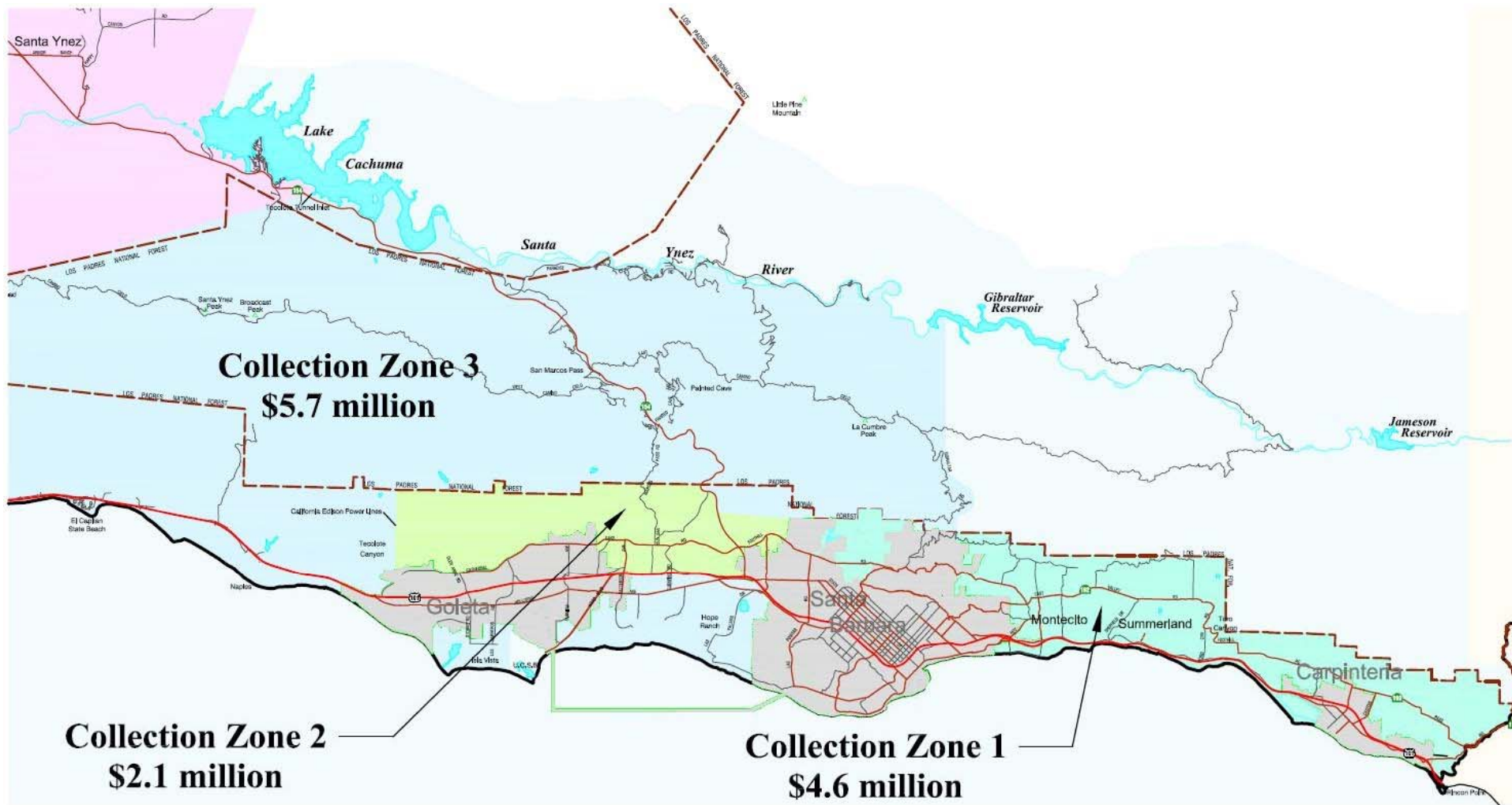


# Configuration of Service Zones South Coast

- \* Became clear that benefits the County to wait to reconfigure zones in 2019 (increased competition, flexibility, types of services)

# Configuration of Service Zones South Coast

- 7 options presented
- Subcommittee preferences:
  - Continue to evaluate the following
    - Maintain Zone 2 boundaries as is
    - Maintain Zone 2 boundaries as is and work with Goleta
    - Merge Zone 2 with Zone 3 now
    - Merge all South Coast zones now





