



# CITY OF WHEATLAND

## CITY COUNCIL MEETING STAFF REPORT

February 14, 2017

**SUBJECT:** Solid Waste Collection Services – Contracting Analysis and Recommendations

**PREPARED BY:** Greg Greeson, City Manager

---

### **Recommendation**

Staff is recommending that Council, pursuant to the recommendation of the Regional Waste Management Authority (RWMA):

1. Review and consider the Sloan Vasquez McAfee, LLC (SVM) report and recommendations for Solid Waste Collection Services, and;
2. Consider RWMA and City staff recommendations for next steps, specifically:
  - a. Not provide a four year extension to the current provider, Recology Yuba-Sutter (Recology)
  - b. Attempt to renegotiate an agreement with the Recology and, if unsuccessful, initiate a competitive procurement process.

### **Background/Discussion**

Attached is a report entitled “Municipal Solid Waste Collection Services Contracting Analysis and Recommendations” (Report) which was prepared by SVM regarding research, analysis and stakeholder engagement activities that were conducted to inform local policy Boards and Councils regarding future waste collection service agreements.

The project was undertaken by the RWMA, which includes six member jurisdictions (Yuba County, Sutter County, Yuba City, Marysville, Wheatland and Live Oak), because the initial seven and three-quarter year term of the existing Collection Service Agreements between member jurisdictions and Recology Yuba-Sutter will expire on September 30, 2019. In addition to the initial term, these agreements will include provisions for three extensions of four years each to 2023, 2027 and 2031. Extensions are at the sole discretion of each jurisdiction.

The Report was prepared for the RWMA and reviewed and discussed at their December 15, 2016 meeting. At that meeting, the RWMA concurred with the recommendations and directed staff to refer the Report to the member jurisdictions. Specifically, the RWMA members recommended moving forward with attempting to renegotiate an agreement with the current provider, Recology Yuba-Sutter, and not offering a four year extension. Another option

presented, to prepare a Request for Proposals to qualified contractors to provide future collection services, was not recommended at this time by RWMA Administrators or the RWMA.

## **DISCUSSION**

Each of the six member jurisdictions of the RWMA will have the SVM report brought to them in January and February 2017 for their consideration and direction. RWMA staff will then report back to their Board at a future meeting on the results of that process for further discussion and direction including the potential contracting for consultant services as necessary.

On January 24<sup>th</sup>;

- ✓ The **Yuba County Board of Supervisors** unanimously supported the consultant and staff recommendation to NOT extend the existing Recology Yuba-Sutter collection service agreement; to attempt to negotiate a new agreement with Recology; and, if unsuccessful, to then initiate a competitive procurement process.
- ✓ The **Sutter County Board of Supervisors** chose to take no action except to ask their new CAO Scott Mitnick to return with a firm recommendation at their February 28<sup>th</sup> meeting.
- ✓ The **Yuba City City Council** voted 3 – 2 to reject the recommended hybrid concept in favor of going directly to competitive procurement.

At the time this report was prepared, the remaining presentation schedule along with the new/second Sutter County meeting is as follows:

- Tuesday, February 7<sup>th</sup> – Regular Meeting of the **Marysville** City Council at 6:00 PM
- Tuesday, February 14<sup>th</sup> – Regular Meeting of the **Wheatland** City Council at 6:30 PM
- Wednesday, February 15<sup>th</sup> – Regular Meeting of the **Live Oak** City Council at 6:00 PM
- Tuesday, February 28<sup>th</sup> – Regular Meeting of the **Sutter County** Board of Supervisors at 3:00 PM [No Consultant Presentation]

Representatives from Sloan Vasquez McAfee, LLC will make a PowerPoint presentation for the Council at the Council Meeting.

## **Attachment**

1. Sloan Vasquez McAfee, LLC Solid Waste Collection Services Report & Recommendations

# Municipal Solid Waste Collection Services Contracting Analysis and Recommendations

## Final Report

Presented to:

Regional Waste Management Authority

Submitted by:

*Sloan*VAZQUEZMCAFEE  
MUNICIPAL SOLID WASTE ADVISORS

3002 Dow Avenue, Suite 116, Tustin, CA 92780

Office: 866.241.4533

info@sloanvazquez.com · [www.sloanvazquez.com](http://www.sloanvazquez.com)

**December 5, 2016**

## Table of Contents

A. Current Agreement Status and Decision Points.....	1
Introduction .....	1
Key CSA Milestones.....	1
Decision Points.....	2
Current Model Collection Service Agreement .....	2
B. Stakeholder Input.....	3
Public Forum Overview.....	3
Stakeholder Input .....	3
C. Regional Rate Comparisons .....	17
RWMA Market Population and Density.....	17
Regional Rate Comparisons .....	18
Residential Rate Comparisons .....	19
Commercial Bin Rate Comparisons.....	21
D. RWMA Infrastructure and Market Analysis.....	22
Franchise Infrastructure Requirements.....	22
Local Infrastructure Capacity and Demand .....	24
Public/Private Partnership .....	26
E. Items to Address Under Any New Agreement.....	27
F. Summary and Recommendations.....	31
Decision Points.....	31
Next Steps .....	32
Potential Timeframe .....	33
Summary of Analysis and Recommendations.....	33
Appendix A: Public Forum Outreach Materials and Presentation .....	36

Table of Tables

Table 1: RYS Diversion for Calendar Year 2015..... 5  
Table 2: Comparison of Weekly and EOW Green Waste Collection..... 8  
Table 3: Sample Proposal Evaluation Criteria ..... 13  
Table 4: Population, Area and Population Density ..... 17  
Table 5: Residential Base and Effective (Weighted) Base Rate Comparisons ..... 20  
Table 6: Commercial Rate Comparisons ..... 21  
Table 7: Rate Year 2015 Material Collected (Projected)..... 25  
Table 8: Regional Infrastructure Capacity and Demand ..... 25  
Table 9: Estimated Timeframe for Entering New Agreement ..... 33

Table of Figures

Figure 1: Weekly Service, One Truck, One Route ..... 10  
Figure 2: Every-Other-Week Service: One Truck, One Route ..... 10  
Figure 3: Every-Other-Week Service: Two Trucks, Two Routes..... 10

## **A. CURRENT AGREEMENT STATUS AND DECISION POINTS**

### **Introduction**

The Regional Waste Management Authority (RWMA) Board of Directors selected Sloan Vazquez McAfee (SVM or SVM Team) to conduct research and analysis in preparation for upcoming decisions that must be made as the initial term of each member jurisdiction's Collection Services Agreement (CSA) is scheduled to end on September 30, 2019.

The RWMA was established in 1990 by a Joint Powers Agreement between Sutter and Yuba Counties and the Cities of Live Oak, Marysville, Wheatland and Yuba City for the purpose of providing reliable, economical, integrated and environmentally sound waste management services to the residents, businesses and organizations of the bi-county area. The Board of Directors consists of a Supervisor from both Sutter and Yuba Counties and a City Council member from each of the four Cities -- Live Oak, Marysville, Wheatland and Yuba City -- who are appointed by their respective Boards of Supervisors and City Councils<sup>1</sup>.

SVM is a consulting firm focused exclusively on municipal solid waste planning and management services, specializing in waste composition and characterization studies, feasibility studies, municipal contract analysis, residential and commercial collection operations, and management of MRF project development. Together, the firm's principals have over 60 years of wide-ranging expertise and experience in municipal waste management and recycling.

The SVM Team conducted research and analysis on behalf of the RWMA member jurisdictions, including:

- a review of the current model CSA,
- nine public forums to obtain stakeholder input regarding the current and future status of solid waste and recycling services and contracting,
- the analysis of the reasonableness of RWMA rates in comparison with contracted rates and services in comparable jurisdictions,
- a review of market implications that could impact rates and future contracting opportunities,
- a review of similar agreements to identify opportunities for consideration in the development of any future agreement, and finally,
- an overview and assessment of next steps available to RWMA member jurisdictions.

### **Key CSA Milestones**

The RWMA member jurisdictions each have an existing CSA with an initial contract term ending September 30, 2019. Each CSA includes an opportunity for the jurisdiction to trigger a four-year extension of the existing agreement. This extension must be triggered on or around July 2017 and would result in a contract extension period of October 1, 2019 through September 30, 2023.

---

<sup>1</sup> Source: <http://yubasutterrecycles.com/index.html#about>

Should the RWMA member jurisdictions choose not to trigger an extension of the current agreement, a number of new contractual provisions could be included in any new agreement. Examples of potential contract components include the provision of new facilities; alternate approaches to, or modifications of, the existing system (e.g., new programs or services to ensure compliance with legislative requirements, etc.); alternative rate setting and/or rate review methodologies; and, new terms for the length of contract and any potential contract extensions.

## Decision Points

The RWMA member jurisdictions have a number of options as they consider next steps. Each option offers inherent pros and cons and represent different approaches to achieving the best value for member jurisdictions and their constituents.

- **Extend the current CSAs, with no changes to current terms of the agreement**, by triggering the four-year extension by July 2017. This would extend the current contract through September 30, 2023.
- Prior to the end of the current CSAs (September 30, 2019) **negotiate new service agreement** with Recology Yuba-Sutter that includes new contract provisions.
- **Conduct a competitive procurement process** in 2018, with new contract awarded by early 2019 (to allow time for acquisition of equipment) prior to a new contract commencement date of October 1, 2019.
- **Conduct a hybrid process**: Enter negotiations with current contractor using established set of performance and rate objectives; if agreement not reached by set date, initiate procurement process.

This report is intended to serve as a source of information, a compilation and analysis of stakeholder input, and an overview of relevant data and industry best-practices to equip the member jurisdictions as they consider the optimal path forward.

## Current Model Collection Service Agreement

The model CSA, which is modified by each member jurisdiction to include additional, jurisdiction-specific requirements, is a well-crafted document that has produced diversion programs and results that meet California Department of Resource Recycling and Recovery (CalRecycle) requirements, consistent levels of customer satisfaction with service offerings and performance, and a solid value for jurisdiction residents.

Opportunities to update CSA language and incorporate new or revised components are explored in Section E, including the following: review of the options and implications of addressing existing infrastructure concerns and associated public/private approaches; a description of an alternate rate review approach; an overview of the impacts of the current default cart size on contamination rates; approaches to rate setting; and, sample language for addressing recent legislative requirements.

## **B. STAKEHOLDER INPUT**

### **Public Forum Overview**

The RWMA Board of Directors prioritized the inclusion of stakeholder input in this process. Public forums were conducted to provide information regarding the timeline and decision points and to gather input regarding the current and future state of solid waste and recycling services contracted within the RWMA member jurisdictions. The following is a description of the key points and overall themes discussed during the public forums conducted in August 2016. A total of nine forums were held, including:

- one forum at each of the six RWMA member jurisdictions, with elected officials, jurisdiction staff and community members in attendance,
- one forum with the business community, and
- one daytime and one evening forum for community members.

The outreach materials used to promote the forums, including the PowerPoint presentation that was used, are included as Appendix A.

In addition to the elected officials, jurisdiction staff, community members and area business representatives attending the forums, a local representative of the operating engineers' union and the owners and/or designated representatives of the following interested solid waste industry businesses attended some or all the forums:

- Green Solutions and More (GSM)
- Recycling Industries (RI), and
- Republic Services, Inc. (Republic)

Management team members from Recology Yuba-Sutter (RYS) also attended each forum, and made themselves available to answer questions if needed. However, they did not make presentations or advocate for a specific course of action regarding the future of the collection service agreements.

### **Stakeholder Input**

Following each of the key points or grouping of points, relevant data, industry best practices, or technical analysis is provided for informational purposes in an effort to describe the implications associated with the input offered during the forums. Some comments made by elected officials regarding rates, rate structure, application of uniform base rates, certain program components, infrastructure development and public/private partnerships are excluded from this section as they are fully addressed in the subsequent sections.

#### **1. Desire for transparent public process**

The desire for transparency is a common theme in government contracting. The elected officials and members of the public who participated in the forums were uniform in the desire to implement an



open, transparent process. There are several methods available to ensure the public has all appropriate information, and that all agreements are entered in the light of day.

