

de la Guerra, Sheila

Public Comment

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A-76

**From:** Neiens, Brian <bneiens@wm.com>  
**Sent:** Monday, June 26, 2023 5:00 PM  
**To:** sbcob; Supervisor Das Williams; Hartmann, Joan; Bob Nelson; Lavagnino, Steve; Laura Capps  
**Subject:** Clerk of the Board - Public Comment Letter for Item A-76  
**Attachments:** WM letter.pdf  
**Importance:** High

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Dear Clerk of the Board and County Supervisors,

Please enter into the record the attached letter from WM regarding item A-76.

Thank you,

**BRIAN NEIENS**  
Public Sector Manager



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June 26, 2023

Honorable Chair Williams and Supervisors,

We respectfully request that the Board and Staff reconsider the decision to exclude WM from negotiations and postpone the public hearing for July 11, 2023 to consider the points made throughout this letter relative to the Staff Report.

WM has enjoyed its partnership with the County of Santa Barbara for several decades, together we have faced many unique challenges including the recycling crisis, a global pandemic, significant changes in regulations, retirements, recent floods and even the unexpected passing of a long time County staffer. Despite these challenges, we've had decades of success together bringing safe, reliable, and cost-effective solutions to the residents and businesses in Zones 4 and 5.

The decision to release the RFP and award all Zones within the County to MarBorg, despite a prior ordinance that protected the County from this type of monopoly, seems to be based on a friction tying back to negotiations in 2021. We were disappointed by Staff's summary and continued narrative about the negotiation process and have held off on commenting until the results of the competitive bid process came through.

Now that we have had the opportunity to review the summary of proposer submissions included in the Staff Report, we would like to clarify what transpired from our perspective in the negotiation process as it ties to the final recommendation from the RFP:

- Changes in front line staffing put both County Staff and the WM team in a position to get up to speed quickly, the County relied heavily on a third-party consultant to facilitate negotiations.
- From the very beginning, WM expressed that the rate structure at the time was no longer appropriate given changes in law and that the existing rates had put WM in a position of very low to negative margins depending on the service period.
- The consultant tied WM's hands during negotiations by requiring that we stay within the framework of the existing rate structure despite commercial rates being well below market.
- We recommended a rebalancing of commercial rates to more appropriately reflect the costs in that line of business, which would minimize the impact of changes in law on the residential rates.



- The consultant also insisted that we focus only on services that were changing as part of the amendment (addition of foodwaste, changes to weekly collection versus every other week, County directed changes in facilities, etc.) ignoring our position that the current rates were below market.
- We worked through dozens of scenarios related to the County requested changes in services at the consultant’s direction with the expectation that we would return to our concerns on the standard rates later in the negotiation process.
- We were never given the opportunity to discuss the standard rates and ultimately had to start rate discussions from the beginning very late in the process.
- It’s been said by County Staff several times that WM “insisted on Zone 2” rates. While we did reference Zone 2 rates as the most reasonable starting point for a rate comparison, we ultimately agreed to residential rates that are still 11% - 38% lower than Zone 2.
- It’s important to note that this change did allow for the commercial rates to be adjusted in line with our original recommendation, preserving a lower residential rate. An approach that was also confirmed as reasonable and appropriate through this competitive bid process.

We understand negotiations were challenging for both the County and WM, but in the end, County Staff tested the market and confirmed WM’s position throughout negotiations that the consultant was demanding rates that were not sustainable or reasonable given the cost of providing service to these Zones. We’ve provided a table using information from the Staff Report that depicts what the consultant was insisting we accept compared to the proposed rates by both Marborg and WM.

	<b>Consultant's Demand</b>	<b>Marborg's Bid</b>	<b>WM's Bid</b>	<b>Buellton Rates</b>
Z4 Lompoc Res (96)	\$ 40.90	\$ 35.95	\$ 37.56	\$ 52.40
Z4 Lompoc Comm Trash (2yd)	\$ 136.56	\$ 159.83	\$ 155.34	\$ 261.28
Z4 Lompoc Comm Rec (2yd)	\$ 116.77	\$ 165.69	\$ 171.68	\$ 166.38
Z4 Santa Ynez Res (96)	\$ 47.45	\$ 46.48	\$ 52.60	\$ 52.40
Z4 Santa Ynez Comm Trash (3yd)	\$ 275.73	\$ 332.50	\$ 351.63	\$ 318.14
Z4 Santa Ynez Comm Rec (3yd)	\$ 182.88	\$ 315.52	\$ 324.59	\$ 179.43
Z4 Santa Maria Res (96)	\$ 37.38	\$ 38.21	\$ 38.26	\$ 52.40
Z4 Santa Maria Comm Trash (2yd)	\$ 114.94	\$ 172.44	\$ 167.44	\$ 261.28
Z4 Santa Maria Comm Rec (4yd)	\$ 149.66	\$ 251.49	\$ 263.37	\$ 210.96

We want to recognize again our appreciation for County Staff and our partnership that spans several decades. We are concerned, however, that the Selection Committee consisting of only



**WM Health Sanitation Services**  
1850 W Betteravia Road  
Santa Maria, CA 93455

four Resource Recovery and Waste Management Division staff members may be biased based on the challenges of negotiations. Rates are relatively close amongst the bidders, with a weighting of only 40% for Cost Competitiveness. Are remaining tension over previous negotiations worth disrupting the lives of your residents and businesses? Further you run the risk of a monopoly with one hauler in the County that already has significantly higher residential rates (12% - 45% higher) in the nearby City of Buellton compared to their proposal for these Zones.

Beyond this, we would like to understand why the staff report listed rates for bin sizes that not only fluctuate by zone, but do not represent "the most commonly employed rates in each zone for each hauler" as stated in the Staff Report. The most commonly used container size for Trash in Santa Maria is a four-yard container but the Staff Report compared a two-yard container. The most commonly used container size for Trash in Santa Ynez is a four-yard container but the Staff Report compared a three-yard container.

We urge you again to consider postponing the public hearing recommended for July 11, 2023 and consider opening negotiations with WM.

Sincerely,

Sandra Pursley