



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: 11/6/2018
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Scott D. McGolpin, P.E. Director, x3010
Director(s)
Contact Info: Mark Schleich, P.E., Deputy Director, x3603

SUBJECT: Amendments to Franchise Agreements for the Collection of Solid Waste,
Recyclables, Green Waste and Special Collection Services

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form:

Recommended Actions:

That the Board of Supervisors:

- a) 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;
- b) 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;
- 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 3;
- d) 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;
- e) Find the proposed amendments to the agreements do not constitute a "Project" within the meaning of the California Environmental Quality Act, pursuant to 14 CCR 15378 (b)(5) (administrative activity of government).

Summary Text:

This item is on the agenda in order to consider recommendations for amending the exclusive solid waste collection agreements which are due to expire on June 30, 2019. The purpose of the amendments is to extend each of the five agreements for a two year period as well as to enhance food waste collection services. Until the financing and construction of the Tajiguas Resource Recovery Project (TRRP) is completed, staff recommends that the County maintain its existing service agreements. If financing and construction of the TRRP were delayed, it may impact the scope of services included in the County's future solid waste collection agreements. Staff is therefore proposing amendments that would extend the term of each agreement for an additional 24 months (from June 30, 2019 to June 30, 2021) with the option for up to an additional 12 month extension upon mutual agreement of the County and the Contractor. During the extension period, staff would seek direction from the Board regarding an approach to procure longer term agreements.

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 for zones 1 and 3 were awarded to MarBorg Industries and were amended in 2000 with performance measures that had to be met in order to receive an extension of these agreements to June 30, 2019. The reason for the extension in 2000 was to provide MarBorg with the "collateral" needed to gain financing for the construction of their construction and demolition debris sorting facility. After MarBorg requested an extension to their franchise agreements, County staff hired a consultant to quantify the benefit to the community from operating a construction debris sorting facility versus the financial benefit to MarBorg for the extension. As a result of the analysis, it was recommended and subsequently approved by the Board that the benefits of the recovery and recycling by MarBorg of substantial amounts of material from the waste stream and the concomitant lengthening of the life of the Tajiguas Landfill justified the extension to June 30, 2019 of their franchise agreements.

The franchise agreements for service zones 2, 4 and 5 were not extended beyond their expiration date of June 30, 2011. In 2010, at the direction of the Board, the scope of services for these zones was updated and the collection agreements were competitively bid limited to the three companies providing collection services in the County at that time (Waste Management, BFI, and MarBorg Industries). The termination date of June 30, 2019 was purposefully set so all of the solid waste agreements would expire simultaneously. After review of the responses to the Request for Proposals, in 2011, MarBorg Industries was awarded the Zone 2 franchise in 2011 and Waste Management Inc. was awarded the service agreements for Zones 4 & 5 in the North County.

Staff recommends that the agreements for all zones be extended for a two year period in order to allow enough time for the TRRP financing and construction to allow staff to have a better idea of the scope of solid waste services that needs to be provided in the longer term.

The amendments also enhance the food waste collection services required to be provided by the franchised haulers. With the legislature's passage of AB 1826 and SB 1383, an emphasis has been made by the state to recover more organics from the waste stream to reduce the generation of greenhouse gas emissions. The amendments include a rate for food waste collection services to be charged at 20% of the trash collection rate. This rate will be revisited as more food waste collection services are provided, the future of the TRRP is known, and more information is available on the actual cost to provide a larger

food waste collection route. In addition, the amendment includes the free collection of food waste from schools in zones 4 and 5, which will bring the North County schools into parity with the South Coast schools, which currently receive free food waste collection.

During the two-year extension period, staff will present options to your Board related to the procurement of future long-term collection agreements and implement the Board's direction prior to June 30, 2021.

Fiscal and Facilities Impacts:

The cost for the collection of solid waste services is charged to residential and business customers by the franchised haulers. Annually, these rates are impacted by the CPI adjustment to the collection portion of the rates and any changes in the cost to manage the waste material collected (tipping fees for trash, recyclables, and organics). The Board considers the proposed rates prior to the beginning of each fiscal year. There will be no financial or facility impacts to the County as a result of the proposed extension.

Staffing Impacts:

None

Special Instructions:

Please send an executed copy of the Amendments and a Minute Order to the Resource Recovery & Waste Management Division of the Public Works Department, attn: Leslie Wells.

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 Wells, Program Leader, Resource Recovery & Waste Management (ext. 3611)