



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Works
Department No.: 054
For Agenda Of: September 28, 2010
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Scott D. McGolpin, Director of Public Works, 568-3010
Director(s)
Contact Info: Mark Schleich, Deputy Director of Public Works, 882-3605
SUBJECT: County's Exclusive Franchise Agreements for Solid Waste Collection
Supervisorial Districts 2, 3, 4 & 5

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

A. Set a hearing for September 28, 2010 (time estimate of 45 minutes) to do the following:

1. Approve the distribution of the attached Request for Proposals (RFP) for solid waste collection in service zones 2, 4, and 5 (Exhibit 1) to the three existing service providers (Allied, MarBorg, and Waste Management) including the proposed Franchise Agreement; and
2. Direct staff to return to your Board with Franchise Agreement award recommendations for service zones 2, 4, and 5 after a thorough evaluation of responses to the RFP.

Summary Text:

In July 2009, the Board of Supervisors directed the formation of a Project Team and Subcommittee to identify and evaluate the different options for procuring new solid waste collection franchise agreements that expire on June 30, 2011 for service zones 2, 4 and 5. The Project Team and Subcommittee developed recommended service areas and a procurement process for Board review and approval. At its April 6, 2010 meeting, the Board approved the recommendations and directed staff to prepare a Request for Proposals (RFP) for the competitive procurement of services limited to the three existing service providers (Allied, MarBorg, and Waste Management). This Board Letter summarizes the process and presents the recommended RFP as well as a draft Franchise Agreement that will be attached to the RFP. Once approved by the Board, the RFP will be distributed to the eligible companies and they will have 45 days to prepare proposals which will be submitted to the County for review.

Auditor-Controller Concurrence

As to form: Yes

Background:

In July 2009, the Board of Supervisors directed the formation of a Project Team and Subcommittee to address the procurement process for the solid waste collection franchise agreements that expire on June 30, 2011 for service zones 2, 4 and 5. The Public Resource Code (40059) gives the County a large degree of flexibility in choosing both the types of solid waste services to be provided and the method of procurement. Participants on the Project Team include representatives from the CEO's Office, Auditor-Controllers Office, County Counsel, Public Works and an outside solid waste consultant. The Subcommittee was made up of Supervisors Carbajal and Farr, who served as chair.

The purpose of the Project Team and Subcommittee was to identify and evaluate the different procurement options for zones 2, 4, and 5 and to ultimately recommend a preferred procurement path to the Board. The goals of the procurement process were identified as attaining high quality services at competitive rates, with a contractual system that maximizes accountability to the County. The Project Team met 9 times and the Subcommittee met 3 times to thoroughly evaluate the service areas and develop recommendations for the procurement of new franchise agreements.

The culmination of these efforts was the approval by the Board of Supervisors of the Project Team and Subcommittee's recommendations at its meeting of April 6, 2010. The specific direction provided by the Board was for the Solid Waste Project Team to develop a Request for Proposals, and to incorporate the following in the procurement process:

- Specify franchise agreement term limits of 8 years with an expiration date of June 30, 2019 for franchises now under consideration in zones 2, 4 and 5;
- Require a minimum of 2 service providers in the County unincorporated area (will require future amendment to County Code Chapter 17);
- Reconfigure service zones 4 and 5 in the North County per Exhibit 2 for two more balanced zones based on revenue and where waste is disposed;
- Maintain the current Zone 2 boundaries on the South Coast and cooperate with the City of Goleta in the procurement process to the extent possible; and
- Implement a competitive procurement for both the northern & southern service areas that limit competition to the 3 existing service providers (Allied Industries, MarBorg Industries, and Waste Management).

Update

Since the April Board hearing, staff has completed the following:

- conducted a survey of residential customers to determine if there is a need to modify the core services currently being provided;
- reviewed services recently procured in other communities and determined their relevance in our County;
- evaluated contracts recently adopted in other jurisdictions for administrative enhancements;
- solicited ideas for service enhancements from existing service providers;

- prepared a Request for Proposals including a scope of services, key agreement terms, process and timeline for evaluation, and evaluation criteria;
- allowed the potential proposers to review and comment on the draft Request for Proposals (allowed an extension of one work day for their review); and
- prepared a new draft Franchise Agreement (with assistance from a solid waste consultant).

