



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:** 12/08/2020  
**Placement:** Administrative  
**Estimated Tme:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Director(s) Scott D. McGolpin, P.E. Director, (805) 568-3010  
Contact Info: Leslie Wells, Deputy Director, (805) 882-3605

**SUBJECT:** County's Exclusive Franchise Agreements for Solid Waste, Recyclables, Green Waste, and Food Waste Collection, All Supervisorial Districts

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** Risk Management

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Direct staff to enter into negotiations with the two existing franchised solid waste haulers, MarBorg Industries and Waste Management, for a period of no longer than six months in order to develop new agreements for waste collection services in each hauler's existing service zones upon the expiration of the current franchise agreements;
- b) In the event that negotiations fail with either or both haulers, direct staff to issue a competitive Request for Proposals for the applicable service area(s);
- c) Approve and authorize the Chair to execute the Amendment to the Second Amended and Restated Agreement between the County of Santa Barbara and MarBorg Industries, Inc. for Exclusive Solid Waste, Recyclables and Organics Collection and Transportation to Disposal and Processing Facilities and Organics Sites for Zone 1 to extend the expiration date to July 1, 2022;
- d) Approve and authorize the Chair to execute the Amendment to the Franchise Agreement between the County of Santa Barbara and MarBorg Industries, Inc. for Residential, Multi-Family and Commercial Solid Waste, Recyclables, Green Waste and Special Waste Collection Services in Zone 2 to extend the expiration date to July 1, 2022;

- e) Approve and authorize the Chair to execute the Amendment to the Second Amended and Restated Agreement between the County of Santa Barbara and MarBorg Industries, Inc. for Exclusive Solid Waste, Recyclables and Organics Collection and Transportation to Disposal and Processing Facilities and Organics Sites for Zone 3 to extend the expiration date to July 1, 2022;
- f) Approve and authorize the Chair to execute the Amendment to the Franchise Agreements Zone 4 and Zone 5 between the County of Santa Barbara and Valley Garbage & Rubbish Co., Inc. DBA Health Sanitation Service/Waste Management for Residential, Multi-Family and Commercial Solid Waste, Recyclables, Green Waste and Special Waste Collection Services to extend the expiration date to July 1, 2022; and
- g) Find that the proposed recommendations do not constitute a “Project” within the meaning of the California Environmental Quality Act, pursuant to 14 CCR 15378 (b) (5), because they consist of organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

**Summary Text:**

This item is on the agenda in order to address the expiration on July 1, 2021 of the County’s current franchise agreements for the collection of solid waste, recyclables, green waste, and food waste. County staff, along with a consultant, compiled and analyzed possible options moving forward and recommends a limited negotiation period of up to six months for each of the two existing haulers. If negotiations with either or both haulers do not result in mutually agreeable terms, a competitive Request for Proposals (RFP) would then be issued for the applicable service area(s). To allow sufficient time to conduct a bid, if needed, staff recommends extending the current franchise agreements for up to one year until July 1, 2022.

**Background:**

In December 1996, the Board approved five franchise agreements for the exclusive collection of solid waste materials, including trash, commingled recyclables, and green waste, from residents and businesses in five zones established by the County. The agreements have been updated over the years, with MarBorg Industries currently servicing the South Coast zones (1, 2 and 3) and Waste Management servicing the North County zones (4 and 5).

Cumulatively, the franchises serve 32,000 residential single-family homes and 1,500 businesses and multi-family dwellings. They generate more than \$30 million in revenue per year, 11% of which goes to fund the County’s solid waste programs. All of the solid waste franchises are due to expire on July 1, 2021, although there is a provision in each agreement to extend the term by one year if needed.

During the County’s last franchise procurement process in 2009-2011, standards for customer service, hauler safety, and diversion programs were increased, and enforcement mechanisms were strengthened to ensure contract compliance. Additionally, rates were reduced, and collection vehicles were required to operate on cleaner burning natural gas as opposed to diesel fuel. The haulers also agreed to provide collection services for County buildings in the unincorporated areas at no charge, resulting in budgetary savings to the County now valued at more than \$500,000 per year.

The Resource Recovery & Waste Management Division (RRWMD) has received substantial input regarding the next iteration of franchise agreements as part of a 2020 customer satisfaction survey

previously shared with the Board in May 2020. RRWMD staff also received feedback from individual Supervisors' offices in response to an inquiry sent to all Board members during the summer of 2020.

At its May 5, 2020 meeting, the Board authorized Public Works to form a Franchise Procurement Project Team (Project Team) to assist in the process of evaluating and pursuing procurement options following the expiration of the existing franchise agreements. The Project Team consists of staff from the Public Works Department and HF&H Consultants, a firm specializing in solid waste procurement and contract services, as well as representatives from the CEO's office, County Counsel's office, and the Auditor-Controller's office.

On September 2, 2020, the Project Team met to review the County's current solid waste and recycling system and discuss available procurement pathways moving forward. The Project Team then met again on September 23, 2020 to evaluate specific procurement options. After reviewing the pros and cons of various scenarios, the Project Team developed the following recommendations:

### **Six-Month Negotiation Period**

Given the high level of satisfaction among MarBorg and Waste Management customers and numerous advantages to remaining with the existing haulers, the Project Teams believes it is in the County's best interest to renegotiate the current contracts before considering opening up the zones to competition. Among the benefits of negotiation are continuity of service and fewer adjustments for customers; avoidance of potential transition challenges; the haulers' familiarity with the County's unique programs and requirements; and the County's familiarity with known service providers.

The negotiation period would last no longer than six months. If either party believes that insufficient progress is being made, the negotiation period will conclude sooner. HF&H Consultants will help prepare the negotiation package with input and review from the rest of the Project Team.

### **Post-Negotiation RFP (As Needed)**

If negotiations prove unsuccessful for either or both of the existing haulers, the Project Team recommends that the County issue a competitive RFP for the applicable service area(s). HF&H Consultants will help prepare the bid package with input and review from the rest of the Project Team.

### **Extension of the Existing Franchise Agreements**

To provide adequate time for the issuance and review of an RFP, if needed, the Project Team recommends authorizing the extension of the existing franchise agreements for a period of up to one year. The existing franchise agreements, as amended, contain the option to extend for an additional one year.

### **Performance Measure:**

Franchised haulers are held to a wide range of performance measures designed to ensure that solid waste and diversion services are provided to the public with an emphasis on service, safety, diversion, and adherence to the terms of the agreements. Audits are conducted on an ongoing and periodic basis to verify contract compliance.

### **Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

Staff time has been allocated for the procurement process. Costs for a solid waste consultant are included in FY 20-21 budget.

**Special Instructions:**

Return two (2) original agreements with a certified Minute Order to the Resource Recovery & Waste Management Division of the Public Works Department, Attn: Leslie Robinson. Retain one (1) original agreement for clerk files.

**Attachments:**

Attachment A: Amendment to the Exclusive Franchise Agreement for Solid Waste Collection Zone 1  
Attachment B: Amendment to the Exclusive Franchise Agreement for Solid Waste Collection Zone 2  
Attachment C: Amendment to the Exclusive Franchise Agreement for Solid Waste Collection Zone 3  
Attachment D: Amendment to the Exclusive Franchise Agreements for Solid Waste Collection Zones 4 & 5

**Authored by:**

Leslie Robinson, Program Manager, Resource Recovery & Waste Management Division, 805-882-3615.