



## Legislation Text

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**File #:** 12-0508, **Version:** 1

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Environmental Management Department recommending the Board provide direction as to whether the County should enter into the competitive bid process for collection and disposal of municipal solid waste and recyclable materials generated by residential, commercial and industrial customers within all Franchise Areas in the County, with the exception of South Lake Tahoe, or enter into Franchise negotiations with the current Franchisees (El Dorado Disposal, Sierra Disposal, Tahoe Truckee Sierra Disposal, Amador Disposal, and American River Disposal). (Est. Time: 30 Min.)

Background: To protect the health, safety and welfare of the County's constituency, the Board of Supervisors determined that it is in the public's best interest to establish exclusive Franchise Areas for the collection and disposal of residential, commercial, and industrial municipal solid waste generated within the County of El Dorado and passed Ordinance No. 4319 on February 8, 1994. There are a total of six (6) active Franchise Areas; two (2) Franchise Areas in the Lake Tahoe Basin which are serviced by South Tahoe Refuse Co., Inc.(STR) and Tahoe Truckee Sierra Disposal (TTSD); and four (4) Franchise Areas on the Western Slope of the County of El Dorado which are serviced by Amador Disposal Service (ADS), American River Disposal (ARD), El Dorado Disposal (EDD), and Sierra Disposal Service (SDS).

Currently four (4) of the six contracts are set to expire on December 31, 2014 (ARD, EDD, SDS, and TTSD). The Amador Disposal contract will expire on June 30, 2012. Under the Board's direction, Environmental Management is negotiating with Amador Disposal to amend the contract term by 30 months to align the expiration period with the other four (4) contracts (Legistar item 12-0244). A new contract has already been negotiated with STR per the Board's direction and will be considered by the Board on May 1, 2012 (Legistar item 12-0494).

The County has the option to pursue the competitive bid process, negotiate a new contract with the current Franchisees (excluding STR), or conduct a hybrid of the two processes. The over arching goal of the County is to ensure that the residents and businesses within the Franchise Areas are receiving efficient, high quality, and cost-effective services. In addition, it is the desire of the County to ensure that the Franchisees incorporate the proposed new solid waste rate setting policies and procedures and provide the services as identified in the El Dorado County Solid Waste Management Plan. There is a possibility that neither option will be able to be completed within the current terms of the Franchise Agreements and therefore, it may be necessary to administer short-term optional Franchise Agreement extensions. The advantages and disadvantages to each option are discussed below.

### **OPTION 1 - The Board provides conceptual approval for the preparation of a Request for Proposal (RFP) for solid waste collection services.**

The County could put the Franchise Areas out to bid. This process would need to occur in 2012 because it takes approximately two years before a contract can be awarded and a new hauler can start operations. If the County pursues a competitive bid process, the intent, although not

guaranteed, would be to ensure that the residents and businesses receive the most cost-effective level of service, while the County meets State AB 341 requirements for 75 percent diversion by 2020.

The following is a brief summary of the advantages and disadvantages associated with the competitive bid process to determine future solid waste and recyclables collection and disposal services (Detailed information is available in Attachment A).

<u>Advantages</u>	<u>Disadvantages</u>
Best value option	Risk of higher rates for comparable services
Consolidated service areas	Potentially limited responsive bidders
Standardized service levels across all areas	Potential unfamiliarity with service areas
New Franchise Agreement	New/different services
Material Recovery Facility	Cost and Administration of Procurement
	Issues with siting and permitting a new Transfer Station /
	Potential service disruptions during the transition

**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.**

Based on the current competitive County rates, the overall service quality, and the fact that the Franchisees are moving toward increased diversion efforts in their respective facilities, the County could entertain structured and transparent negotiations with each Franchisee or a selected number of Franchisees to assess their willingness to enhance services to incorporate the proposed new standard rate setting methodology and meet the strategies of the El Dorado County Solid Waste Management Plan (Detailed information is available in Attachment B).

Should the County not come to agreeable terms with any one of its current Franchisees, the County should consider a formal competitive bid process.

<u>Advantages</u>	<u>Disadvantages</u>
Potential to Negotiate some new services	Responsible bidders not given the opportunity to compete
Amortize cost of new purchases / capitalize outlays	Negotiations may break down and formal bid process may be required
No service disruptions	Limited leverage in rate negotiations
	Generally status quo technologies, facilities, and services

#### **Items for Consideration:**

**OPTION 1 - The Board provides conceptual approval for the preparation of a Request for Proposal (RFP) for solid waste and recyclable collection services.**

Should the Board select this option, direct Environmental Management to work with outside resources, as needed, to prepare a Request for Proposal (RFP) to competitively bid the collection and disposal of residential, commercial, and industrial municipal solid waste generated within the Franchise Areas that incorporates the proposed new standard rate setting policies and procedures and the El Dorado County Solid Waste Management Plan and return to the Board for discussion and approval of the proposed RFP; or

**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.**

Should the Board select this option, direct the Environmental Management Department to work with outside resources as needed, and notify the Franchisees of the intent to enter into Franchise Agreement negotiations with the County to generate a new Franchise Agreement that incorporates the new proposed standard rate setting policies and procedures and the El Dorado County Solid Waste Management Plan and return to the Board for discussion and approval.

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