Service Changes Included in RFP

Based on the customer survey results and the review of services recently procured in other communities, staff is recommending the following enhancements to solid waste collection services in the County:

- Automated collection of refuse, commingled recyclables, and green waste on the South Coast. Automated collection has already been implemented in the North County and has become the industry norm, where feasible. The benefits of automated collection include uniformity of containers and services provided, less injury to the collectors and corresponding reduction in workman's compensation rates, lower cost to customer, and reduced vehicle emissions.
- Curbside collection of universal waste, electronic waste, batteries, and sharps. The current agreements allow for the curbside collection of bulky items (items that typically can not fit into a refuse can such as a couch or mattress). Curbside services will be expanded to include universal and electronic waste including batteries, computers, televisions, radios, tape players, coffee makers, etc. Additionally, upon customer request, the service provider will provide a postage prepaid shipping container for used sharps (hypodermic needles) to be mailed to an appropriate facility for destruction.
- Increased collection of recyclables. The current agreements provide for up to one 96 gallon cart for recycling built into each service level. The proposal is to increase the recycling collection capacity to two 96 gallon carts built into each service level. Recyclables are collected every other week countywide and by adding an additional recycling cart to the base service level, it will decrease the need for residents to throw recyclables in their refuse containers.
- Collection of material dumped illegally on County roadways. Material continues to be dumped illegally by residents and businesses along roadways in the County. Currently a combination of Transportation Division and Resource Recovery & Waste Management Division staff respond to these cases but resources are becoming more limited. The service provider will be asked, at the request of the County, to collect materials illegally dumped on roadways.

Agreement Changes Included in RFP and Attached Franchise Agreement

Since the initiation of the existing agreements in 1997, there have been changes in agreement provisions specific to indemnification, insurance, assignment of contracts, employee training, etc. The attached Franchise Agreement reflects these contractual updates as well as additional administrative changes. The same solid waste consultant who prepared our original agreements has prepared the attached Agreement with input from the Project Team. The following highlights some of the suggested changes to the Agreement:

- Specific diversion requirement for waste collected under each Agreement. State law mandates that 50% of all waste generated be diverted from landfilling. The County has implemented a myriad of

reuse and recycling programs to comply with this mandate and is currently at a diversion level of over 70%. The new agreements will ensure that the service providers contracted by the County to provide solid waste management services are assisting the County in meeting this mandate to the greatest extent possible.

- Expanded liquidated damages. Based on staff's experience over the last several years, the list of liquidated damages was expanded to include situations that have arisen in the past where the County had limited recourse. The expansion of the list will make the service providers more accountable to the County and its customer base.
- Revision of assignment clauses. Over the past 15 years, there has been a significant turnover in solid waste company ownership. The language contained in the new Agreement addresses the types of ownership changes that the County has experienced in the past, and ensures reimbursement to the County of costs associated with evaluating these transitions.
- More detailed financial reporting. Our current agreements allow a very broad level of accounting by the service providers which significantly limits the County's ability to evaluate the information contained in the statements. The new Agreement requires a more detailed break out of specific line items, which will allow the County to better evaluate cost and revenue data.

There will continue to be provisions in the agreements for conducting customer satisfaction surveys and audits to ensure that the service providers are in compliance with their agreements. Rate setting will continue as it does now with the collection portion of the rate being adjusted by CPI and County staff preparing rates each year to be approved by the Board of Supervisors.

Timeline for Procurement

Once approved by the Board, the RFP will be distributed to the three existing service providers (Allied, MarBorg, and Waste Management). The proposers will have 45 days to respond, and County staff, with assistance from our solid waste consultant, will review proposals. If necessary, staff may revise the RFP and Agreement, and redistribute them soliciting each provider's Best and Final Offer. Once a preferred service provider has been selected for each service area, staff will negotiate with the service provider to finalize each of the Franchise Agreements. Staff will return to the Board for approval of Franchise Agreement award recommendations for each of the three affected service zones.

Performance Measure:

The attached Franchise Agreement includes specifications for conducting customer satisfaction surveys, audits, and a comprehensive list of liquidated damages for failure to provide services.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Work efforts associated with this project are provided primarily by existing staff. A consultant has continued to work with staff in preparing the proposed Franchise Agreement at a total cost of \$25,000 for this fiscal year.

Staffing Impacts: None

Special Instructions: None

Attachments:

Exhibit 1: RFP for Solid Waste Collection Services including Proposed Franchise Agreement

Exhibit 2: Future Zone Boundaries

Authored by: Leslie Wells, Program Leader, Resource Recovery & Waste Management Division,
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