**It is important to note that the terms “transparency” and “competitive procurement” are not synonymous.** There are transparent sole-source negotiations, and there can be challenges in maintaining transparency in a competitive procurement process. The ability to achieve transparency is associated with the communication, information and public involvement achieved during any selected process.

It is not uncommon for some participants to call for a competitive procurement during public forums, **with an assumption that “going out to bid” will automatically result in the best possible outcome.** However, this focus on defining the process can overshadow the need to establish the desired results first. Only after the criteria for success is first defined should the process best able to achieve those criteria be selected.

The importance of choosing the process after defining the successful outcome is a unique aspect of contracting solid waste services. Unlike commodities, where pricing for a uniform product is easily compared, factors such as the necessary capital investment and access to permitted disposal and processing facilities represent significant variables that introduce financial and other risks in the procurement of solid waste contracts. Simply put, we recommend establishing the criteria for success prior to the ultimate selection of the process by which the RWMA member jurisdictions achieve those criteria.

## **2. Overall satisfaction with RYS services**

### **2.1. Acknowledgement that RYS is a good company, provides good service**

### **2.2. Recognition of RYS community involvement and support**

### **2.3. Concern for impacts to existing employees should there be a change in contractor**

The consensus from elected officials, public participants and even representatives of other interested parties within the solid waste and recycling industry was the overall satisfaction with the services provided by RYS. In particular, the residents appreciate the level of service provided by RYS, which is perceived by many to exceed expectations (assistance with moving carts, acceptance of additional materials when needed, consistency of service and politeness of employees).

Additionally, there is consensus that RYS sets the bar for community involvement and support of community events. The level of participation by RYS employees is emulated by other companies in the region.

Concern for the displacement of current employees was also expressed, as the RYS employees are residents and neighbors. There is apprehension that if another contractor were to be awarded the contract, it would result in the unemployment of community members.

## **3. Presentations from interested parties within the Solid Waste and Recycling industry**

One or more representatives from GSM, RI and Republic attended each of the nine public forums and uniformly expressed concern regarding the tenure of the current contractor without competitive procurements being conducted as well as the collection service rates and advocated for a new contract to be awarded through a competitive procurement process.

**3.1. Representatives of RI and Republic made comments regarding the tenure of the current contractor without having been put out for competitive procurement**

The tenure of a contractor without competitive procurements being conducted is a rationale often used by interested parties when seeking an opportunity to acquire new business. Conversely, the long tenure of a contractor is also a rationale often used by incumbents to highlight their familiarity with the region, service record and community support. A long tenure of the contractor is not an inherent plus or minus. There are long-term contracts that provide excellent value and service; there are long-term contracts that are over-priced and under-perform. The same applies to new contracts. With a long-term contract, concerns arise when the following conditions are present:

- a) the contract language is out of date (e.g., the agreement is twenty-years old) and does not meet the current needs of the community
- b) the contract is mature (15, 20, 30 years old) and the rates have not been reviewed or reset. In this case, if there is an automatic, index-based rate increase methodology, over a long period of time the rate increase trend can exceed the market rates
- c) the contractor under-performs and there is not a mechanism within the contract language to address performance, service, diversion and other issues

Throughout California, companies including Burrtec, Recology, Republic, Waste Management and others operate under contracts that have not been put out to bid. The contracts are often acquired over time. For example, in Elk Grove, the contract was awarded to BFI, which was then acquired by Allied Waste, which was then acquired by Republic. There is no inherent issue, either good or bad, with this type of contract. What is important is that the contract is updated regularly, the rates are monitored and controlled, and mechanisms exist to guarantee performance.

**3.2. Input regarding rate comparisons and current rate review/rate setting process**

These questions are addressed in Sections C and E.

**3.3. Questions about the current diversion rate and recycling programs**

The industry participants expressed concerns over the current diversion rate, citing a 7% diversion rate for commercial recyclables. While the exact tonnage of commercial recyclables is not available, as curbside residential and commercial recyclables are collected together, the following data is available regarding the overall diversion rate for calendar year 2015:

*Table 1: RYS Diversion for Calendar Year 2015*

<b>Total Tons Collected</b>	148,250
<b>Total Tons Diverted</b>	53,143
<b>Diversion Rate</b>	36%

The figures provided in the table above represent only one component of the overall diversion reported to CalRecycle (there are additional measurements that capture diversion achieved above and beyond what the hauler reports, such as commercial businesses recycling cardboard or wood pallets through

programs not managed by the hauler). For 2015, the RWMA reported a 70% diversion rate to CalRecycle for the Yuba-Sutter region.

A new agreement presents an opportunity to address commercial recycling and ensure that all programs meet or exceed the requirements of AB 939, AB 341 and AB 1826. Additionally, enhanced reporting requirements should be included in new agreement language such as the outreach, education and reporting documentation necessary for compliance with AB 341 and AB 1826.

### **3.4. RI recommendation that service levels be reduced to Every Other Week Recycling and Green Waste collection**

Every Other Week (EOW) recycling and green waste collection is a program offered in some jurisdictions in California and elsewhere. The rationale behind offering this approach to recycling and green waste collection is that the program will a) reduce operation costs, and b) reduce wear and tear on roadways. While some these benefits are realized, there are typically limitations to the overall results.

#### **3.4.1 Impact on Operating Costs**

When EOW service was first promoted in the late 1980's and early 1990's, the participation rates in the recycling and green waste programs were much lower, both in the volume of material and the set-out rates, which made EOW service a viable option. Because carts were typically less than half-full and often set-out less than half of the time, EOW collection made sense. However, given the current participation rates in the RWMA area, there are several factors that limit the overall operational and fiscal benefit associated with EOW service. For example, while recycling and green waste is collected every other week, the material is not generated every other week. The volume typically remains the same.

What does this mean? Consider the following assumptions (please note that these are generalities intended to illustrate a point--averages are used, and variances in any given week could impact the amount of green waste collected on any given route, impact the number of households per load, etc. While the exact numbers might vary, the general principles still apply):

- In 2015, 5.9 routes were used weekly to collect an average of 23.4 pounds of green waste-per-week from the approximately 39,604 households (88% of all households) setting out green waste carts.
- Given the number of routes and pounds-per-home, and the typical collection vehicle's payload, an estimated 1.98 loads of green waste-per-route would be collected from an estimated 1,342 households-per-route-per-day.
- In practical terms, a collection vehicle would leave the yard (parking area) in the morning to start a designated route, collect one load of green waste from approximately 671 households, deliver the load to the transfer station or other designated facility, return to the route, collect a second load of green waste from the remaining 671 households on the route, deliver the load to the transfer station or other designated facility, then park the truck.

In an EOW program, the average pounds per home generated in any given week would not be expected to change, so the volume would be expected to double to 46.8 pounds. The number of participating households would also be expected to remain the same. The hauler would not be able to use the same

routes as are currently used in the weekly collection program, because the truck's payload would be reached after approximately 335 households as opposed to the 671 households in a weekly collection program. Because the payload limit would be reached sooner, additional breakaways from the route would be required to empty the truck. The additional breakaways would reduce the time on route, which would ultimately reduce the number of households that could be serviced on that route, thus increasing the number of routes required. The estimated impact is as follows: 6.8 routes would be required to service 1,165 households-per-route-per-day, with 3.4 loads-per-route.

However, because only one of the two materials (green waste and recyclables) is collected per week, in theory the drivers and collection vehicles currently assigned to collecting the other material (recyclable vehicles on green waste week, and green waste vehicles on recyclables week) would become available. If the combined 12.7 routes (5.9 green waste routes and 6.8 recyclables routes) were used for biweekly collection of green waste, the estimated impact would be as follows: 12.7 routes could service 624 households-per-route-per-day, with 1.8 loads-per-route.

Both of the scenarios above –the EOW service with the minimum number of routes, or the EOW service utilizing all available drivers and collection vehicles – would require adjustment in practical application. The EOW service with the minimum number of routes used in this scenario would likely require at least one, if not two, additional routes to ensure that all routes could be completed given fluctuations in tonnage and seasonal factors. The EOW service using the combined available trucks would exceed the level of service required and fewer trucks would likely be used. Whether adding routes to the current 5.9 or reducing routes from the combined 12.7, the number of routes would likely end up in the range of 8 to 10.

Ultimately, the EOW service option could result in the reduction of routes (including the associated collection vehicles, maintenance costs and staffing costs), a minimal reduction in fuel required to provide service (positive benefit minimized by increased “windshield time” or time on the route), no impact to the cost of processing, and limited reduction of road impacts, which is described in detail in 3.4.2.

Table 2: Comparison of Weekly and EOW Green Waste Collection

	Weekly Service (Using 2015 Data)	EOW Service (using min. routes)	EOW Service (max. 12.7 routes)
Pounds of Green Waste per household (2015)	23.4	46.8	46.8
Households participating in Green Waste program	39,604 (45,004 households at 88% set-out rate for green waste)	39,604	39,604
Number of routes	5.9	6.8	12.7 (Using 2015 designated green waste & recycling collection vehicles)
Estimated households per route	6,713 (39,603.52 households divided by 5.9 routes)	5,824	3,118
Estimated households per route per day	1,343 (6,712.5 households per route divided by 5 days)	1,165	624
Estimated loads per route per day	2.0 (assuming average truck payload of 8 tons or 16,000 pounds, 683.8 households with 23.4 pounds per house can be collected per load, or 341.9 households with 46.8 pounds per house)	3.4	1.8
Additional time for breaking away from route = Estimated 50 minutes per load (each load additional load requires a round trip to the transfer station or green waste facility, as well as any wait time for emptying collection vehicle)	N/A	100 minutes	N/A
Additional route(s) required due to additional break away time	N/A	.98 (5.9 routes X 100 minutes /route = 9.8 hours, assuming 10 hour routes)	N/A

Similarly, when the impact to residential recycling routes are calculated using the same approach shown in the table above, the loads collected from the existing 6.8 routes would increase from an estimated 1.07 loads per route per day to collecting 1.92 loads per route per day. This additional volume, and associated increase in windshield time, would result in an increase in the number of routes required from the current 6.8 routes to an estimated 7.4 routes. Allowing for seasonal fluctuations and other variances, the same estimated 8 to 10 routes as shown for the Green Waste program above would be needed to accommodate the impact of two weeks' worth of recyclable material.

In summary, while there would be a combined overall reduction in the costs associated with the eliminated routes, the cost reduction would add up to approximately 25% of the collection component of the services (vehicle, maintenance, staffing). The remaining costs would benefit from little, if any,

reduction. The solid waste collection and disposal, and the green waste and recycling processing costs would remain the same. Conservatively, the portion of overall residential service costs associated with the green waste and recyclables collection could go down between 5% and 7%.

One additional factor to consider when looking at the specific impact of an EOW program for RWMA jurisdictions is the predominant use of 32 gallon carts for residential solid waste collection. With the significant financial incentive associated with the use of this smaller cart size, there may be a correlated high level of contamination in the recycling and green waste carts. Residents who run out of room in the solid waste cart may be choosing to place trash in the recycling and/or green waste cart(s) instead of upgrading to the larger, more expensive solid waste cart. Assuming the continued level of customers choosing the 32-gallon cart service level for solid waste collection, the level of contamination currently found in the recycling and green waste carts will more than likely increase.

### **3.4.2 Limited Impact on roadway wear and tear**

Much like the limited impact on collection efficiency, an EOW program provides less of a reduction in roadway wear and tear than might be anticipated. While a full study would have to be commissioned in order to precisely measure the current and expected impact on roadways, the following diagrams demonstrate the practical limitations of benefits EOW service would have on roadway usage. The primary reason for this is the increase number of loads per route, as described in the 3.4.1 above, resulting in either the need to split routes previously serviced by a single truck, or requiring the single truck to break away from the route more frequently to unload the increased volume of materials. The more times a route truck has to leave the route to unload the collected tonnage, the more roadway usage is required.

The following diagrams represent the basic flow of a collection vehicle while servicing a route. Each rectangle represents a portion of a route serviced while collecting a single load. Please note that a route would not be constructed in this rudimentary fashion, however the resulting increase in trips to the transfer station or other facility can be understood through the scenarios depicted in the diagrams below.

