



Legislation Text

File #: 13-0573, **Version:** 3

..Title

Community Development Agency, Environmental Management Division, recommending the Board consider the request from Waste Connections, Inc., to consolidate the Amador Disposal Service Franchise Agreement and the existing El Dorado Disposal Service Franchise Agreement into a single franchise agreement.

FUNDING: Garbage Franchise Fees. (No Federal Funds)

DEPARTMENT RECOMMENDATION

Community Development Agency, Environmental Management Division (EMD), recommending the Board conceptually approve the consolidation of the Amador Disposal Service (ADS) Franchise Agreement into the Waste Connections, Inc. dba El Dorado Disposal Services (EDDS) Franchise Agreement. Should the Board conceptually approve consolidation, the EDDS Franchise Agreement will be amended to incorporate the ADS franchise area. The EDDS service area will become Area A and the ADS service area will become Area B of the EDDS Franchise Agreement. The rate structures for each area are dependent upon the service level. The rate structure for Area A, the current EDDS franchise area, was previously established by the Board on October 21, 2014 (Item No. 32) and will take effect July 1, 2015. The rate structure for Area B, the current ADS franchise area, will be brought back to the Board for consideration along with the amendment to the EDDS Franchise Agreement.

Reason for Recommendation

During Franchise Agreement negotiations, staff from ADS expressed interest in the possibility of combining ADS and EDDS into one Franchise Agreement. ADS and EDDS are owned by the same company, Waste Connections, Inc. The County requested that ADS provide a written request and proposal to the County for evaluation and Board consideration. On February 25, 2015, EMD received a letter from ADS requesting the consolidation of ADS and EDDS (Attachment 3A).

Benefits of Consolidation:

Benefits of the proposed franchise consolidation include:

- ADS customers will benefit from all EDDS services with the exception of curbside green waste collection. Additional benefits include:
 - EDDS supplied carts for garbage and recyclables.
 - Vouchers for free curbside pick-up of bulky waste, paint, fluorescent tubes or bulbs, electronic waste, and green waste.
 - Vouchers for free disposal of solid waste and green waste at the Material Recovery Facility.
 - One (1) curbside unlimited green waste pick-up to be scheduled during peak green waste seasons in both spring and fall.

- Free curbside collection of used motor oil and oil filters throughout the year.
- Free curbside collection of used household batteries throughout the year.
- Business and multi-family residential (if constructed) waste audits to identify opportunities to increase recycling.
- Expanded and enhanced recycling programs at businesses and schools.
- EDDS will conduct public outreach to encourage home composting of green waste in the ADS franchise area.
- One (1) annual community cleanup event in the ADS franchise area.
- All of the aforementioned benefits are aligned with the strategies contained within the County's Solid Waste Management Plan adopted by the Board of Supervisors on January 31, 2012 (Item No. 11) and will help to achieve the County's diversion goal of seventy-five percent (75%) by the year 2020.
- Recycling Coordinator - In order to effectively implement the solid waste diversion strategies included in the EDDS Franchise Agreement and achieve the County's diversion goals, ADS will also benefit from EDDS' full time Recycling (Sustainability) Coordinator whose time is dedicated to assisting and implementing recycling and solid waste diversion strategies for residents and businesses throughout the service area.
- Increased economies of scale for operations and administration, including consolidation of accounting and annual reporting, and elimination of ADS specific financial audit thereby providing significant savings to the relatively small ADS customer base.
- Operationally more efficient by having trucks in neighboring service areas that can assist when necessary, thereby cutting down on potential down time and disruption of service in the event of a break-down.
- The County also will benefit from a single consolidated agreement and will realize efficiencies through a streamlined process (e.g., single rate application, Board preparation and presentation) as opposed to two separate agreements and associated items.

Staff has not identified any negative impacts regarding the proposed franchise consolidation.

DISCUSSION / BACKGROUND

Effective June 25, 2002, the County entered into a Franchise Agreement with ADS which granted the exclusive right and obligation, subject to certain limitations, until June 30, 2012, to collect and dispose of municipal solid waste generated by residential, commercial, and industrial customers. The ADS franchise generally encompasses the southern portion of the west slope of the county and includes the communities of Somerset, Grizzly Flats, Fairplay and Mount Aukum (Attachment 3B). Section 9 of the Franchise Agreement allows for an extension of the term of the agreement by a written amendment signed by duly authorized representatives of both the Contractor and the County. Such extension must be approved by the Board of Supervisors to become effective.

On May 8, 2012, the Board considered whether the County should enter into the competitive bid process for the 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 (the Board previously approved a new agreement with South Tahoe Refuse on May 1, 2012, Item No. 11), or enter into negotiations with the current Franchisees: ADS, EDDS, Sierra Disposal, American River Disposal, and Tahoe Truckee Sierra Disposal. The purpose of the negotiations was to generate new Solid Waste Service (Franchise) Agreements that

incorporate new standardized solid waste rate setting policies and procedures and the El Dorado County Solid Waste Management Plan. The Board provided direction to staff to engage in good faith negotiations with the existing Franchisees, and return to the Board with proposed new Franchise Agreements for discussion and consideration (Item No. 11). New Franchise Agreements for EDDS and SDS were subsequently approved by the Board on October 21, 2014 (Item No. 32) and December 2, 2014 (Item No. 28), respectively.

On June 12, 2012, the Board approved the First Amendment to the ADS Franchise Agreement to provide adequate time for the County and ADS to negotiate the terms of a new agreement. The First Amendment extended the term of the Agreement for two and one-half (2.5) years, commencing on July 1, 2012 through December 31, 2014, and provided for additional term extensions upon mutual consent of the County and ADS (Item No. 6).

As directed by the Board, EMD initiated negotiations with the current franchisees, including ADS. EMD drafted a completely new Franchise Agreement as a starting point, incorporating a draft Solid Waste Rate Setting Policies and Procedures Manual. EMD provided these documents to ADS which established the framework for negotiation discussions. EMD and ADS met to negotiate a new Franchise Agreement, but were not able to conclude negotiations by the end of the year. On December 2, 2014, the Board approved the Second Amendment to the ADS Franchise Agreement providing for a one (1) year term extension through December 31, 2015. All other terms and conditions of the existing ADS Franchise Agreement dated June 25, 2002, and the First Amendment dated June 12, 2012 remained unchanged. There was no rate increase associated with the Amendment (Item No. 31).

ALTERNATIVES

Instead of consolidation of the ADS Franchise Agreement into the EDDS Franchise Agreement, the Board may direct staff to maintain a separate and distinct Franchise Agreement for ADS and return to the Board with the new ADS Franchise Agreement and rate structure.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION

CAO recommending the Board provide conceptual approval to consolidate the Amador Disposal Service franchise agreement with the El Dorado Disposal Service franchise agreement.

FINANCIAL IMPACT

There is no fiscal impact as a result of the Board's consideration of the consolidation request. Franchise agreements generate negotiated franchise fee revenues and are subject to the Board's approval. If conceptually approved, an amendment to the EDDS Franchise Agreement including the current ADS franchise area would be returned to the Board at a later date for consideration.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

N/A

CONTACT

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