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NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Britt Ferguson for Nancy Watt - County Executive Officer
County Executive Office

REPORT BY: Greg Pirie, Local Enforcement Agency Coord, 253-4144

SUBJECT: Approve a Memorandum of Understanding with the City of Napa for use of the City's Material Diversion Facility, and a franchise for the collection of solid waste, recyclables, and green waste for Unincorporated Area of Garbage Zone One.

RECOMMENDATION

County Executive Officer requests the following concerning approving a franchise for the collection of solid waste, recyclables, and green waste in Garbage Zone One:

1. Open Public Hearing regarding the approval of a franchise to Napa County Recycling and Waste Services, LLC. for the collection of solid waste, recyclables, and green waste in the Unincorporated Area of Garbage Zone One, effective October 1, 2015; and
2. Close Public Hearing and adopt one resolution that will:
 - a. Approve and authorize the Chair to sign a Memorandum of Understanding with the City of Napa for the County's use of the City's Material Diversion Facility for the term October 1, 2005 through November 30, 2015; and
 - b. Approve and authorize the Chair to sign the franchise agreement for the collection of solid waste, recyclables, and green waste in Garbage Zone One to Napa County Recycling and Waste Services, LLC., effective October 1, 2005 through November 30, 2015 with an option for up to (4) one year extensions.

EXECUTIVE SUMMARY

On December 14, 2004, the Board authorized the County Executive Officer (CEO) to finalize a franchise agreement with Napa County Recycling and Waste Services (NCRWS). The CEO has finalized the franchise agreement with NCRWS and recommends the Board adopt a resolution awarding the franchise for the collection of solid waste, recyclables, and green waste in the Garbage Zone One to NCRWS effective October 1, 2005. The term of the franchise agreement will be from October 1, 2005 through November 30, 2015, with an option for up to (4) one year extensions, by mutual written consent of both parties to the agreement.

In addition, the resolution will authorize the Chair to sign a Memorandum of Understanding (MOU) with the City of Napa for the County's use of the City's Material Diversion Facility for the term October 1, 2005 through November 30, 2015. This MOU will be incorporated in the franchise agreement. The terms of the MOU, which NCRWS concurs with, will allow the current flow of recyclable material, including curbside recyclables and yard waste, to continue to be collected and transported to the same processing facility when the new franchise agreement becomes effective on October 1, 2005.

The previous Board agenda letter requested action on (1) approving a franchise and rate surcharge fee, and (2) service rates for collection of solid waste, recyclables, and green material.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Franchise Fees and Surcharges
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The recommended franchise fee of 10% of revenue for the duration of the franchise and a rate surcharge of 4.5 % of revenue for the first two years of the franchise will reimburse and offset costs expended from the County's General Fund for initiating and managing the franchise.
Is the general fund affected?	Yes
Future fiscal impact:	The estimated costs to initiate and manage the franchise is \$205,000 per year with offsetting revenue from the franchise and rate surcharge fee.
Consequences if not approved:	County would begin negotiations with the second or third ranked contractor as identified by the Board at the December 14, 2004 meeting, and have no agreement for material flow to the City of Napa MDF.
Additional Information:	None

ENVIRONMENTAL IMPACT

This activity is not a project requiring further environmental review per Article 20, Definitions, Section 15378 of the California Environmental Quality Act (CEQA 14 CCR 15378(a)).

BACKGROUND AND DISCUSSION

On December 14, 2004, the Board of Supervisors authorized the County Executive Officer (CEO) to finalize a franchise agreement with Napa County Recycling and Waste Service (NCRWS) to provide solid waste and recyclable collection services in the Garbage Zone One, located generally in the unincorporated areas of Napa County in the vicinity of the Cities of Napa and American Canyon. This action was taken pursuant to the recommendation of an Ad Hoc Selection Committee, composed of two members of the Board of Supervisors and

three County Staff Members, to award the Garbage Zone One solid waste and recyclable collection franchise to NCRWS. The Ad Hoc Selection Committee's recommendation was based on the results of a Request for Proposals (RFP) conducted by the County to select a new Garbage Zone One franchisee. (The current franchise agreement expires in September 2005.) The CEO has finalized the franchise agreement with NCRWS and recommends the Board adopt a resolution approving the franchise for the collection of solid waste, recyclables, and green waste in Garbage Zone One to NCRWS, effective October 1, 2005. The term of the franchise agreement will be from October 1, 2005 through November 30, 2015, with an option for up to (4) one year extensions, by mutual written consent of both parties to the agreement.