- In the first diagram, a single truck services a route that generates two loads of material on a weekly basis. Two weeks of this service are shown.
- In the second diagram, a single truck is shown servicing the same route on an EOW basis. The doubling of volume requires two additional breakaways for unloading the material from the truck.
- In the third diagram, two trucks are shown servicing the same route on an EOW basis. Each truck collects two loads of material.

Figure 1: Weekly Service, One Truck, One Route

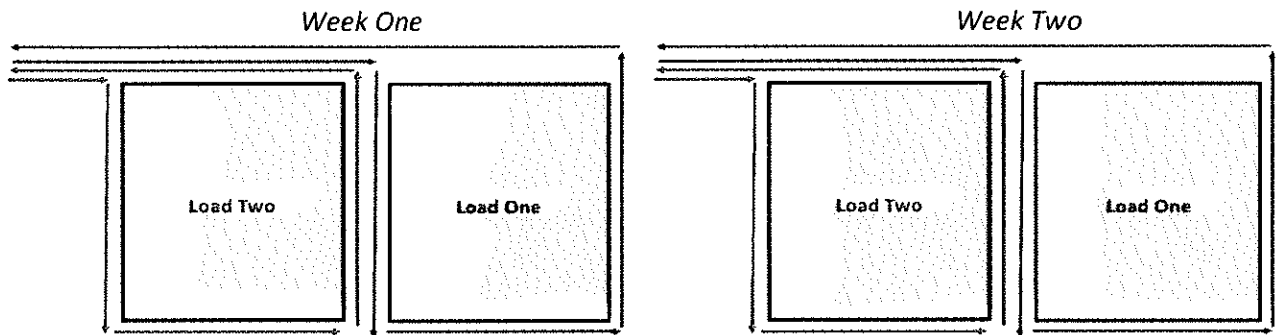


Figure 2: Every-Other-Week Service: One Truck, One Route

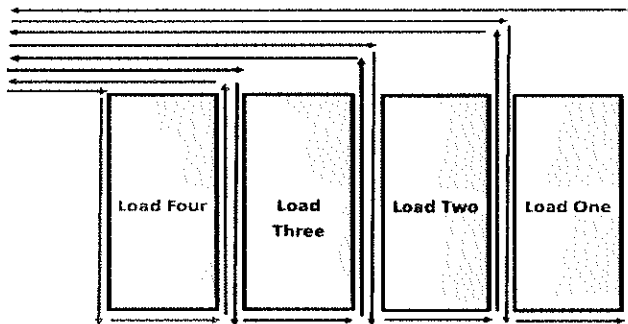
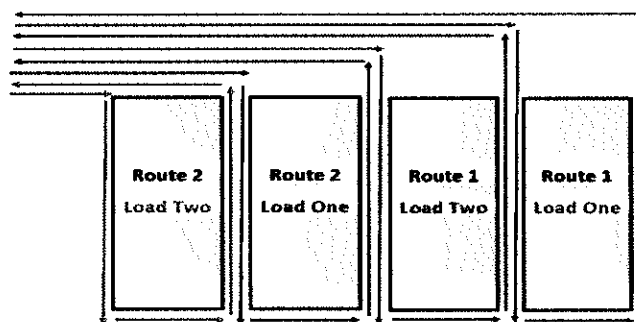


Figure 3: Every-Other-Week Service: Two Trucks, Two Routes



The diagrams provide a visual representation demonstrating why EOW service does not cut road impacts in half. While certain roads within a route may have a one-third reduction in collection vehicles per week (2 collection vehicles instead of 3), the roadways used for travel to the transfer station or facility have the same level of usage, whether there is weekly or EOW collection. Ultimately, there may be a 25% reduction in impact to some roadways, however there is little, if any, reduction in impact to roads leading to and from the route.

### **3.4.3 Additional factors associated with EOW service**

One consideration associated with an EOW program is that there can be confusion among residential customers regarding whether recyclables or green waste is scheduled for collection any given week. This can result in a decrease in residential diversion program participation, as one of the industry-recognized factors for successful diversion program implementation is ease-of-participation. For residents with a longer distance between the home and the curbside, confusion over which cart should be placed at the curb on any given week could result in a decision not to place the green waste or recycling cart out at all.

While this last factor would be less likely to occur in the RWMA jurisdictions due to the majority of residential customers using the 32-gallon solid waste carts, there can be a negative impact on diversion rates due to customers placing green waste or recyclables into the solid waste cart. While two weeks' worth of recyclables and green waste are generated between collections, the size of cart is not doubled (unless home owners elect to add additional carts). If space in the green waste or recyclables carts run out before collection or the odors associated with the increased storage time of green waste cause a homeowner to choose not to keep the green waste for two weeks, the overages or odorous materials might be placed in the solid waste container. This would not only potentially reduce diversion rates, but could also increase the cost of services as disposal costs increase due to the additional weight of non-solid waste materials.

### **3.5. Request that contract be awarded through competitive procurement process, and 3.6. Republic requests "even playing field" by removing existing infrastructure advantages**

It is almost a certainty that when a solid waste and recycling agreement nears its end, interested companies will promote competitive procurement while the incumbent will advocate for an extension or renegotiation. Any given hauler can be promoting procurement in a competitor's jurisdiction while at the same time defending their own long-term contracts from competitors. Competitors always want procurement. Incumbents always want an extension or renegotiation.

This is why it is important that any given jurisdiction determines the best course of action independent from the advocacy of the hauling industry, and why a decision should address the best interest of the ratepayers as opposed to the interests of competitors or incumbents.

Similarly, competitors typically request that procurements be conducted without the benefit of existing infrastructure and assets, so as to "even the playing field". For example, competitors prefer for a procurement process to require the purchase of all new collection vehicles while the incumbent will advocate for the continued use of collection vehicles that are in good condition.

Ultimately, jurisdictions are left to determine what is in the best interest of the ratepayers. If an incumbent's existing assets result in a benefit to the ratepayer, and the only beneficiary of removing the existing assets and infrastructure is to other participants in a procurement process, the good of the citizen outweighs the benefit to the competitor. And, if the introduction of new assets or infrastructure benefits the jurisdictions and ratepayers, the good to the citizens outweighs the elimination of a benefit to the incumbent.

It should be noted that facilities currently used to serve the RWMA member jurisdictions will eventually need to be replaced. A discussion regarding the implications of replacing an aging infrastructure is included in Section D.



**3.7. RI recommends having winning contractor pay the cost of competitive procurement process (estimated at \$100-\$150K)**

Often, the cost of a competitive procurement process is paid by the successful contractor. However, it is important to keep in mind that ultimately, the cost of the procurement is factored into the overall cost of the contract and is either directly or indirectly borne by the ratepayers with a mark-up.

This recommendation is typically made to ensure that the costs associated with a procurement process are not a barrier to a jurisdiction opting to move forward with the process. While the cost of a renegotiation is typically half that of a procurement, either a procurement or renegotiation can result in compliance, service and financial benefits for the jurisdictions and ratepayers. However, the impetus for entering either process should be the desired outcome for the jurisdiction and ratepayers, not because there is an opportunity to pass the cost on to the successful proposer in a competitive procurement process.

**3.8. RI recommends an open-market commercial system, where any permitted hauler could provide service, offering competitive rates not-to-exceed a set maximum rate**

In areas with high density, where numerous hauling companies operate in neighboring jurisdictions, it can make sense to implement an open market system. However, even in some of the largest markets, with the greatest density and number of local, competitive haulers, the trend is to move away from open market systems to either exclusive or districted franchise systems (exclusive franchise system is a single hauler, districted franchise system is when a jurisdiction is divided into geographic districts and individual haulers are awarded the franchise for a designated district). Recently, cities including Los Angeles, San Diego and Glendale have either completed or initiated the process to move from open market commercial programs to franchise commercial contracts.

An open market system is not recommended for RWMA jurisdictions for the following reasons. First, there is a lack of density and relatively few hauling companies operating in neighboring jurisdictions, both of which are necessary for a successful open market program. The lack of density and proximity eliminate the economies of scale associated with open markets in other regions. Additionally, the reason other municipalities are moving away from an open market approach are factors of importance to the RWMA jurisdictions. First, open market systems result in increased impacts to roadways, with multiple operators deploying collection vehicles on the same street. Second, it is difficult to monitor and enforce safety, diversion and financial compliance with open market systems.

**3.9. GSM representative states that even a \$0.50 per month savings would be in the best interest of the community and justify RFP process**

While rates are one of the factors important to residents, our experience shows that a cost/benefit analysis is conducted by all interested ratepayers and decision makers, and a reduction in rates must achieve a certain threshold in order to justify a change in service providers (assuming that there are not service or other issues with the service provider that trigger the change). This cost/benefit analysis is the mechanism used to establish what is valued by stakeholders. For example, a 10% reduction in rates may or may not be enough of a savings to warrant the risks associated with a transition. However, a 30% or higher reduction may increase (and likely ensure) the stakeholders willingness to make a change.

One way that a procurement process addresses the various costs and benefits associated with a proposed service agreement is to establish weighted criteria for the required proposal components. For example, the following is the average weightings that have been applied in some of our most recent procurements:

*Table 3: Sample Proposal Evaluation Criteria*

Component	Proposal Evaluation Criteria	Maximum Evaluation Score
1	Responsiveness to RFP	Pass/Fail
2	Experience and References	10%
3	Customer Service and Community Programs	25%
4	Operating and Diversion Programs	25%
5	Price Proposal	30%
6	Program and Service Enhancements (offered at no additional charge)	10%
7	Legal and Regulatory Disclosures	Noted
8	Financial Information and Requirements	Noted
9	Materiality of Exceptions to Draft Agreement	Noted
10	Additional Program and Service Options (offered at additional charge)	Noted

The weighting of evaluation criteria is established to create an objective, numerical representation of what the stakeholders value. For example, a procurement where community involvement is highly valued may include higher weighting for component #3. Or, a procurement conducted for a community where participating proposers have established strong reputations for their capabilities, service, programs and community involvement may weight component #5 higher, as the price may be the most relevant differentiator.

When the criteria and weighting shown above is applied in a procurement process, a Price Proposal differential typically must be at least 10 or 15% in order to impact the outcome, assuming all other evaluation criteria components are rated within a comparable range. However, a Price Proposal differential of less than 15% is typically not enough to overcome similar ratings in the other categories.

The scenario described at the Community Forum – a savings of \$0.50 per month, the equivalent of a \$6.00 per year rate decrease, represents a 2% reduction for RWMA residents. This amount is simply not enough for most stakeholders to consider making a change, with all other things being equal.

It is important to note that while a jurisdiction can control the weighting criteria that are established prior to the release of an RFP, there is no ability to control or guess what the resulting proposal

submittals will include. Rates could represent a savings of \$0.50 per month. They could represent a savings of \$3.00 per month. They could also represent a rate increase. Without the benefit of a highly competitive regional market, with existing and proximate infrastructure, economies of scale are difficult to achieve.

### **3.10 RI requests subcontract to process recyclables, and**

#### **3.11 Request for separate commercial and residential collection agreements**

Currently, RYS has flow control over materials collected, including recyclables. Should the RWMA jurisdictions decide to conduct a competitive procurement process, the option is available to allow participating companies to propose for all or part of the services covered under the services agreement. Typically, in this scenario, proposers would be required to provide pricing and current infrastructure capabilities for any or all components of the agreement, with pricing proposed for individual and, if applicable, aggregated service components.

This scenario could also be applied to offering the opportunity for proposers to choose to offer commercial and/or residential service proposals. There are jurisdictions in California that choose to utilize separate services, either because a competitive procurement offering the option of proposing for one or both services resulted in two different companies emerging as successful proposers, or because the jurisdiction prefers to split the services. In some cases, a jurisdiction will provide residential services conducted by its own employees and using its own assets, and only franchises the commercial services.

