



ITEM 1

CITY COUNCIL STAFF REPORT – STUDY SESSION

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: GEORGE RODERICKS, CITY MANAGER

DATE: JULY 18, 2018

SUBJECT: REVIEW, DISCUSS AND PROVIDE FEEDBACK ON AN UPDATE ON THE RECOLOGY FRANCHISE DISCUSSIONS FROM THE CITY MANAGER AND CITY COUNCIL SUBCOMMITTEE

RECOMMENDATION

Review, discuss, and provide feedback on an update on the Recology Franchise discussions from the City Manager and the City Council Subcommittee.

BACKGROUND

The Town is a member of the South Bay Waste Management Authority (SBWMA). The SBWMA (also known as “RethinkWaste”) is a Joint Powers Authority (JPA) was formed in 1982 with the goal of providing cost effective programs for its member agencies to meet the state mandate waste diversion target. The 12 member agencies consist of Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, the County of San Mateo and the West Bay Sanitary District. Through the JPA, these member agencies own and manage the Shoreway Environmental Center which receives all of the recyclables, organics, and garbage collected in its service area.

The SBWMA provides oversight, support and management of service providers that collect, process, recycle and dispose of materials for the member agencies. As a separate legal entity, the SBWMA operates with a Board of Directors comprised of elected officials from its member agencies and agency staff consisting of an Executive Director, and full-time staff to administer the Agencies various programs and services. In addition to contract management of Recology, South Bay Recycling, and associated contracts, the SBWMA administers training programs, educational programs, and outreach.

ANALYSIS

As a member of the SBWMA, the Town is part of a 10-year franchise agreement between the SBWMA, member agencies, and Recology. While the SBWMA assists with the administration of the franchise agreement(s), each agency has a standalone franchise agreement with Recology for the

provision of service. This franchise agreement expires on December 31, 2020. Within the franchise agreement, there is a requirement to “meet and confer” on the possibility for extension during 2017. The 2017 decision timeline was established to allow sufficient time, if needed, to conduct a full competitive procurement process if no extension was granted. The SBWMA formed a Task Force to negotiate with Recology and create a Draft Model Franchise Amendment to extend the current franchise agreement. The core of the Draft Model Franchise Amendment is designed to be consistent across all member agencies; however, portions of the Franchise Agreement Amendment are made Agency-specific as required. The proposed term of the new Draft Model Franchise Agreement is 15 years.

At this time, the Draft Model Franchise Amendment has been reviewed, amended for Agency specificity, and adopted by a majority of the SBWMA Members. Each member agency is responsible for working with Recology to make the Amendment Agency-specific and subsequently adopting the Franchise Agreement Amendment. If an agency is not able to successfully negotiate and adopt a Franchise Agreement Amendment, the agency may consider creating an independent RFP for collection services or can opt to fully exit the SBWMA and conduct operations independently.

In 2017, the City Council Subcommittee began negotiations with Recology on the Draft Model Franchise Agreement. The Subcommittee and representatives from Recology have met several times to discuss amendments to the Draft Agreement.

The Subcommittee is attempting to frame the agreement such that it is more “Atherton-specific” and has been seeking to relocate inapplicable provisions (such as those applying to commercial or multi-family development) to an Appendix of the overall Agreement to make the Agreement more readable. This may ultimately be possible for some of the terms, but for others, the SBWMA and Recology require that they be in the Agreement for consistency across the JPA. The Subcommittee is also addressing areas where the Town may ultimately opt-out of some services (mainly educational programs); areas and times of service delivery; and depreciation schedules for agency assets.

Key areas of focus have been:

- Hours and Days of Service and Collection
- Community Shred-It Events
- Public Education and Outreach Programs, Authorized Changes to those Programs, and Cost of those Programs
- Route Audits and Assessments
- Definition and Collection of Overages
- Depreciation of Carts
- Delivery of Report Data
- Compensation for Breach Remedy Costs

The last round of discussions occurred on July 10. Of the above list, there remain a few key provisions that Recology is taking under consideration for amendment based on the Town’s comments. These include:

- The provision of Shred-It Events and how those costs are calculated/attributed

- Segregation of Key Sections of the Agreement for Readability
- Provision of Raw Reporting Data specific to the Town
- Weekend Service Clients – Identification and Needs Analysis
- Depreciation Costs for Carts and How This is Determined
- Public Education Program Selection and Cost Elimination, As Appropriate and at the Town’s election

Staff anticipates that final revisions to the draft agreement will reach the Council in the coming month(s). At that time, the Council can opt to approve the Draft Agreement Amendment or direct staff to move forward with a separate Request for Proposal for service delivery.

POLICY ISSUES

When the final draft agreement comes to the Council, the Council will need to weigh the benefits of staying with the current service provider; and further, whether staying in a JPA continues to be a fit for the Town given its demographics compared to other JPA members (i.e. commercial, industrial, residential). In the long-term, the JPA may incur costs of service and expansion that are driven by the needs of these other members. The Town may be required to shoulder a portion of that cost. While the JPA has made strides to limit the Town’s exposure, it still exists to some degree. The Council will need to weigh those benefits against the opportunity and cost of soliciting and changing to a new service provider and potentially exiting the JPA.

FISCAL IMPACT

None at this time.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town’s electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town’s electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power and sewer), and regional elected officials.

Notice was also provided pursuant to the Town’s Public Hearing provisions, which includes posting at Town bulletin boards and publication in a newspaper (The Almanac).

COMMISSION/COMMITTEE FEEDBACK/REFERRAL

This item ___ has or X has not been before a Town Committee or Commission.

- ___ Audit/Finance Committee (meets every other month)
- ___ Bicycle/Pedestrian Committee (meets as needed)
- ___ Civic Center Advisory Committee (meets as needed)
- ___ Environmental Programs Committee (meets every other month)

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- Park and Recreation Committee (meets each month)
- Planning Commission (meets each month)
- Rail Committee (meets every other month)
- Transportation Committee (meets every other month)

ATTACHMENT

None.