

Attachment B

OPTION 2 - The Board provides staff direction to engage in good faith negotiations for the purpose of entering into new Franchise Agreements with the existing Franchisees; however, should the County not come to agreeable terms with any of its current Franchisees, the County should consider a formal competitive bid process.

Advantages: Negotiating a new Franchise Agreement may yield some rate relief and stability. In addition, it allows the County the opportunity to negotiate potentially favorable terms for new services, particularly if the Franchisee is highly motivated for a new Franchise Agreement.

Incumbent Franchisees generally have sufficient experience providing service to the jurisdiction, so they often can identify potential new services, or program enhancements to existing services that would be most beneficial to that jurisdiction (i.e., those that increase diversion levels or enhance service effectiveness and efficiency). The current Franchisees usually work with the County in a professional and amicable way to resolve differences and/or add new services.

The County's current Franchisees have a relatively small percentage of residential customer complaints reported with their services and it appears that they provide quality services.

A new Franchise Agreement can provide sufficient time for a Franchisee to reasonably amortize the cost of new purchases. A Franchisee generally will not make major purchases at the end of a Franchise Agreement term due to the limited time frame to reasonably amortize the capital outlays.

The development of new Franchise Agreements would provide the County the opportunity to modify unfavorable and ambiguous language contained within the existing Agreements and implement the new standard rate setting policies and procedures. It would also provide the County with the opportunity to implement the strategies in the El Dorado County Solid Waste Management Plan recently adopted by the Board.

An negotiated new Franchise Agreement could ensure that there are no potential service disruptions due to the bidding process and change of Franchisees.

Disadvantages: Qualified contractors may not have the opportunity to compete for the solid waste services contract in Franchise Areas.

Through the negotiation process, if agreeable contract terms cannot be achieved and the County considers the formal competitive bid process, there may be service disruptions.