While the examples provided above occur, the predominant approach is to utilize a single contractor for all franchise services. This is a best practice for the following reasons:

- A single agreement typically results in the best value for rate payers. There are economies of scale associated with operating a single management team, a single fleet maintenance facility, the ability to spread fixed costs over a larger set of collection activities, etc.
- A single agreement requires less jurisdiction (or in this case, RWMA staff) management time. There is a single set of operational, diversion, compliance, financial and other reports, reviews, points of contacts, etc. This factor is particularly relevant for the RWMA, because each member jurisdiction enters into its own agreement with the contractor. Should the RWMA jurisdictions opt to have separate residential and commercial contracts, instead of up to six contract negotiations there will be up to twelve, or even eighteen.

### **3.12 RI requests clarification/disclosure of fees vs. base service rates (i.e. recycling, green waste, refuse, fees), and**

#### **3.13 Request from landlords for bills to be sent to both the property owner and occupant**

A request was made to include a complete breakdown of rate components and fees within the total rate paid for services on the invoices. A breakdown of residential service components by commodity (solid waste, recyclables, and green waste) collection is very uncommon within the industry. Typically, when a service provider proposes a rate, it is for a two-cart (i.e. solid waste and recyclables) or three-cart (i.e. solid waste, recyclables and green waste) program and the individual rates for each service are not delineated.

While there are a number of reasons why pricing for residential services is not commonly itemized, a frequent concern is that customers who elect not to participate in a component of the service (e.g. a customer who does not wish to have green waste collection service) may mistakenly assume that the green waste collection portion of the invoice is not applicable. However, rates are established within the context of the total cost of program for a population, and in most franchises, a resident's choice to forgo one or more components of the service offering does not entitle the resident to a rate reduction. Similarly, if a resident does not choose to utilize a bulky item collection or a free dump pass, there is no refund offered or available.

Although the itemization of a fee (or fees) is required in some jurisdictions, it is also common for jurisdictions to contractually prohibit haulers from delineating individual fees. The following is language from a current collection services agreement from another jurisdiction in California:

***Single-Family Billing***

*The Collector will bill all Single Family Dwellings directly on a quarterly basis, in advance. All bills must carry a due date, not "due upon receipt." Bill must be itemized, but may not designate that portion of a customer's bill attributable to the franchise fee as a separate item.*

The request from landlords for bills to be sent to both the property owner and occupant could be addressed in any new service agreements, at the direction of the jurisdiction, and with review and approval of the jurisdictions' attorneys. However, typically if a property owner prefers to manage the status of the bill, the bill is directed to the property owner and the owner includes the charges as part of the rental payment.

Ultimately, the determination as to how to structure the administration of billing is at the discretion of the RWMA member jurisdictions.

- 4. Some residents expressed the belief "competition always brings better pricing and service" while others expressed the belief "if it isn't broke, don't fix it" and satisfaction with the rates.**

This comment is addressed under 3.1 and 3.6.

- 5. Comment regarding the need to continue consideration of road conditions and impact of collection vehicles on infrastructure**

This comment is addressed under 3.4.

- 6. Program and service related comments and requests**

- 6.1 Request for continued free dump pass and neighborhood clean-up,**
- 6.2 Request for rural large green waste service that doesn't involve renting a dumpster,**
- 6.3 Request for free green waste drop-off location,**
- 6.4 Desire for recycling of plastic bags, and**
- 6.5 Desire for bin enclosures/secured bins**

The feedback provided above can be incorporated into any new agreement at the discretion of the RWMA jurisdictions, either as standard program components to be included in the proposed rates, or as optional programs offered at an additional rate.

**6.6 Request for food waste program for restaurants and residences, and  
6.7 Desire for increased multi-family recycling**

Food waste programs are a requirement of AB 1826 for commercial businesses that meet specified criteria. The option of providing a residential food waste program could be considered, however the associated costs of operating this type of program may exceed the benefit for RWMA member jurisdictions. Some municipalities have offered composting workshops and tools to assist residents who are seeking an alternative to sending food waste to the landfill.

Increased multi-family recycling is a requirement of AB 341 and applies to multi-family residences that meet specified criteria. Additional multi-family recycling programs that exceed the AB 341 requirements could be included as a component of any new agreement.

The passing of AB 341 and AB 1826 occurred after the drafting of the most recent model Collection Services Agreement. Language to ensure compliance with the required programs and related reporting will be included in any new agreement.

**6.8 Request for competitive price for taking sludge**

Pricing could be incorporated into any new agreement at the discretion of the RWMA jurisdictions and included as a component of the franchise, or pricing for taking sludge could be left as a private transaction between the generator and the facility operator.

## C. REGIONAL RATE COMPARISONS

### RWMA Market Population and Density

The following table compares the population, area and population density of neighboring counties. This information is helpful in understanding differences in rates and services, as the greater the population density, the lower the cost of service. Greater population density means there are more customers, creating greater economies of scale, and there is less area to travel, which reduces operating costs.

*Table 4: Population, Area and Population Density*

County	Population (2015 Estimate)	Area (Land) Square Miles	Density (population /square mile)
Colusa	21,482	1,151	19
Nevada	98,877	958	100
Yuba	74,492	632	110
Sutter	96,463	595	162
Yuba-Sutter Combined	170,955	1,234	130
El Dorado	184,452	1,708	100
Yolo	213,016	1,015	200
Butte	225,411	1,636	130
Placer	375,391	1,407	230
Sacramento	1,501,335	965	1,400

Sacramento County, while adjacent to Sutter County on the southern border, does not offer a suitable point of comparison for the RWMA member jurisdictions. First, the size and population far exceed that of the RWMA, and more importantly, the population density is 10 times greater than that of Yuba/Sutter.

In addition to higher population densities, especially in the urban service areas, Placer County rates were not used for the purposes of this study because a two-cart system is used, where green waste is collected in one cart and all other materials are placed in another. The material is then delivered to a mixed waste processing facility adjacent to the landfill where any non-contaminated recyclables are extracted and the contaminated materials and refuse is then landfilled. The collection system and pricing structure for this type of a system adds too many different variables to allow for a meaningful comparison.

Many haulers operate within Sacramento County, either to service the Cities of Citrus Heights, Rancho Cordova or Elk Grove or to provide commercial service as one of the city's franchised haulers (the City of Sacramento operates its own residential municipal solid waste and recycling collection operation). These

haulers include the industry's largest companies: Waste Management, Republic Services (which continues to operate under the name Allied Waste in certain jurisdictions), and Waste Connections, as well as Recology, California Waste Recovery Systems, Aces Waste Services and several other small operators.

The number of haulers and their associated infrastructure, along with the population density, creates a market where competition is high and cost of service is low. Given these factors, a comparison of rates and services within Sacramento County, and in particular the cities of Citrus Heights, Rancho Cordova or Elk Grove to those in the RWMA service area is not recommended.

## **Regional Rate Comparisons**

Although it is possible to normalize service rates to some degree, there are inherent challenges associated with solid waste and recycling program rate comparisons. For example, during the Public Forums, a rate comparison handout was distributed by interested parties within the solid waste and recycling industry that used the 64-gallon cart rate as the point of comparison. This approach created a perception that RWMA residential customers pay significantly higher rates than residents in other jurisdictions. However, the RWMA variable cart rate system was designed to discourage the use of larger solid waste carts by establishing the 32-gallon cart size as the standard size, and by providing a significantly lower rate to residents who use the 32-gallon cart instead of switching from the standard size to a 64 or 96-gallon cart. Thus, 78% of RWMA residential customers use the 32-gallon cart, and as a result they enjoy the associated lower rate.

Examples of the factors precluding a precise comparison include the following:

1. Differences in rate setting methodology: as described above, some rates are set to incentivize behavior (i.e. a significantly lower rate for the smallest MSW collection container to reward and promote recycling program participation), while other jurisdictions set rates based on actual operational, disposal and other related costs.
2. Differences in services provided: some jurisdictions offer Every Other Week (EOW) recycling and green waste collection, while others offer it weekly; some offer green waste collection for an additional charge. Some jurisdictions allow for refuse-only rates, while others require residential recycling service. Levels of Bulky Item collection levels, compost giveaways, community clean-ups and other services also vary.
3. Differences in jurisdictional requirements: various contracts require differing levels of municipal and community services such as the inclusion of services for government operations, the inclusion of community events services, etc.
4. Differences in the market: population density, availability of industry infrastructure, and proximity of existing collection operations can increase or decrease economies of scale.

Along with the challenges associated with conducting a direct comparison of base rates, the addition of unique local franchise, host and other fees can increase the difference between the total rates of various jurisdictions, which can add to the perception of rate disparities. Without the normalization of all the factors listed above, it is difficult to provide a meaningful comparison. There are simply too many

variables involved in service delivery for a basic listing of rates to provide significant insight into the value they represent to the residents and businesses located within RWMA member jurisdictions.

## Residential Rate Comparisons

Despite the inherent challenges, it can be useful to review rates within the context of a sampling of rates paid in the region. While this is by no means a precise measurement, this exercise provides some useful insight into the typical rates paid to the hauler.

The jurisdictions shown in this rate comparison were selected due to their proximity to the RWMA member jurisdictions, their comparable population density, and similar marketplace. The rates paid in jurisdictions located in other regions throughout the state reflect varying costs for operations, disposal, processing, etc., and therefore are not appropriate points of comparison. Jurisdictions with greater population density, such as those located in Sacramento County, are able to reduce the cost of service per household and benefit from a more competitive marketplace due to a larger number of local haulers. These factors would diminish the value and validity of a comparison. Additional information regarding these and other factors are referenced earlier in this section.

Two approaches were employed to provide a general point of comparison among the rates of the identified neighboring communities. First, the **base rate** for each size of solid waste cart service was compared. The base rate is the amount paid by the resident to the hauler for service and does not include franchise or other fees designated by the jurisdiction. The rate paid to the hauler is the industry-standard method of comparing rates. It is important to keep in mind that varying rate setting methodologies (i.e. variable cart rate) as well as service variations (i.e. EOW recycling and green waste services) should be considered when weighing the overall value provided to rate payers.

An additional element in comparing rates paid to the hauler is understanding the **effective rate**, which factors in the participation rates for each service level (cart size). The effective rate represents the average rate per household paid to the hauler for services. As described above, a surface level rate comparison might compare the rates for each of the service levels, but this approach does not consider pricing that is intended to promote the use of a smaller cart. In some cases, this approach establishes significant jumps in the rate between each cart size in order to incentivize customers to select the smallest size cart. When this is the case, it is not useful to compare the 64 or 96-gallon cart rate to the rates in a jurisdiction that utilizes a different rate methodology. Thus, the following table includes the effective rate paid to the hauler in each jurisdiction based on average participation rates for each cart size (32, 64 and 90/96 gallon).

As shown on Table 5 on the following page, the rate comparison indicates that RWMA base and effective residential rates are both within the norm. The value enjoyed by RWMA residential rate payers is further demonstrated when the base rate amount paid by the greatest proportion of households in each jurisdiction is compared, as shown below:

- RWMA: \$24.48
- City of Chico: \$25.53
- City of Oroville: \$26.69



- Butte County: \$30.08
- City of Colusa: \$33.64

The oversight of the RWMA member jurisdictions and the requirements of the current Collection Service Agreements has resulted in a demonstrably solid value for the residential ratepayers. In addition to RWMA member jurisdictions offering weekly recycling and green waste collection services, and because a large majority of customers pay the standard cart rate for the 32-gallon cart for solid waste services, over 75% of the RWMA households pay a base rate that is lower than the base rate paid by most residents in the other jurisdictions.

The RWMA rate provides further value when compared to the rates offered in the City of Chico, as the RWMA rate includes an unlimited number of green waste carts at no additional charge. Chico residents pay an additional \$2.58 - \$4.38 per month for green waste service, depending on lot size. In 2015, RWMA households participated in green waste collection services at a rate of 99% and had a set-out rate of 88%. Over 3,000 additional green waste carts are currently in use.

Table 5: Residential Base and Effective (Weighted) Base Rate Comparisons

Service Area	32-Gallon Cart		64-Gallon Cart		90/96-Gallon Cart		Effective (Weighted) Base Rate
	% of Customers	Base Rate	% of Customers	Base Rate	% of Customers	Base Rate	
RWMA (10-1-16)	78.4%	\$24.48	9.0%	\$36.72	12.6%	\$48.95	\$28.66
Butte County <sup>2</sup> (1-1-16)	13.7%	\$21.07	32.5%	\$24.66	53.9%	\$30.08	\$27.11
Colusa County <sup>3</sup> (7-1-2016)	7.9%	\$17.42	6.6%	\$29.05	85.5%	\$31.16	\$29.94
City of Colusa <sup>4</sup> (1-1-16)	25.7%	\$30.59	8.9%	\$32.13	65.5%	\$33.64	\$32.76
City of Oroville <sup>5</sup> (1-1-16)	15.7%	\$18.85	27.4%	\$25.00	56.9%	\$26.69	\$25.00
City of Chico <sup>6</sup> (7-1-16)	27.0%	\$17.98	49.9%	\$25.53	23.1%	\$30.83	\$24.72
City of Woodland <sup>7</sup> (1-1-16)	-	\$19.46	-	\$24.51	-	\$34.64	

<sup>2</sup> The Butte County rates are different in each of the jurisdiction's designated quadrants. The lowest rate for each quadrant was used for this comparison. Butte County rates include recycling and green waste service in higher-density "recycling zones", and offers recycling collection at an added cost in lower-density areas outside of "recycling zones". Recycling and green waste are collected EOW.

<sup>3</sup> The County of Colusa agreement includes EOW recycling collection.

<sup>4</sup> The City of Colusa agreement includes EOW recycling and green waste collection.

<sup>5</sup> The City of Oroville agreement includes EOW recycling and green waste collection.

<sup>6</sup> The City of Chico licenses two haulers to provide services. Recycling is collected weekly. Green waste collection is available for an extra charge ranging from \$2.58 - \$4.38 per month per cart depending on lot size.

<sup>7</sup> The City of Woodland offers weekly collection of solid waste, recycling and green waste. Street sweeping is billed with the residential rate and has been removed from the listed rates. Average cart participation was not available for Woodland.

## Commercial Bin Rate Comparisons

The base rate for commercial bin services in the RWMA member jurisdictions is approximately 33% higher than the average rates charged in the comparable jurisdictions for one 3-yard bin serviced once per week, and approximately 23% higher for the 4-yard bin. While some commercial customers benefit from the complimentary collection of recycling carts, which are collected as part of residential cart collection routes and/or cardboard bin service, this benefit does not represent a value equivalent to the rate differential.

Table 6: Commercial Rate Comparisons

Service Area	Commercial 3-yard bin, 1X week	Commercial 4-yard bin, 1X week
RWMA Jurisdictions	\$206.60	\$248.39
City of Oroville	\$195.99	\$245.46
Butte County <sup>8</sup>	\$109.43	\$142.75
Colusa City	\$137.62	\$183.51
Colusa County	\$175.62	\$234.18

The rate differentials could exist for a number of reasons, and should be examined within the context of the entire solid waste and recycling program contract. In addition to addressing any available opportunity to reduce commercial bin service rates, any new agreement should include additional commercial recycling programs, such as commingled recycling bin service and organic recycling service.

<sup>8</sup> The Butte County rates are different in each of the jurisdiction's designated quadrants. A simple average of the rates for each quadrant was used for this comparison.

## D. RWMA INFRASTRUCTURE AND MARKET ANALYSIS

### Franchise Infrastructure Requirements

Critical local infrastructure components are required to effectively support the administrative, collection, processing and disposal activities associated with a municipal solid waste operation. Each component of infrastructure serves an important role as follows:

- **Hauling (Collection) company yard** where collection and support vehicles are parked, serviced and maintained. This facility also typically houses the administrative offices for employees, including accounting and billing, customer service center, supervisorial staff, drivers and helpers and maintenance staff. This facility can be co-located at a solid waste facility or may be a stand-alone facility centrally located in the service area. These facilities are not complex to build and do not require the same level of permitting and regulatory oversight as solid waste facilities (e.g., transfer station, MRF, compost facility, landfill, etc.).
- **Transfer station** for the receipt of solid waste, yard waste, C&D and other materials from large collection vehicles (e.g., route trucks), and smaller private vehicles (i.e., self-haul customers). These facilities are more complex than a corporation yard in terms of their permitting, construction, and regulatory oversight. Materials offloaded here by various collection vehicles and self-haul customers are consolidated and reloaded into transfer trailers for shipment to another facility either for processing or disposal purposes.
- **Material Recovery Facility (MRF)** for the processing of recyclables collected from residences and businesses. These facilities may be stand-alone or co-located at a solid waste facility, typically a transfer station but in some cases at a landfill. A public buy-back and drop-off center for recyclables is also typically located at a MRF. The permitting and construction of MRFs is similar to that of a transfer station, though MRFs are usually more capital intensive with processing equipment (e.g., conveyors, specialized screening systems, magnets, balers, etc.) installed onsite. The permitting and regulatory oversight can be complex depending on the types and quantities of materials processed.
- **Composting operation** for the processing of yard waste, wood waste and related materials into mulch and compost products. These types of facilities historically were more low-tech and less capital intensive but increasingly are more capital intensive and subject to extensive permitting and regulatory oversight.
- **Landfill** for the receipt and disposal of solid waste delivered by collection vehicles, self-haul customers and larger vehicles such as transfer trailers and end-dump trailers. These facilities are very capital intensive, difficult to site and permit and are subject to a high level of regulatory oversight.

#### 1. Hauling (Collection) company yard

A company yard should be designated as a component of any new agreement. The current facility, which is owned and operated by RYS, is structurally impacted due to its location on a closed landfill. The

company has the option of refurbishing and remodeling the existing facilities to accommodate the requirements of a new service agreement, or relocating to a new site. In order to establish more direct control and flexibility regarding its contracting options, the RWMA member jurisdictions could consider the option of developing and owning a new facility and contracting with the selected franchise hauler to operate out of that facility, or they could require the construction of a new facility as part of any new agreement. Whether provided by RYS through a new agreement, provided by the selected proposer in a competitive procurement process, or built as part of a public/private partnership by a selected proposer in a competitive procurement, a company yard that is in close proximity to the service area should be required.

## 2. Transfer Station/MRF

There are currently two existing transfer station/MRF permits in the Yuba-Sutter region.

- RYS currently has a solid waste facility permit (#58-AA- 0008) to operate the **Recology Yuba-Sutter Integrated Waste Recovery Facility** in Marysville, which is structurally impacted due to its location on a closed landfill. The facility is permitted as a Large Volume Transfer/Processing Facility (MRF) with the ability to receive construction and demolition (C&D), mixed municipal waste, tires, green materials and wood waste between 5:00 am and 9:00 pm, Monday -Sunday (16 hours/day, 7 days/week). The permitted maximum throughput is 1,870 tons per day, and has a design capacity of 1,870 tons per day and a permitted capacity of 1,615 tons on 7.1 acres. The permitted traffic volume is 975 vehicles per day.
- RI currently has a solid waste facility permit (#51-AA- 0008) to operate a **Recycling Industries Transfer Station** in Yuba City. The facility is permitted as a Transfer/Processing Facility (MRF) with the ability to receive source separated recyclables between 7:00 am and 5:00 pm, Monday -Saturday (10 hours/day, 6 days/week). The permitted maximum tonnage is 100 tons per day, and it has a design capacity of 500 tons on 3.0 acres. The permitted traffic volume is 238 vehicles per day. The facility is prohibited from receiving mixed solid waste from collection vehicles, and may not accept more than 10% putrescible material. While the permit as described above is in place, the facility is still under development and construction has not yet been started.

While the RWMA member jurisdictions could choose to own a new transfer station facility, the existence of two permitted facilities eliminates the impetus to undergo the permitting and construction of a new transfer station. The provision of a MRF/transfer station facility, whether owned by the franchisee, or contracted, with the permitted and technical capacity to accommodate the total RWMA member jurisdiction volume (solid waste, recyclables, organic materials, and C&D materials, including projected growth during the term of the agreement), should be required in any new agreement.

## 3. Composting Operation

There are currently two composting operations in the Yuba-Sutter region.

- RYS currently has a Solid Waste Facility Permit (58-AA-0015) to operate Feather River Organics in Marysville, which has increased infrastructure and operating costs due to its location on a closed landfill. This facility is a composting facility (mixed) and is allowed to accept food waste and green materials between 5:00 am and 9:00 pm, Monday -Sunday (16 hours/day, 7

days/week). The maximum throughput is 400 tons per day with a total capacity of 64,000 tons on 15 acres.

- GSM currently has an Enforcement Agency Notification (58-AA-0022) to operate the Green Solutions and More composting operation in Olivehurst. The facility is a composting operation (green waste) and is allowed to accept green materials Monday through Friday between 7:00 am and 5:00 pm, (10 hours/day, 5 days/week). The maximum throughput is 200 tons per day with a total capacity of 20,000 tons on 26 acres. There are limitations associated with a Notification Permit, as GSM would not be able to accept green waste collected through a residential curbside collection program because the contamination levels exceed the amount allowed.

While the RWMA member jurisdictions could choose to own a composting operation, the existence of two existing operations eliminates the impetus to undergo the permitting and construction process required for a new operation. Guaranteed access to composting capacity (or another method of processing organics) is a requirement for any franchise hauler. Demonstrating this access would be included as part of any new agreement. As the owners and operators of existing facilities, RYS and GSM would be automatically guaranteed capacity. Any other company would either have to negotiate a per-ton rate with RYS or GSM (assuming GSM secures the appropriate permit) for composting of RWMA member jurisdiction tonnage, go through the process of permitting and constructing a composting operation, or ship the material to another facility, which would add transportation costs.

#### **4. Landfill**

Recology currently has a solid waste permit (58-AA-0011) for Recology Ostrom Road Landfill located near Wheatland. The landfill is permitted to receive agricultural waste, construction and demolition debris, contaminated soil, industrial waste, mixed municipal waste, sludge, tires and other designated materials between 6:00 am and 7:00 pm each day. The landfill is permitted to receive a maximum of 3,000 tons per day, and an annual average tonnage of 2,700 tons per day (based on 365 days).

While a landfill is part of the overall system necessary for all solid waste programs, the owning and operating of a landfill is not a requirement. Guaranteed access to landfill disposal capacity is a requirement. Demonstrating guaranteed disposal capacity through the entire contract term would be included as part of any new agreement. As Recology is the owner and operator of Ostrom Road Landfill, RYS is anticipated to automatically be guaranteed capacity and is able to benefit from an internal disposal cost. Any other company would either have to negotiate a per-ton disposal rate with RYS to dispose of RWMA member jurisdiction tonnage, or ship the material to another landfill, which would add transportation costs.

### **Local Infrastructure Capacity and Demand**

The following tables are provided to show the demand for capacity of each collected material compared to the existing infrastructure. In Rate Year 2015, RYS reported the following data regarding the tons of material collected<sup>9</sup>:

---

<sup>9</sup> Data does not include non-RWMA collection tons.

Table 7: Rate Year 2015 Material Collected (Projected)

Material	Tons per Year	Average Tons per Day <sup>10</sup> (TPD)
Solid Waste	115,924	446
Recyclables	19,998	77
Green Waste	27,779	107

Table 8: Regional Infrastructure Capacity and Demand

Yuba/Sutter Counties Facility	Solid Waste		Recycling		Green Waste	
	Permitted Throughput TPD	Average TPD Required	Permitted Throughput	Average TPD Required	Permitted Throughput	Average TPD Required
Recology Landfill	3,000	446				
RYS Transfer Station	1,870	446	1,870	77		
RI Transfer Station			100	77		
RYS Composting					400	107
GSM Composting					200	107

It is important to note the following:

- The RYS hauling yard, MRF/transfer station and compost facility all have increased infrastructure and operating costs due to their location on a closed landfill. In any new agreement, if RYS is the contractor, the costs of maintaining or relocating facilities would be a factor impacting rates. However, as described in Section E, any proposer would assume all ongoing risks and costs associated with proposed facilities under a new rate setting methodology.
- While the RI Transfer Station’s current permitted daily throughput exceeds the 2015 average daily recycling tonnage, any new agreement would require the contractor to demonstrate capacity for estimated tonnage increases over the term of the contract. Additionally, time to complete the development and construction of the facility would be required.
- Under its existing Enforcement Agency Notification, GSM would not be able to accept green waste collected through a residential curbside collection program as the contamination levels exceed what is allowed. GSM would need to initiate and complete the process of obtaining the necessary permit required to accept this type of green waste.

