



Legislation Text

File #: 14-0786, Version: 1

Approve contract amendments to the service agreements with Recology Vacaville Solano and Solano Garbage Company to extend the terms by 10 years from January 1, 2015 to December 31, 2024 for garbage, recyclable, and green waste collection services in the unincorporated areas of the county; and Delegate signing authority to the Director of General Services to execute the amendments and any subsequent modifications or amendments to the service agreements that are administrative in nature

Published Notice Required? Yes No
Public Hearing Required? Yes No

DEPARTMENTAL RECOMMENDATION:

The Department of General Services recommends that the Board of Supervisors approve contract amendments to the service agreements with Recology Vacaville Solano and Solano Garbage Company to extend the terms by 10 years from January 1, 2015 to December 31, 2024 for garbage, recyclable, and green waste collection services in the unincorporated areas of the county; and delegate signing authority to the Director of General Services to execute the amendments and any subsequent modifications or amendments to the service agreements that are administrative in nature.

SUMMARY:

The County's 10-year term garbage service agreements with Recology Vacaville Solano and Solano Garbage Company (the "Contractors") expire on December 31, 2014. Solano Garbage Company provides garbage, recyclable, and green waste collection services to the unincorporated areas of Fairfield and Suisun. Recology Vacaville Solano provides garbage, recyclable, and green waste collection services to the unincorporated areas of Vacaville, Dixon, and Vallejo. Staff has spent the last eleven months negotiating the terms and conditions of the amendments with the Contractors. Approval of the proposed amendments (Attachments A, B, and C) will:

1. Extend the term of each agreement by 10 years from January 1, 2015 to December 31, 2024.
2. Maintain minimal, but pre-determined annual rate increases (3% per year rather than variable based Consumer Price Index increase).
3. Provide consistent, additional and/or enhanced services to customers that will also assist in reaching the goals outlined in the County's Climate Action Plan.
4. Establish additional recycling and diversion goal benchmarks in order to measure and evaluate progress towards reaching/surpassing the goals outlined in the County's Climate Action Plan.
5. Establish additional annual performance measures to gauge customer satisfaction with liquidated damages for failure to perform.
6. Increase insurance coverage and performance bond amounts.
7. Require all solid waste collections to be deposited in only Solano County landfills.

FINANCIAL IMPACT:

There is no cost associated with the amendments other than staff time. There is no change to the current Administrative Fees, commonly known as Franchise Fees, of 5%, which equate to approximately \$150,000 overall annually and are deposited in the Real Estate Services Budget (BU 1642).

DISCUSSION:

Background

In February 2005, the Board of Supervisors approved three service agreements for garbage, recyclable, and green waste collection services in the unincorporated areas of the county: two with Recology Vacaville Solano (formerly Vacaville Sanitary Service) and one with Solano Garbage Service. The agreements expire on December 31, 2014. The agreements were a result of the County's plan to implement new and improved solid waste diversion programs and mandatory collection services in order to comply with the requirements of the Integrated Waste Management Act of 1989 (AB939). AB939 mandated local jurisdictions to meet solid waste diversion goals of 25% by 1995 and 50% by 2000. Solid waste diversion can be defined as the waste stream diverted from landfill disposal through recycling. The penalty for not diverting at least 50% each year is a \$10,000 per day fine until the diversion goal is obtained.

Recycling and Diversion

In 2000, the County did not meet the 50% minimum solid waste diversion requirement, but was granted a time extension from the now defunct California Integrated Waste Management Board. Throughout the term of the service agreements, which commenced in February 2005, the County has exceeded the 50% overall diversion rate requirement as calculated by the California Department of Resources Recycling and Recovery (CalRecycle), which is one calculation for all combined unincorporated service areas (Attachment D).

In June 2011, the Board of Supervisors adopted a Climate Action Plan that set a goal of an overall diversion rate of 75% by 2020. Since the overall diversion rate calculated by CalRecycle does not distinguish between each Contractor's service areas, the proposed service agreement amendments establish new annual benchmark ratios to measure against each Contractor's waste collection data. The ratio calculation is the tonnage of solid waste collected to the tonnage of recyclable and green/organic waste collected (see details in Attachments A, B, and C). 2013 data was used to establish the initial 2015 annual benchmark with a 6% decrease each year thereafter (3% less solid waste should equate to 3% more recyclables for a net change of 6%). A 2:1 ratio would mean there is twice as much solid waste tonnage being collected as recyclables/green/organic waste.

To further evaluate the recycling and diversion efforts, the Contractors will conduct bi-annual waste characterization studies on the waste and recyclable collections, which will indicate the type and level of solid waste or recyclable comingling by the customer. If any annual benchmark is not met, the Contractors will perform community outreach efforts to educate customers about the benefits and necessity of diversion. The Contractors will be able to recoup the cost of the community education outreach through temporary rate adjustments to the customers as a means to encourage and motivate customers to be aware of and improve recycling behavior at the source.

Additional Services

All three current service agreements are very similar but there are some differences to what services are being provided to customers. For example, in the current contract for the unincorporated area of Vallejo, customers are provided 18-gallon tubs without wheels or lids for recyclables while customers in all other areas are provided 64 or 96-gallon wheeled totes with lids. The additional services in the proposed amendments, as summarized below, provide more consistency throughout all three agreements (for *all* services provided, see the rate sheets - Exhibits B attached to the Amendments):

- Choice of 32-gallon (35-gallon in unincorporated Fairfield and Suisun) or 96-gallon solid waste wheeled toter.