The attached resolution would also authorize the Chair to sign a Memorandum of Understanding (MOU) with the City of Napa for the County's use of the City's Material Diversion Facility for the term October 1, 2005 through November 30, 2015. The MOU will be incorporated into the franchise agreement. The terms of the MOU, which NCRWS concurs with, will allow the current flow of recyclable material, including curbside recyclables and yard waste, to continue to be collected and transported to the same processing facility when the new franchise agreement becomes effective on October 1, 2005.

MEMORANDUM OF UNDERSTANDING WITH THE CITY OF NAPA

For some time now, the County has been engaged in lengthy discussions with the City of Napa with a desire toward developing a MOU for the County to use the City's Material Diversion Facility (MDF) for recyclable material, including curbside recyclables and yard waste collected in Zone 1 by the County's franchisee or County staff. The County and City Staff have reached agreement on this issue. Below are the major elements of the MOU:

- | Continued delivery of recyclables and yardwaste to the City MDF by the new contractor for the County Zone 1 franchise.
- | One entity responsible for preparing reports for both parties that need to be submitted to the State.
- | Established per ton rates that are the same as proposed by NCRWS in their submittal to the County's Request for Proposal.
- | Materials that will be directed to and be processed by the City MDF include all recyclables and yardwaste collected by NCRWS in Zone 1 from residential and commercial customers in containers of 6 cubic yards or less.
- | The County may direct NCRWS to deliver other materials to the MDF such as bulky goods, tires, electronic waste, wood, and concrete collected in Zone 1.
- | If the City implements a food waste program, the County may direct food waste to the MDF.
- | No change in rates for the first two years.
- | If the City changes rates for recyclables or yardwaste after January 1, 2008, or if the rates change due to regulatory requirements, the County may terminate the MOU with 60 days notice.
- | County is responsible for paying the City for use of the MDF using ratepayer revenues.

The benefits of this agreement include:

- | Guaranteed fixed low rates for the first two years.
- | Accurate reporting documentation of materials received and used for state regulatory requirements.
- | Avoidance of traffic impacts if recyclables were transported up-valley and possible reporting difficulties if materials were transported out of the County.
- | Avoids need for expanded Environmental Impact Report if materials were transported to a different location.

FRANCHISE AGREEMENT

The proposed franchise agreement incorporates the key commitments made by NCRWS in its response to the County's RFP. Below are the major changes in service that will be provided in the new franchise agreement.

- | New garbage and recycling collection vehicles.
- | Automated garbage pick up using new 35, 64, and 96 gallon wheeled-carts for curbside garbage pickup to assist in replacing the 1, 2, & 3 can system.
- | Automated 64 and 96 gallon wheeled-cart pick up provided for the collection of curbside green waste.
- | Automated recycling material pickup using new 96 gallon wheeled-carts for curbside pickup. The new single-stream program will allow customers to place all recyclable material in one wheeled-cart replacing the three crate method of segregating and storage system.
- | Free electronics waste event for customer to drop off TV's etc. for recycling.
- | Holiday Green Material pickup.
- | Waste Tire Recycling.
- | Free garbage pickup at two County facilities.
- | Bulky Waste Pickup.
- | Food Waste Diversion Program.
- | The Public Education Program will be more extensive.

Rates for collection service are being set by your Board in a separate Board Agenda Letter on this agenda and are incorporated in the Franchise Agreement. Rates include: \$15.88 per month for a 32 gallon can; \$23.82 for a 65 gallon can; and \$35.73 for a 96 gallon can. These rates will be fixed for two years and then will increase based on the increase in the Consumer Price Index (CPI) for the San Francisco Metropolitan Area. The franchise agreement also includes a provision that provides for liquidated damages in the event the franchisee does not meet the performance criteria set forth in the agreement.

The franchise agreement also includes a specific mechanism for receipt of payments from the rate payers. In accordance with the Lock Box Agreement at Exhibit J of the Franchise Agreement, Vintage Bank will control the amounts paid to the Contractor by the rate payers within Zone One. The funds received from the rate payers will be sent to a Post Office box or if payment is made by credit card then the amount will go directly to the Lock Box Bank Account. Funds will not be released by Vintage Bank without written instruction issued by the Contractor and approved by the County. Per the lockbox agreement, payments from the lock box will be issued in the following order:

1. Amounts invoiced to either the County or the Hauler by the Napa-Vallejo Waste Management Authority for the use by Hauler of the Devlin Road Transfer Station.
2. Amounts invoiced to either the County or the Hauler by the Material Diversion Facility or other processing facilities utilized by Hauler and agreed to by County.
3. Bank service charges associated with providing the Lockbox and Lockbox Account services.
4. The Franchise fee and Surcharge fee owing to County as provided for in the Franchise Agreement.
5. The remainder, less the retained minimum balance, to Hauler.

SUPPORTING DOCUMENTS

A . Resolution

CEO Recommendation: Approve

Reviewed By: Britt Ferguson