# Procurement Policies

- Section 40059 of Public Resource Code states County has maximum flexibility
- County Contracting Policy & Procedure Manual
  - Recommends competitive bidding
  - Highlights local vendor preference



# Procurement Options

- Exclusive franchise agreements worth \$90 million with 8-year term
- Wide range of options
- Could choose different procurement path for each zone
- Could use a back up path if do not achieve desired results

# Procurement Options

- Sole-source negotiation
- Open market competition
- Competition limited to existing service providers

# Sole-Source Negotiation

- Typically to negotiate with an existing service provider. Involves good faith negotiations re: services and rates. PRC would allow negotiation with any service provider.
- Suggest 90-day negotiation period after which at sole discretion of County can continue or cease and release RFP for open market competition.

# Sole-Source Negotiation

- Staff prepares package containing
  - specifications for services desired, and
  - contract terms
  
- Staff and contractor negotiates
  - rate for services
  - contract terms

# Sole-Source Negotiation

## Pros:

- Smooth transition
- Known high quality service provider
- Consistent with County local vendor preference policy

## Cons:

- Limited leverage in negotiations

# Open Market Competition

- Widely distribute RFP
- Responses include proposed services and rates
- Can include alternatives to the base levels
- Intended to attract as many providers as possible
- Multiple criteria used to evaluate proposals

# Open Market Competition

## Pros:

- Best market price due to market competition
- Consistent with County contracting policy

## Cons:

- Unpredictable transition
  - Quality of service less known
- 



# Open Market Competition

## Pros:

- Best market price due to market competition
- Consistent with County contracting policy

## Cons:

- Unpredictable transition
  - Quality of service less known
- 

# Competition Limited to Existing Service Providers

- RFP distributed to Allied, MarBorg and Waste Management only
- Responses include proposed services and rates
- Can include alternatives to the base levels
- Intended to attract proposals from all 3 providers

# Competition Limited to Existing Service Providers

- Multiple criteria used to evaluate proposals
- If not satisfied with results, at sole discretion of County, can open up procurement to all interested companies

# Competition Limited to Existing Service Providers

## Pros:

- Smoother transition than open procurement
- Known high quality service provider
- Better market price due to competition
- Consistent with County contracting policy
- Consistent with County local vendor preference policy

## Cons:

- Not best market price potentially found with open competition

# Customer Service Goals

- High quality collection services
- Competitive cost to ratepayers
- Program accountability



# Franchise Procurement & Zone Options

Project Team Recommendations

## Procurement Options

### Regulated Franchise Agreements

Sole-Source  
Negotiation

Competitive Procurement  
(Open Bid)

Competitive Procurement  
(limited to existing providers)