- 96-gallon wheeled recycling toter (including Vallejo).
- More types of recyclable plastics can be disposed of in the recycling toters.
- Green waste toters in all areas.
- Comingled organic and green waste.
- Used household batteries will be collected curbside.
- BOPA items (Batteries, Oil, Paint, Antifreeze), HHW (Household Hazardous Waste), and e-waste can be disposed of at a Contractor location.
- Free compost (up to one (1) cubic yard per year) will be available for pick-up at a Contractor location.
- One (1) free annual on-call bulky item curbside collection of up to two (2) bulky items (e.g., washer and dryer, refrigerator and stove, couch and recliner).
- Three (3) free annual dump passes (can be used at any time, individually or together); One (1) in Vallejo plus two clean-up days per year.

Vallejo Clean-up Days

Under the terms of the current agreement for the service area in unincorporated Vallejo, Recology provides a “clean-up day” four times a year, currently held at the Lemon Street Park and Ride location in Vallejo. At these clean-up days, customers without delinquent accounts can drop off up to four cubic yards of solid waste and bulky items free of charge. Some observations associated with the clean-up days are:

- The Lemon Street Park and Ride property belongs to Caltrans. Recology has been allowed to use it as long as Caltrans does not need it, but there is no guarantee that this site, or any other, will be available in the future.
- Recology incurs costs for labor, including overtime, fuel, and truck maintenance regardless of the number of participants or the amount of solid waste brought in. With the dump passes and bulky item curbside collections, Recology will only incur a cost when they are used, reducing unnecessary costs associated with inefficiencies. Reduced costs allow for additional services to be provided with less impact on rates.
- Solid waste brought in by participants may contain recyclables, which are not separated and therefore, end up in the landfill, which decreases diversion.
- For most customers, the clean-up days are not as convenient as dump passes and bulky item curbside collections.
- Dump passes appear to have been more effective: More solid waste was disposed of when dump passes were issued in 2007 and 2008 than any subsequent year when the quarterly clean-up days occurred (Attachment E).
- Those people that come to the clean-up days intending to dispose of solid waste and are turned away because they do not qualify for participation (not customers of the unincorporated area or delinquent on their accounts, etc.) may be contributing to illegal dumping in the area.

In an attempt to improve service and convenience for customers, a letter (Attachment F) was sent to all customers asking if they would support discontinuing the clean-up days in exchange for the three annual dump passes, one annual bulky item collection, and the e-waste drop-off services mentioned above. Only four of the 930 residential customers responded that they preferred the clean-up days.

To monitor and evaluate the effectiveness of dump passes versus clean-up days, the proposed amendment will replace two of the four clean-up days with an annual dump pass and an annual on-call bulky item curbside collection, and two annual clean-up days will remain - one in the spring and one in the fall. Data will be collected to determine the frequency of use and amount of waste tonnage collected by each program. After the first two years the County and Recology Vacaville Solano will review the data to determine which, if any, program should be phased out, adjusted, or continued.

Rates

In order to provide customers with the additional services described above, which are more convenient for customers and are anticipated to assist the County in reaching or surpassing its overall diversion rate goal of 75% by 2020, rates will be slightly impacted. Both Contractors are taking financial concessions in providing the additional services, but there will still be a slight rate increase from 2014. The residential rate changes for 2015 are shown in Attachment G. Exhibit B of each Service Agreement Amendment includes the full list of rates.

Under the current agreements, annual customer rate increases are based on the annual change in the Consumer Price Index (CPI) to offset the Contractors' increased operating cost of providing services over time. The CPI fluctuates from year to year, but the long term annual average (1913 to 2013) is approximately 3.22%. Instead, with the proposed amendments, the rates will increase a predictable and consistent amount of 3% annually unless a temporary charge is added for the Contractors' community education outreach as previously discussed. The Contractor's will provide notice to customers of the additional services offered and the rate adjustments prior to January 1, 2015.

Comparison to City Services and Rates

Staff's goal in negotiating terms and conditions was to obtain the same services provided within the incorporated cities or better at the lowest possible charge to the customer. For informational purposes, residential rates for 32-gallon and 96-gallon carts in the incorporated cities of Solano County are also provided in Attachment G. These rates cannot be directly compared to rates in the unincorporated areas because the customer base in the unincorporated areas is very small in relation to the customer base within the incorporated city limits. In addition, there is a much greater physical area that must be traveled to provide services to the unincorporated customers as the density is much lower than the incorporated areas. Therefore, the Contractors' cost of providing services to customers in some of the unincorporated areas is much higher: more time and travel equates to higher labor, fuel, and truck maintenance expenses.

ALTERNATIVES:

1. The Board could elect to not approve the amendments to the service agreements with the Contractors.
2. The Board could elect to modify terms and conditions of the amendments, which would require acceptance and approval by the Contractors.
3. The Board could elect to not delegate contractual signing authority to the Director of General Services. This action is not recommended because it would increase complexity of contract administration.

OTHER AGENCY INVOLVEMENT:

The Department of Resource Management assisted with the development of the amendments. County Counsel has reviewed the amendments as to form.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION