



## Legislation Text

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**File #:** 14-1577, **Version:** 2

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Community Development Agency, Environmental Management Division, requesting the Board direct staff to analyze the request from South Tahoe Refuse Inc., doing business as Sierra Disposal Service, to consent to the assignment of the Sierra Disposal Service Franchise Agreement to Waste Connections, Inc., doing business as El Dorado Disposal Service, and return to the Board with a recommended action.

**FUNDING:** Garbage Franchise Fees. (No Federal Funds)

### **DEPARTMENT RECOMMENDATION**

Staff recommends the Board direct staff to analyze the request from South Tahoe Refuse Inc., dba Sierra Disposal Service (SDS), to consent to the assignment of the Sierra Disposal Service Franchise Agreement to Waste Connections, Inc., dba El Dorado Disposal Service (EDDS) and return to the Board with a recommended action.

### **Reason for Recommendation**

On May 13, 2015, the Community Development Agency, Environmental Management Division (EMD) received written notice (Attachment 2A) from SDS indicating that SDS recently agreed to sell its hauling assets to EDDS, including the SDS Solid Waste Services Agreement (Franchise Agreement), dated December 2, 2014.

The assignment of the SDS Franchise Agreement is contemplated and allowable under the terms and conditions of the agreement. Pursuant to the requirements of Section 12 of the SDS Franchise Agreement, the written consent of the Board of Supervisors is required, expressed by Resolution, prior to the transfer, sale, or assignment of the Franchise Agreement, which may be denied or approved by the County in its sole and absolute discretion.

Section 12 of the SDS Franchise Agreement contains several conditions that must be satisfied prior to the County's decision to approve or deny the request to assign the Franchise Agreement to EDDS. These conditions include, but are not limited to:

- Analysis of Waste Connections/EDDS' financial statements for the preceding five (5) years;
- Satisfactory proof that Waste Connections has at least seven (7) years of mixed solid waste experience on a scale equal to or exceeding the scale of operations conducted by SDS and has operated in a manner consistent with its contractual obligations to other municipalities which it serves in respect to AB 939 (Legislation requiring diversion of solid waste from landfilling);
- Satisfactory proof that in the last seven (7) years, Waste Connections has maintained its waste management operations in a manner satisfactory to other municipalities in which it operates and in compliance with applicable law and regulations;
- A copy of any and all purchase and assignment agreements containing, at a minimum, the terms and conditions of the sale, transfer, or assignment of the SDS Franchise Agreement;
- Any other information required by the County to ensure that EDDS can fully assume and

satisfactorily perform all of SDS' obligations under the SDS Franchise Agreement in a timely, safe, and effective manner.

In addition, EMD would like the opportunity to work with EDDS to negotiate the terms of service provided to customers in the current SDS franchise area.

Therefore, EMD is seeking Board direction to work with EDDS to obtain and analyze the information required pursuant to the terms and conditions of Section 12 of the SDS Franchise Agreement, negotiate service levels to be provided in the SDS franchise area, and return to the Board with options for the Board's consideration and a recommendation by staff. Options may include:

- Consent to the assignment of the SDS Franchise Agreement to EDDS and incorporate the SDS franchise area into the EDDS Franchise Agreement;
- Consent to the assignment of the SDS Franchise Agreement to EDDS but maintain the SDS Franchise Agreement and the terms and conditions therein;
- Do not consent to the assignment of the SDS Franchise Agreement to EDDS.

## **DISCUSSION / BACKGROUND**

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: EDDS, Amador Disposal Service, SDS, American River Disposal Service, 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).

A new Franchise Agreement for EDDS was presented to the Board on October 21, 2014, and approved (Item No. 32). A new Franchise Agreement for SDS was presented to the Board on December 2, 2014, and approved (Item No. 28). The EDDS franchise generally encompasses the central portion of the west slope of the County along the Highway 50 corridor, from just east of Pollock Pines to the western boundary of the County, and includes the communities Pollock Pines, Camino, Diamond Springs, Shingle Springs, Rescue and Latrobe. The EDDS franchise does not include the City of Placerville or the Cameron Park and El Dorado Hills Community Services Districts as these areas have entered into their own Franchise Agreements with EDDS. The SDS franchise generally encompasses the northern portion of the County on the west slope, including the communities of Coloma, Cool and Georgetown (Attachment 2B).

## **ALTERNATIVES**

N/A

## **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

N/A

## **CAO RECOMMENDATION**

CAO recommending the Board provide direction to staff to analyze the request from Sierra Disposal

Service regarding assignment of said hauler's solid waste franchise agreement to El Dorado Disposal Service.

**FINANCIAL IMPACT**

There is no fiscal impact resulting from the proposed action.

**CLERK OF THE BOARD FOLLOW UP ACTIONS**

N/A

**STRATEGIC PLAN COMPONENT**

N/A

**CONTACT**

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