



STAFF REPORT

Meeting Date: December 2, 2014
To: Honorable Mayor & City Council
From: Trish Rhay, Assistant Director of Public Works Services – Utilities
Michelle Tse, Senior Management Analyst
Subject: Assignment of the City's Solid Waste Franchise Agreement
Attachments: 1. Crown Disposal Letter
2. Crown Disposal Agreement

INTRODUCTION

Since 2004, Crown Disposal has a franchise agreement with the City to provide exclusive commercial solid waste disposal and residential solid waste processing services. The City recently received notice from Crown Disposal that the company is currently being acquired by solid waste company Recology. Crown Disposal has expressed interest in assigning the agreement for solid waste services to Recology.

DISCUSSION

Crown Disposal was originally awarded the exclusive service agreement through a competitive Request for Proposal ("RFP") process in 2004; the resulting eight year contract was set to expire in 2012. In 2010, the Agreement was re-negotiated and extended until March 31, 2018. The Agreement provides the City with two options to extend it on a month-to-month basis for up to 24-months each at the City's sole discretion. Therefore, the City may extend the Agreement for up to four additional years to March 31, 2022.

The City's agreement with Crown Disposal also includes provisions regarding assignment of the contract. For example, the proposed assignee, amongst other requirements, must provide the City with audited financial statements and record of solid waste management experience. Crown Disposal has expressed interest in executing the assignment to Recology. Representatives from Recology have expressed earnest interest to transition into the assignment by January 2015.

This item was discussed with the Public Works Liaison Committee ("Liaison Committee"), Councilmembers Brien and Mirisch, during the November 25, 2014 meeting. Options, both long term and short term, were discussed and included the following: possible assignment of the contract, seek another vendor to provide interim emergency solid waste services, or go through the RFP process to select a long-term service provider. The Liaison Committee expressed that it would be most prudent to re-evaluate the existing terms and negotiate interim terms and conditions with Recology

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during the transition. Concurrently, the City should work on a longer term solution to meet solid waste service needs.

Staff is recommending that the City Council establish an ad hoc committee to work with staff to negotiate interim terms and conditions with Recology. HF&H Consultants has worked with the City in the past to provide advice on solid waste matters and will continue to assist in this upcoming negotiating process. Areas of negotiation include discussions regarding contract term length, solidifying contract provisions to protect ratepayers and enhance service performance, as well as financial incentives.

FISCAL IMPACT

There is minimal fiscal impact for negotiating contract terms with Recology.

RECOMMENDATION

Staff is recommending the City Council establish an ad hoc committee and approval to begin discussions with Recology, who is in the process of acquiring the City's solid waste franchisee Crown Disposal Company, and has requested the assignment of the franchise agreement as part of the acquisition process.



George Chavez

Approved By