<sup>10</sup> Based on a five-day week, 52 weeks per year (while some collection activity takes place on the weekend, the bulk of the tonnage is collected Monday-Friday).

## **Public/Private Partnership**

Should the RWMA member jurisdictions wish to pursue a public/private partnership for the hauling yard or any other facility, two of the approaches the jurisdictions might consider would be as follows:

### **1. RWMA Member Jurisdictions Permit, Design and Construct New Facilities**

In this scenario, RWMA member jurisdictions would self-fund and manage the permitting, design and construction process. This would require a significant amount of capital for the costs associated with each phase of construction. Contractors would be hired to identify the location, conduct the permitting process, manage the architectural and engineering process, and construct the building.

### **2. Selected Contractor Permits, Designs and Constructs New Facilities**

In this scenario, the selected proposer would fund and manage the permitting, design and construction process, then depreciate the costs over a long-term contract term. The facility would then be turned over to the RWMA member jurisdictions at the end of the contract term. All future contracts would include the operation of the facility, while the RWMA member jurisdictions would own the facility. The primary benefit of public ownership of the solid waste system infrastructure is that it will provide the jurisdictions greater control over all aspects of franchised services including the term of future service agreement(s).

## **E. ITEMS TO ADDRESS UNDER ANY NEW AGREEMENT**

In this section we discuss agreement components that could be considered for inclusion in any future agreement. They represent either opportunities identified through the review of comparable agreements in other jurisdictions or industry best-practices. Additionally, new legislation impacting recycling programs has come into place since the current agreement was drafted. Language to address these requirements is provided.

### **1. Standard Residential Solid Waste Cart**

We recommend reconsidering the standard residential cart size of 32-gallon cart. This could be accomplished through a new contract that would transfer this decision to the hauler. Reconsidering the standard cart size is recommended for two primary reasons. First, this could result in reducing the cost variance between the 32-gallon and larger refuse cart sizes, which is currently structured in this manner to heavily incentivize use of the smallest cart size.

The second reason to explore changing the standard cart size and incentivized cart size is the level of contamination that currently occurs in the RWMA recycling and green waste programs. It is important to note that at the time this program was initiated, a strong financial incentive for selecting the 32-gallon cart size was considered an industry best practice. The prevailing belief was that customers would increase their recycling levels in order to reduce the amount of materials they placed in their solid waste cart, which would allow for a smaller cart and the associated reduced price.

However, the current approach, intended to incentivize residents to only pay for the amount of MSW collection they need, has resulted in a significant number of households choosing to continue with the standard 32-gallon refuse cart provided. In the RWMA service area, 78% of the residents choose to continue with the standard 32-gallon cart option. Instead of increasing cart size and cost to match the actual level of waste generated in the household, many customers may be placing the waste overflow into the recycling cart. This could be a significant factor in the greater than 25% contamination rate in curbside recycling tonnage. This contamination not only decreases the RWMA's diversion, it also increases operating costs, as the commingled material (solid waste and recyclables) is transported and processed with recyclables, and then ultimately landfilled.

### **2. Rate Setting Methodology**

The preferred approach for rate setting is a policy decision for elected officials. The balancing of rates within multiple jurisdictions that include rural customers can be approached in different ways. Some jurisdictions elect to designate zones with rates that correspond to the cost of providing service. Other jurisdictions choose to have a single rate for all customers. Should the RWMA member jurisdictions choose to renegotiate the existing contract or conduct a competitive procurement process, the rate setting approach should be defined.

The balancing of rates between commercial and residential customers should reflect actual costs associated with providing services. It is critical that any rate setting methodology be reviewed by RWMA member jurisdictions' attorneys to ensure full compliance with Proposition 218 regulations.

The selected approach for cost distribution among residential rate payers, as well as the selected methodology for all other rate setting would be detailed in the forms specifically prepared for the any



new RWMA agreement. The completed forms, following the established approach, would be required for submission with a financial proposal. Proposed rates would include all risk for market fluctuations, increases in costs, decreases in commodity value, changes in labor rates, etc. The proposed rate would be fully vetted to evaluate their reasonableness and competitiveness through the review of a detailed proforma submitted with the financial proposal forms.

### **3. Rate Adjustments for Solid Waste and Recycling Collection**

There are various approaches to rate adjustment procedures. The current approach utilizes a periodic detailed rate review, with interim multi-index-based rate adjustments. Because periodic rate reviews with cost-plus parameters can produce unpredictable costs, and in many cases provide little incentive for the contractor to reduce expenses, an exclusively indexed-based rate increase is recommended, as described below.

#### **3.1. Index Based Rate Adjustments for Solid Waste and Recycling Collection**

A multi-index rate adjustment method, similar to the approach currently used by the RWMA jurisdictions for rate increases in between the detailed rate reviews is recommended. With this method, the cost of operations is separated into several categories (i.e. collection, disposal, fuel, etc.). Each category is then weighted based on the relative percentage value of the total cost. Each category is associated with a specific index and the change in that index is used to calculate the acceptable adjustment of the cost category. The change in each index is then multiplied by the percentage weight for each category. The sum of the results will produce a percentage adjustment by which the new collection rates are to be adjusted.

The multi-index approach uses only indices that affect solid waste and recycling operations which tend to produce rates that are adjusted in a more efficient and equitable manner.

#### **3.2. Extraordinary Rate Increases**

Under a multi-index rate adjustment system, the total contractor compensation is established upon initiation of the contract and adjustments to the total compensation are based on the established indices only. The contractor assumes all risks associated with the cost to provide services.

Extraordinary rate increase language can be customized to limit the allowable opportunities to trigger the process, and include provisions for the RWMA member jurisdictions to pursue other options. For example, if the transfer station a contractor used for RWMA member jurisdiction tonnage had a catastrophic fire, the cost of rebuilding the transfer station would be fully borne by the contractor and its insurer. If, during the time required to rebuild the transfer station, the contractor incurred additional transportation costs to ship the tonnage to an interim facility, agreement language could either prohibit the contractor from seeking an extraordinary rate increase, or include a provision that would allow the RWMA member jurisdictions to seek an alternate facility or service provider of its choice to avoid the increase in costs.

### **4. Recommended Agreement Language**

Additional recommendations for agreement language additions or changes identified during the review of the model CSA and the identification of best practices in other comparable agreements are provided below:

#### 4.1 Add definitions for AB 341 and AB 1826.

*“AB 341” means the California Jobs and Recycling Act of 2011 (Chapter 476, Statutes of 2011 [Chesbro, AB 341]), also commonly referred to as “AB 341”, as amended, supplemented, superseded, and replaced from time to time.*

*“AB 1826” means Chapter 727, Statutes of 2014 [Chesbro, AB 1826]), commonly referred to as “AB 1826”, as amended, supplemented, superseded, and replaced from time to time.*

#### 4.2 Add definition for AB 1594 and address elsewhere in Agreement as it relates to use of green waste. See language below that summarizes key requirements of the law.

*“AB 1594” signed into law in September 2014, states that effective January 1, 2020, the use of green material as alternative daily cover (ADC) does not constitute diversion through recycling and shall be considered disposal. This same law also requires jurisdictions by August 1, 2018 to provide an update in their electronic annual report to CalRecycle regarding how they will “divert green material that is being used as alternative daily cover.”*

#### 4.3 Add related contract language for AB 939, AB 341, et al compliance as follows:

*Sample language from franchise agreement executed in 2015:*

##### **AB 939, AB 341, AB 1846 and Local Ordinance Compliance**

*Contractor shall perform all education, outreach, monitoring, and reporting for all Commercial and Multi-Family properties as required by AB 939, AB 1826, AB 341, and any applicable ordinance and as more fully set out in Section X, and in Exhibit X. Contractor has developed, and shall implement and update as necessary a Diversion Plan as provided in Exhibit X that, among other things supports and educates Multi-Family and Commercial Customers on both State and local requirements. Contractor shall provide all necessary reporting relating to the jurisdiction’s compliance requirements pertaining to AB 939, AB 1826 and AB 341, and as it affects the County’s Integrated Waste Management Plan, as required by Section X.*

*Sample language taken from a Solid Waste Franchise Agreement dated June 16, 2015:*

##### **Integrated Waste Management Act (AB 939) Compliance**

*The Contractor shall provide, upon request, all necessary reporting data requested by the County relating to the County’s compliance requirements pertaining to AB 939, SB 1016, AB 341, or AB 1826 as it affects the jurisdiction’s Integrated Waste Management Plan and the jurisdiction’s SRRE. Such report shall be provided to the jurisdiction within thirty (30) days of such a request. The Contractor shall cooperate in activities requested by the jurisdiction to measure diversion of Solid Waste from landfills including, but not limited to, providing a location for conducting waste sorting at the Contractor’s facility, re-routing trucks on a temporary basis to facilitate composition analysis. Such report shall include throughput, recovery rates per material type, residue, costs, Recyclable Material commodity values, and final disposition of Recyclable Materials. The Contractor shall also supply any other information reasonably requested by the jurisdiction to meet State or Federal regulatory requirements and the reporting requirements of the jurisdiction’s SRRE, as those requirements may be amended from time to time.*

**AB 341 and AB 1826 Compliance**

*CONTRACTOR shall maintain records of all public education, outreach, and monitoring activities for all commercial accounts as required by AB 341 and AB 1826, and other applicable laws.*

*Sample language that related to general reporting requirements:*

*As set forth in this Article, CONTRACTOR shall submit reports to the jurisdiction on solid waste collection and disposal, recyclables collection, and green waste collection to assist the jurisdiction in meeting the reporting requirements of AB 939, SB 1016, AB 341, AB 1826 and other applicable laws. The CONTRACTOR shall provide, upon request, all necessary reporting data requested by the jurisdiction relating to the jurisdiction compliance requirements per the aforementioned laws. Such reports shall be provided to the jurisdiction within thirty (30) days of such request.*

**5. Article 6.07.2 Bulky Item Service**

Add language requesting that the Contractor maximize the diversion of bulky items.

**6. Public Space and Public Event**

Additional requirements, standards and limitations could be considered.

## F. SUMMARY AND RECOMMENDATIONS

The current RWMA model CSA is well-written and the agreement is well-managed, resulting in demonstrable value for residential rate payers, customer satisfaction and consistent diversion results. However, opportunities exist to update agreement language to address new diversion requirements, reduce member jurisdiction costs and risks associated with infrastructure, review rate structure, including an evaluation of the standard cart size for residential curbside customers.

### Decision Points

The RWMA member jurisdictions are approaching key decision points, with options including:

- Triggering a four-year contract extension,
- Entering into sole-source negotiations with the current contractor,
- Conducting a competitive procurement process, or
- Conducting a hybrid process that attempts to achieve pre-established RWMA objectives and process milestones through sole-source negotiation, with a competitive procurement activated should the objectives not be achieved within the set timeline.

A contract extension of the current agreement is not recommended, as changes to the agreement should be addressed. An extension would only serve to delay this process. Establishing a new agreement can be achieved through any of the negotiation or procurement options selected by the RWMA.

Both a negotiation and a procurement process offer the potential for enhanced offerings and service innovations, as well as the opportunity to include new contractual language regarding rate setting and adjustment methodologies, which will reduce the risks of ongoing rate adjustments. However, there are inherent positives and negatives associated with each approach. The following are some of the factors to consider:

#### 1. Negotiation Process

A negotiation typically requires less time and resources than a competitive procurement process, which can be less costly to the jurisdictions (tax payers). There is also the benefit of rate certainty, as the negotiation is not completed until rates are agreed upon, and the RWMA member jurisdictions would reserve the right to trigger a competitive procurement if the negotiations are unsuccessful. The prospect of a competitive procurement process serves as an excellent incentive for the current contractor to successfully complete a negotiation process. Opting for a negotiation process can help to avoid the rancor that often accompanies competition for large public contracts. However, this process can also be perceived as favoritism, or as lacking transparency.