### NORTH COUNTY

N2 - Combine 4 & 5

Waste Management

Open to all companies

Allied  
Marborg  
Waste Management

N3 - Reconfigure 4 & 5

Waste Management

Open to all companies

Allied  
Marborg  
Waste Management

### SOUTH COAST

S2 - Zone 2

Allied

Open to all companies

Allied  
Marborg  
Waste Management

S3 - Zone 2 with Goleta

Allied

Open to all companies

Allied  
Marborg  
Waste Management

S4 - Merge Zone 2 w/Zone3

MarBorg

N/A

N/A

S6 - Merge All Zones

MarBorg

N/A

N/A

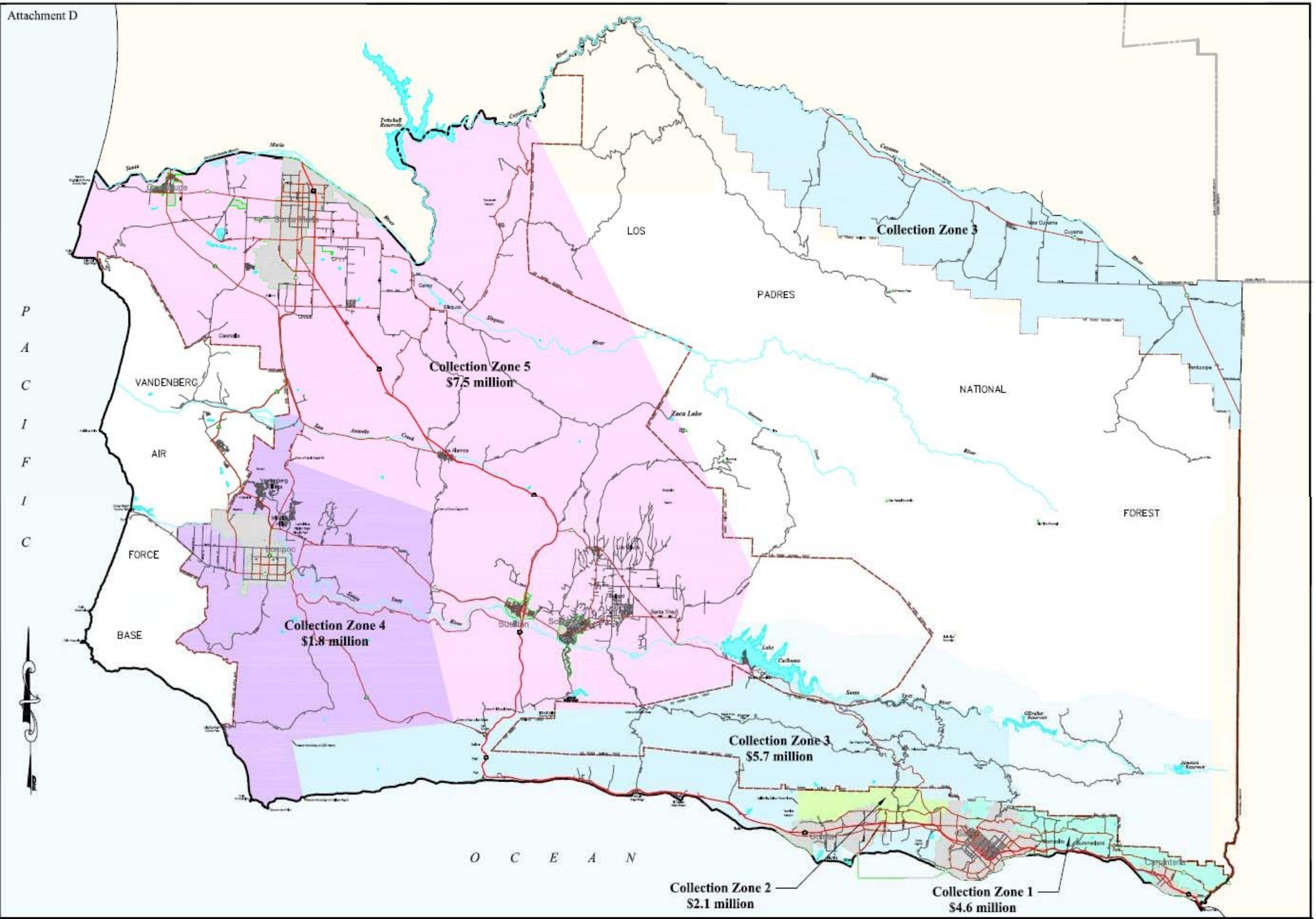
Zone Options

# Subcommittee Recommendations

## North County

- Reconfigure zones 4 & 5 into two new more balanced zones (based on revenue and wasteshed)
- Use competitive procurement limited to the existing service providers (Allied, MarBorg, Waste Management)

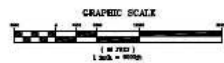




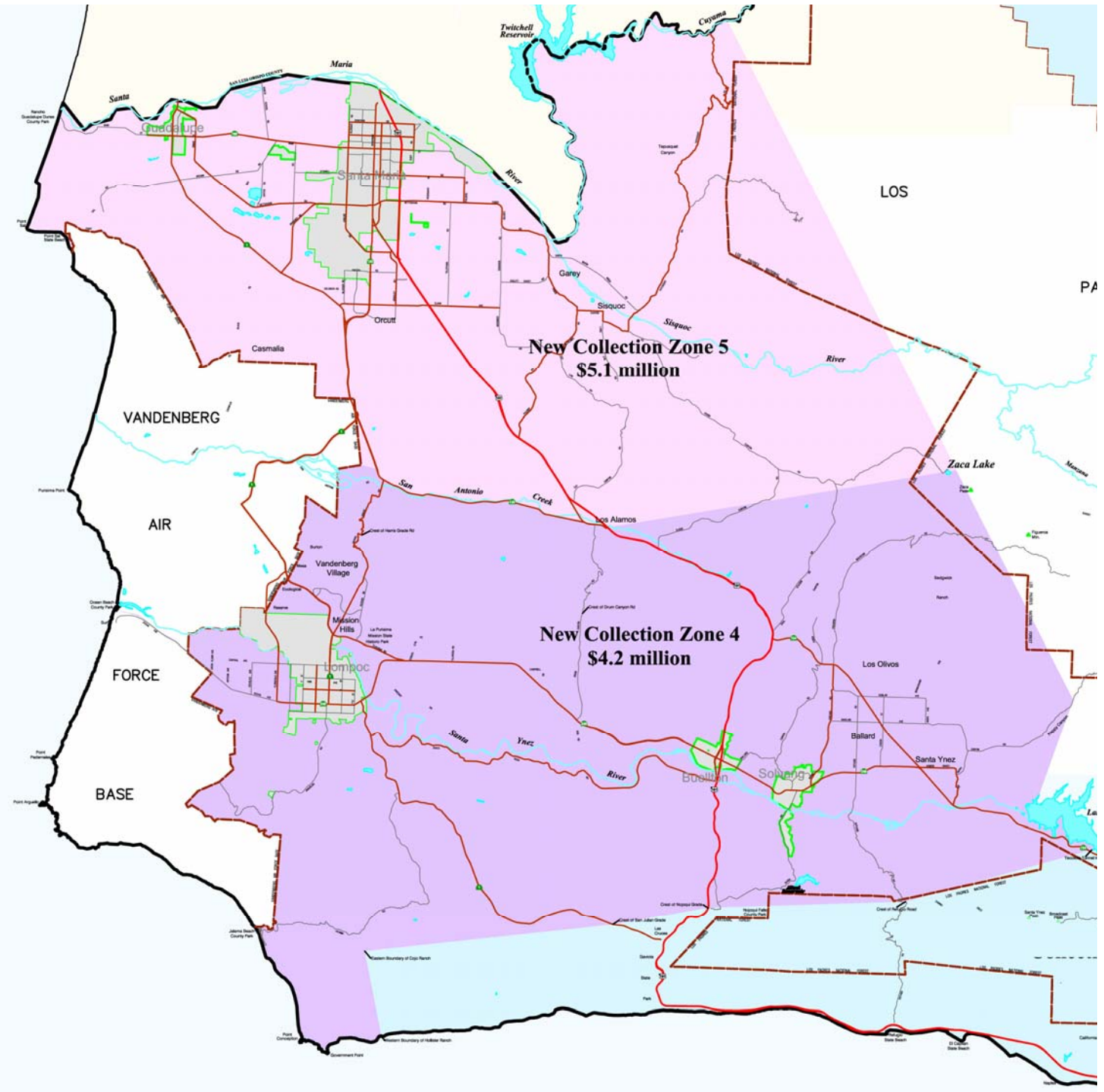
# Santa Barbara County Solid Waste Collection Zones

Compiled by the Office of the County Surveyor in September 2002.

This is a graphic representation of the Santa Barbara County Department of Public Works Solid Waste Division Collection Zones as approved by the Santa Barbara County Board of Supervisors on November 15, 2001. No other changes to the map have been made since that date. The map is for informational purposes only. The map is not to be used for legal purposes. The map is not to be used for legal purposes. The map is not to be used for legal purposes.



# North County Reconfiguration



# Subcommittee Recommendations North County

Reasons for recommendation:

- Potential to attract more interested parties due to more balanced zones
- Enhances competition by maintaining 2 service zones (affects services and rates)
- Allows participation of quality local service providers

# Subcommittee Recommendations

## South County

- Maintain the existing zone 2 boundaries and work with Goleta to the extent possible
- Use competitive procurement limited to the existing service providers  
(Allied, MarBorg, Waste Management)





# Subcommittee Recommendations South County

Reasons for recommendation:

- Allows flexibility in 2019 to optimally reconfigure zones
- Potential for more competitive procurement of services and rates than sole-source negotiation
- Allows participation of quality local service providers

# Regional Update

- Buellton: open market competition
- Solvang: one-year contract extension
- Goleta: sole-source negotiation with MarBorg
- Current trend: good market for rate reductions and more services



# Staff Next Steps

- Staff will
  - Evaluate potential service changes
  - Evaluate new or modified contract provisions
  - Prepare package of desired service specifications and contract terms
  - If competitive process is chosen, prepare evaluation criteria
- Recommendations brought to BOS for approval before implementation of procurement process
- Necessary Code revisions for BOS approval

# Approve Recommendations

- a. Approve franchise agreement term limits of 8 years for agreements under consideration
- b. Approve requiring a minimum of 2 service providers in the County unincorporated area
- c. Approve reconfiguring zones 4 & 5
- d. Approve maintaining zone 2 and cooperating with Goleta where possible
- e. Approve competitive procurements limited to 3 existing service providers

# Solid Waste Collection Agreements

Thank you