#### 2. Competitive Procurement Process

A competitive procurement process can be perceived as more transparent than negotiations, and can introduce new approaches to service delivery should a new company be the successful proposer. A competitive procurement also allows the RWMA member jurisdiction to see what impacts a competitive process can have on rates. However, this opportunity to test the market is not without risk. There is rate uncertainty in a competitive procurement. Sometimes the proposed rates are lower, and sometimes they are higher. In the RWMA area, there are a number of factors that could impact the ability for

competitors to offer lower rates. For example, the lack of existing local competitor infrastructure within the RWMA area serves as a barrier to entry. Any new contractor would incur the costs associated with developing the necessary infrastructure and providing the necessary permitted capacity to accommodate RWMA solid waste, recycling and green waste tonnage.

Additionally, up to this point, interested companies may have considered the potential of an RWMA competitive procurement process as an opportunity to offer pricing that would be lower than an effective rate more in line with typical ratios of cart-size subscription. In other words, if the typical base rate of an RWMA resident is \$36.72 or \$45.95 (RWMA 64-gallon and 96-gallon cart base rates), a competitor would anticipate a promising opportunity to propose better rates. However, as shown in Section C, over 75% of RWMA residents pay a base rate of \$24.48, with weekly recycling and green waste collection services. Offering similar or lower base rates while maintaining service frequency could prove difficult.

## **Next Steps**

Should the RWMA member jurisdictions choose to forgo the option to extend the current agreements and choose to pursue a new model agreement at the end of the current term, there are several actions that should be taken regardless of whether a negotiation or a competitive procurement process is used. These preliminary steps should be developed and agreed upon by all participating member jurisdictions in advance of the process. By establishing consensus regarding the desired outcome and establishing the criteria for success prior to starting either a negotiation or a competitive procurement process, it is possible to conduct the process in a more efficient and effective manner. Pre-established criteria would feature, at a minimum, the following components:

- a scope of services, including minimum service requirements and the desired framework for the new agreement (i.e. contract term, facility requirements, etc.);
- modifications of agreement language (i.e. updated language regarding AB 341 et.al., revised rate setting and adjustment methodology, etc.);
- negotiation and/or procurement process milestones including timelines (as an example, three months to achieve successful negotiations with current contractor prior to triggering a competitive procurement process, and/or twelve-month competitive procurement process, etc.); and,
- a definition of success (i.e. evaluation criteria for proposed service offerings, etc.).

In any contracting decision, the dual goals of service quality and competitive cost serve as a guide for the design of a negotiation or procurement process and the development of new agreement components. Ultimately, the long-term success of any new agreement is increased by prescribing the contracting decisions as much as possible, using clear quantitative and qualitative performance standards, and clearly spelling out the responsibilities and associated risks assumed by the contractor and the member jurisdictions.

## Potential Timeframe

The current contract term ends September 30, 2019. Because the RWMA member jurisdictions initiated the process of exploring the available options three years prior to the contract expiration, there is currently enough time to complete the steps necessary to enter into a new agreement. The process of developing new agreement requirements and establishing the criteria for success typically takes nine months to one year. Should the RWMA member jurisdictions choose to attempt negotiations with the current contractor, the process typically requires three to four months. If a negotiation process is not successful, or if the RWMA member jurisdictions choose to proceed directly to a competitive procurement process, the development and release of a Request for Proposals document, preparation of proposals by interested companies, evaluation of proposals, and selection of the successful company requires six to nine months. Finally, a transition period of at least six months is required. Combined, the process can take anywhere from 24 to 31 months.

*Table 9: Estimated Timeframe for Entering New Agreement*

Activity	Estimated Timeframe
<b>Developing new agreement requirements and establishing the criteria for success</b>	9 – 12 months
<b>Option of negotiating with current contractor</b>	3 – 4 months
<b>Option of conducting competitive procurement process</b>	6 – 9 months
<b>Transition period</b>	6+ months
<b>Total Estimated Timeframe</b>	<b>24 – 31+ months</b>

## Summary of Analysis and Recommendations

In conclusion, the following is a summary of our analysis and recommendations:

1. An extension of the current agreements is not recommended.
2. A transparent process for pursuing a new agreement can be achieved through both a negotiation with the current contractor and through a competitive procurement process. This decision is at the discretion of RWMA member jurisdictions. State law does not require competitive procurement for solid waste and recycling collection service. Prior to commencing a negotiation or procurement process, a detailed scope of work, definition of success (including evaluation criteria), and draft agreement should be pre-approved by each member jurisdiction.
3. When there is overall customer satisfaction with an incumbent hauler, it is our standard practice to recommend an attempt at renegotiation prior to initiating a procurement process. Typically, a timeframe is established during which the negotiations must be completed. Should the negotiations be unsuccessful, a competitive procurement process would commence.
4. The current agreement has been successful in supporting the member jurisdictions' diversion rates, as the RWMA is reporting a 70% diversion rate to CalRecycle for the Yuba-Sutter region. However, modifications to the language are required to address new legislation, including food

waste diversion and increased commercial and multi-family recycling, and to reduce the current levels of contamination currently occurring in the residential curbside recycling program.

5. The following options are not recommended for the RWMA member jurisdictions:
  - a. Every Other Week (EOW) recycling and green waste collection is not recommended, as the limited operational and roadway impact benefits are outweighed by the associated challenges.
  - b. An open-market commercial system is not recommended, due to the potential roadway impacts; the safety, environmental and financial compliance challenges; and, the lack of a market to support multiple operators.
  - c. Separate commercial and residential collection agreements are not recommended, as the economies of scale associated with a single commercial and residential collection service provider would be eliminated, and there is not the population density nor the existing, local competitive marketplace necessary to avoid a negative impact on rates. Additionally, separate collection agreements would double the number of agreements from six to twelve, which could be challenging.
6. Under the current agreement and RWMA oversight, competitive residential rates for this market have been achieved and maintained. The majority of RWMA residents pay a base rate, not including fees, that is less than the base rate paid in comparable markets. However, the commercial bin rate is higher than that in other markets, and although comingled recycling cart and cardboard bin services are offered and included, the effective rate is still higher than the rates offered in the other identified jurisdictions.
7. Any new agreement should require the provision of a hauling yard as well as guaranteed capacity at a transfer station/MRF, composting or other organics processing facility, and a landfill.
  - a. Because the incumbent hauler owns the only landfill located in the RWMA area, and the environmental and financial costs associated with transporting RWMA solid waste to another landfill out of the area would be high, there is risk associated with the disposal-cost component of a procurement.
  - b. There are risks associated with awarding a contract through competitive procurement to a proposing hauler that does not currently have permitted facilities with adequate capacity within the RWMA area. While this is typically handled through the requirement of pre-established contingency plans, there are risks that permitting could take longer than planned or that the costs of transporting materials could exceed anticipated costs. Additionally, if material was transported out of the RWMA area, the host fees associated with the facilities located in the RWMA area would be impacted.
  - c. While the two factors listed above represent a barrier-to-entry for other interested haulers in the solid waste and recycling industry, an attempt to remove the barriers would benefit the haulers, not the RWMA ratepayers. Ultimately, should the RWMA member jurisdictions

choose to conduct a competitive procurement process, the onus for providing guaranteed capacity for RWMA tonnage while also offering competitive rates is on the proposer.

8. RWMA ownership of facilities can provide future flexibility and potential cost savings. However, ownership comes at a price – either through a significant upfront capital outlay, or through entering into a long-term (20+ year) contract to allow a contractor to depreciate the capital costs in a manner that does not significantly impact rates charged to member jurisdiction residents and businesses. As a policy decision, the ownership of facilities would require consensus prior to any negotiations or procurement process, and necessitate extensive coordination among the member jurisdictions throughout the term of the contract and beyond.
9. RWMA may wish to reconsider the use of the current standard 32-gallon residential waste cart size as a reduction in the current rate variance between cart sizes could potentially benefit residents, and less costly access to larger solid waste carts could potentially reduce the contamination levels currently occurring in the residential recycling program.
10. A change in rate setting and adjustment methodology is recommended, moving from the current approach which includes periodic detailed rate reviews with index-based rate adjustments in interim years, to a set rate at the commencement of any new contract and a rate adjustment methodology using only a multi-index adjustment method. Agreement language would shift the risks associated with all service delivery costs, including those associated with the operating facilities, to the contractor and include a more narrowly defined approach to extraordinary rate increases.



## **Appendix A: Public Forum Outreach Materials and Presentation**

## **Public Input Now Being Sought Regarding Solid Waste Collection, Processing and Recycling Services**

The Regional Waste Management Authority (RWMA) will conduct a series of workshops during the month of August to get input from public officials, residents, and business and community leaders on available options to make sure those paying for services are getting the best value. These “best values” can be accomplished either through new Collection Service Agreements or by extending the current agreements, which could include changes in services and agreement components that make the most of programs and services, safety, regulatory compliance and other issues.

The public is invited to attend and participate in any of these workshops. Workshop participants will have the opportunity to ask questions, offer recommendations and participate in a focus-group style question and answer session to provide input regarding solid waste collection, processing and recycling services.

**For more information, contact:  
Keith Martin, RWMA Administrator  
(530) 634-6890 or keith\_martin@sbcglobal.net**

### **Community Workshops**

#### **Evening Community Workshop**

Monday, August 1, 2016, 7:00 - 9:00 p.m., Yuba City Council Chambers, 1201 Civic Center Blvd., Yuba City

#### **Day Time Community Workshop**

Wednesday, August 10, 2016, 2:00 - 4:00 p.m., Yuba County Board Chambers, 915 Eighth Street, Marysville

### **Business Workshop**

#### **Chamber of Commerce Government Affairs Committee Hosted Business-Focus Workshop**

Tuesday, August 2, 2016, 7:30 – 9:00 a.m., Sierra Nevada Room, Caltrans Building, 703 B Street, Marysville

### **Local Government Workshops**

#### **Sutter County Board of Supervisors**

Tuesday, August 2, 2016, 6:00 p.m. (Special Board Workshop)

#### **Yuba County Board of Supervisors**

Tuesday, August 9, 2016, 1:30 p.m. (Special Board Workshop)

#### **Yuba City City Council**

Tuesday, August 9, 2016, 6:00 p.m. (Special Council Workshop)

#### **Live Oak City Council**

Wednesday, August 10, 6:00 p.m. (Special Council Workshop)

#### **Marysville City Council**

Tuesday, August 16, 2016, 6:00 p.m. (Regular Council Meeting )

#### **Wheatland City Council**

Wednesday, August 17, 2016, 6:00 p.m. (Special Council Workshop)

# Yuba Sutter Recycles!

## **Regional Waste Management Authority Seeks Public Input Regarding Solid Waste Collection, Processing and Recycling Services**

The Regional Waste Management Authority (RWMA) will conduct a series of workshops during the month of August to get input from public officials, residents, and business and community leaders on available options to make sure those paying for services are getting the best value. These "best values" can be accomplished either through new Collection Service Agreements or by extending the current agreements, which could include changes in services and agreement components that make the most of programs and services, safety, regulatory compliance and other issues.

The public is invited to attend and participate in any of these workshops. Workshop participants will have the opportunity to ask questions, offer recommendations and participate in a focus-group style question and answer session to provide input regarding solid waste collection, processing, and recycling services.

**For more information, contact: Keith Martin, RWMA Administrator  
(530) 634-6890 or keith\_martin@sbcglobal.net.**

### Community Workshops

#### **Evening Community Workshop**

Monday, August 1, 2016, 7:00 - 9:00 p.m., Yuba City Council Chambers,  
1201 Civic Center Blvd., Yuba City

#### **Day Time Community Workshop**

Wednesday, August 10, 2016, 2:00 - 4:00 p.m., Yuba County Board  
Chambers, 915 Eighth Street, Marysville

### Business Workshop

#### **Chamber of Commerce Government Affairs Committee Hosted**

#### **Business-Focus Workshop**

Tuesday, August 2, 2016, 7:30 - 9:00 a.m., Sierra Nevada Room,  
Caltrans Building, 703 B Street, Marysville

### Local Government Workshops

#### **Sutter County Board of Supervisors**

Tuesday, August 2, 2016, 6:00 p.m. (Special Board Workshop)

#### **Yuba County Board of Supervisors**

Tuesday, August 9, 2016, 1:30 p.m. (Special Board Workshop)

#### **Yuba City City Council**

Tuesday, August 9, 2016, 6:00 p.m. (Special Council Workshop)

#### **Live Oak City Council**

Wednesday, August 10, 6:00 p.m. (Special Council Workshop)

#### **Marysville City Council**

Tuesday, August 16, 2016, 6:00 p.m. (Regular Council Meeting)

#### **Wheatland City Council**

Wednesday, August 17, 2016, 6:00 p.m. (Special Council Workshop)



**REGIONAL WASTE MANAGEMENT AUTHORITY SEEKS PUBLIC INPUT REGARDING SOLID WASTE COLLECTION, PROCESSING AND RECYCLING SERVICES IN THE YUBA-SUTTER AREA**

*Local government, business, non-profit organization, public agency and resident workshops scheduled*

The Regional Waste Management Authority will conduct a series of workshops during the month of August to obtain input from public officials; business and community leaders; and, residents regarding the future of solid waste collection, processing and recycling services in the Yuba-Sutter area. The public is invited to attend any of these workshops to participate in this dialogue.

RWMA member jurisdictions, including Live Oak, Marysville, Wheatland, Yuba City, Sutter County and Yuba County, each have existing Collection Services Agreements with Recology Yuba Sutter, which are scheduled to end September 30, 2019. However, there is an opportunity for RWMA member jurisdictions to trigger a four-year contract extension in July 2017, for the period of October 1, 2019 -September 30, 2023.

The purpose of the workshops is to gain public input regarding the options available to maximize value to ratepayers, either through a new or extended Collection Service Agreement, including changes in services and new, enhanced and increased agreement components that optimize programs and services, safety, regulatory compliance and other issues. Workshop participants will have the opportunity to ask questions, offer recommendations, and participate in a focus-group style question and answer session to provide input regarding solid waste collection, processing and recycling services.

The public feedback and recommendations from each workshop will be compiled into a comprehensive report that will be presented to the RWMA Board as they determine next steps in the process of either extending the current Collection Services Agreements, or entering into new Agreements.

The workshops are scheduled as follows:

**Community Workshops**

**Evening Community Workshop**

Monday, August 1, 2016, 7:00 – 9:00 p.m., Yuba City Council Chambers, 1201 Civic Center Blvd., Yuba City

**Day Time Community Workshop**

Wednesday, August 10, 2016, 2:00 – 4:00 p.m., Yuba County Board Chambers, 915 Eighth Street, Marysville

**Local Government Workshops**

**Sutter County Board of Supervisors**

Tuesday, August 2, 2016, 6:00 p.m. (Special Board Workshop)

**Yuba County Board of Supervisors**

Tuesday, August 9, 2016, 1:30 p.m. (Special Board Workshop)

**Yuba City City Council**

Tuesday, August 9, 2016, 6:00 p.m. (Special Council Workshop)

**Live Oak City Council**

Wednesday, August 10, 2016, 6:00 p.m. (Special Council Workshop)

**Marysville City Council**

Tuesday, August 16, 2016, 6:00 p.m. (Regular Council Meeting Agenda Item)

**Wheatland City Council**

Wednesday, August 17, 2016, 6:00 p.m. (Special Council Workshop)

**Business Workshop**

**Chamber of Commerce Government Affairs Committee Hosted Business-Focus Workshop**

Tuesday, August 2, 2016, 7:30 – 9:00 a.m., Sierra Nevada Room, Caltrans Building, 703 B Street, Marysville



**REGIONAL WASTE MANAGEMENT AUTHORITY SEEKS BUSINESS AND COMMUNITY LEADER INPUT REGARDING SOLID WASTE COLLECTION, PROCESSING AND RECYCLING SERVICES IN THE YUBA-SUTTER AREA**

The Regional Waste Management Authority will conduct a series of workshops during the month of August to obtain input from public officials; business and community leaders; and, residents regarding the future of solid waste collection, processing and recycling services in the Yuba-Sutter area. A workshop specific to commercial services will be hosted by the Chamber of Commerce Government Affairs Committee on August 2, 2016. Owners, managers and leaders of businesses, non-profit organizations and public agencies are invited to attend the meeting to participate in this dialogue.

RWMA member jurisdictions, including Live Oak, Marysville, Wheatland, Yuba City, Sutter County and Yuba County, each have existing Collection Services Agreements with Recology Yuba Sutter, which are scheduled to end September 30, 2019. However, there is an opportunity for RWMA member jurisdictions to trigger a four-year contract extension in July 2017, for the period of October 1, 2019 - September 30, 2023.

The purpose of the workshops is to gain public input regarding the options available to maximize value to ratepayers, either through a new or extended Collection Service Agreement, including changes in services and new, enhanced and increased agreement components that optimize programs and services, safety, regulatory compliance and other issues. Workshop participants will have the opportunity to ask questions, offer recommendations, and participate in a focus-group style question and answer session to provide input regarding solid waste collection, processing and recycling services.

The public feedback and recommendations from each workshop will be compiled into a comprehensive report that will be presented to the RWMA Board as they determine next steps in the process of either extending the current Collection Services Agreements, or entering into new Agreements.

**Business Workshop**

**Chamber of Commerce Government Affairs Committee Hosted Business-Focus Workshop**

Tuesday, August 2, 2016, 7:30 – 9:00 a.m., Sierra Nevada Room, Caltrans Building, 703 B Street, Marysville

Business and community representatives are also welcome to attend any of the following scheduled community and local government workshops:

**Community Workshops**

**Evening Community Workshop**

Monday, August 1, 2016, 7:00 - 9:00 p.m., Yuba City Council Chambers, 1201 Civic Center Blvd., Yuba City

**Day Time Community Workshop**

Wednesday, August 10, 2016, 2:00 - 4:00 p.m., Yuba County Board Chambers, 915 Eighth Street, Marysville

**Local Government Workshops**

**Sutter County Board of Supervisors**

Tuesday, August 2, 2016, 6:00 p.m. (Special Board Workshop)

**Yuba County Board of Supervisors**

Tuesday, August 9, 2016, 1:30 p.m. (Special Board Workshop)

**Yuba City City Council**

Tuesday, August 9, 2016, 6:00 p.m. (Special Council Workshop)

**Live Oak City Council**

Wednesday, August 10, 6:00 p.m. (Special Council Workshop)

**Marysville City Council**

Tuesday, August 16, 2016, 6:00 p.m. (Regular Council Meeting Agenda Item)

**Wheatland City Council**

Wednesday, August 17, 2016, 6:00 p.m. (Special Council Workshop)

# Regional Waste Management Authority

## Solid Waste and Recycling Services Workshop

August 2016



### Collection Service Agreements

- Regional Waste Management Authority (RWMA) Member Jurisdictions include Live Oak, Marysville, Wheatland, Yuba City, Sutter County and Yuba County.
- Each Member Jurisdiction has an existing Collection Service Agreement (CSA) with Recology Yuba-Sutter which include uniform provisions and a regional service rate setting process.
- The CSAs include the following:
  - Solid waste collection and disposal
  - Recycling collection and processing
  - Green waste collection and processing

2



### Key CSA Milestones

- The Collection Service Agreements with Recology Yuba- Sutter are all scheduled to end **September 30, 2019**.
- There is an opportunity for RWMA member jurisdictions to trigger a four-year extension of the current CSAs in **July 2017** for the period of **October 1, 2019 – September 30, 2023**.

3



### New Collection Service Agreements

- Should the RWMA member jurisdictions choose to NOT trigger an extension of the current agreement, a number of new contractual provisions could be required.
- Examples of potential contract components include:
  - Provision of new facilities
  - Alternative approaches to, or modifications of, the existing system
  - Alternative rate setting methodologies
  - New terms for the length of the contract and any potential contract extensions

4



### Options for Member Jurisdictions

- **Extend the current CSAs, with no changes to current terms of the agreement**, by triggering the four-year extension by July 2017. This would extend the current contract through September 30, 2023.
- Prior to the end of the current CSAs (September 30, 2019) **negotiate new service agreement** with Recology Yuba-Sutter that includes new contract provisions.
- **Conduct competitive procurement** in 2018, with new contract awarded in early 2019 (to allow for time for acquisition of equipment) prior to contract commencement date of October 1, 2019.
- **Conduct hybrid process:** Enter negotiations with current contractor using established set of performance and rate objectives; if agreement not reached by set date, initiate procurement process.

5



### Direct Negotiation of New Agreement

- State law does not require competitive procurement for MSW service
- Opportunity to negotiate directly with incumbent, or another qualified service provider
  - Avoids the rancor that often accompanies competition for large public contracts
  - Less costly to the jurisdictions (taxpayers) than RFP process
  - Certainty regarding negotiated rates
  - Possible appearance of favoritism/lack of transparency

6



## Competitive Procurement Process

- Well-defined process for securing municipal services
  - Develop Scope of Work for Request for Proposals (RFP)
  - Develop new Service Agreement as part of RFP package
  - Solicit proposals from all qualified service providers
- Possible Outcomes
  - Rate uncertainty: procurement process sometimes produces lower service rates, and sometimes produces higher service rates
  - Potential for service innovation
  - Correction of unfavorable aspects of prior agreement(s)
  - Competitive procurements are sometimes “messy”, providing a platform for those with vested financial and/or political interests to spread misinformation and undermine the integrity of the process

7



## Components of a Procurement Process

Scope of Services	1. To meet regulatory requirements	2. To meet customer demand
Evaluation Criteria	1. Experience 2. Facilities 3. Programs	4. Customer Service Program 5. Legal / Safety Record 6. Financial Ability 7. Service Rates
Create Documents	1. Stakeholder Input 2. Elected Input	3. RFP Document 4. Contract Document
Practical Considerations	1. Infrastructure Requirements 2. Term of Contract 3. Disposal Guaranty	4. Joint Powers (RWMA) or Individual 5. Management of new contract
Timeline	1. 12-18 months	

8



## Hybrid Approach

- Jurisdictions define criteria for “success” in new solid waste and recycling collection and processing services agreement
  - Desired scope of services
  - Desired service fees
- Negotiate with selected qualified service provider to achieve defined criteria
- Proceed to RFP/Competitive Procurement Process if negotiations are not successful

9



## Public/Private Partnership

- Private-sector management of public-sector facilities that can be achieved through procurement or negotiation
- Entails public development and ownership of solid waste and recycling infrastructure, and may include:
  - Collection vehicle parking, fueling and/or maintenance facilities
  - Operations office
  - Waste/Recycling Transfer Station
  - Recycling processing plant
  - Organic Materials Processing Facility
  - Construction & Demolition Processing Facility
  - Public Drop-Off Location and/or Hazardous Waste Service Location

10



## Purpose of Workshop/Next Steps

- The RWMA advisory board is now seeking public input regarding the current CSAs prior to consideration of the next steps.
- The purpose of these workshops is to obtain input regarding solid waste and recycling programs and services.
- The input from the nine RWMA workshops will be compiled and presented to the RWMA advisory board along with other research being conducted, including a comparative analysis of the terms and services found in the contracts and agreements used elsewhere, for referral to the member jurisdictions.

11



## Project Overview/Update

- Analysis of current agreement
- Review of other service agreements/contracts
- Obtain stakeholder input
- Conduct market analysis
- Develop proposed Scope of Services for review and input from jurisdiction staff, elected officials and RWMA Board.
- Describe and recommend options for the processes available to the RWMA member jurisdictions to achieve the new Scope of Services and desired outcomes
- Prepare a report summarizing available process options for achieving Scope of Services with recommendations for next steps.

12



## Discussion Points

- *Questions or comments regarding the timeline and process?*
- *Questions or comments regarding the process options?*
- *How do stakeholders define "value"?*
- *What aspects of the Collection Service Agreements are working? Not working?*
- *What new or enhanced services could add value?*
- *What modified services or other considerations could add value?*
- *Any service, safety or environmental issues?*
- *Any input regarding collection, processing or recycling?*
- *Household Hazardous Waste services?*

13



## Contact Information

To provide additional feedback, email:  
[CM@sloanvazquez.com](mailto:CM@sloanvazquez.com)

14

