



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Approve Business Points for Solid Waste Franchise Renewal
 MEETING DATE: May 7, 2008
 PREPARED BY: Public Works Director

RECOMMENDED ACTION: Approve business points described below for the solid waste franchise renewal.

BACKGROUND INFORMATION: In December 2007, the City Council directed staff to attempt to negotiate a renewal of the solid waste franchise with Central Valley Waste Services (CWVS). The intent was to do so before the required decision point (renew or bid) in the franchise agreement as this would give the City the most leverage in negotiating a favorable extension and still leave time to have a request for proposals prepared if the decision was not to renew.

Staff has met with CWVS representatives on several occasions with the following goals:

- Work with the existing franchise agreement framework
- No major changes in the basic services (i.e., the three-cart system) nor the rate structure
- Keep the rates where they are now; i.e., no increase
- Improve services to both individual customers for special trash removal, such as improvements to the voucher system, and the citizenry as a whole in terms of keeping the City clean

At the April 2, 2008 City Council meeting, a set of preliminary business points were presented to the Council and suggestions were provided to staff as summarize below.

- Involve employees in the franchise renewal discussions
- Limit the annual rate escalator to 80 percent of the change in the Consumer Price Index
- Contact other cities to determine the effectiveness of street sweeping provided under the solid waste franchise

Three meetings were held with staff and representatives of the Maintenance and Operators Unit. Agreement was reached to continue street cleaning and parks trash pickup operations utilizing City staff. With these goals in mind, the parties met and have agreed upon renewal business points. Staff is seeking Council direction on these points prior to drafting the actual renewal language.

- 1) Street sweeping – CWVS will pay to the City \$470,000 annually as reimbursement of costs associated with street sweeping, leaf pickup, downtown cleaning and bus stop trash collection. The amount of the payment will annually increase by 80 percent of the change in the Consumer Price Index. CWVS will waive the tipping fees charged for dumping the street cleanings and fall leaves, a value of approximately \$50,000.

APPROVED: _____

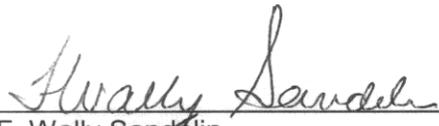
Blair King, City Manager

- 2) Parks trash collection – CWVS will pay to the City \$71,500 annually as reimbursement of costs associated with trash collection at City parks. The amount of the reimbursement will annually increase by 80 percent of the change in the Consumer Price Index.
- 3) City service – CWVS will service the trash containers/bins at City facilities, including parks, at no charge to the City, a value of approximately \$70,000.
- 4) Billing service – CWVS will continue to reimburse the City for a share of billing expenses, and the amount will annually increase by 80 percent of the change in the annual Consumer Price Index. For the past several years, the amount has been fixed.
- 5) Hazardous waste – CWVS will host quarterly electronic universal waste and annual household hazardous waste collection events at their Turner Road facility or other Lodi location.
- 6) Annual rate adjustments – will be 80 percent of the change in the annual Consumer Price Index.
- 7) Renewal term – is another eight years with one CWVS option to renew for an additional seven years. Staff recommends that the new term start January 1, 2009.
- 8) Technical ordinance revisions – CWVS has asked for clarification of some definitions of service classes.
- 9) Compactor rates – CWVS has asked for a new rate for servicing certain types of large trash compactors that are labor intensive.

The business points will need to be drafted into detailed terms in an amendment to the franchise agreement, including performance criteria and measures as appropriate. Pending Council direction, staff will attempt to have this done and brought back to the City Council for approval before the end of FY 08/09.

FISCAL IMPACT: The proposed terms will have a positive fiscal impact on the City and its taxpayers in the form direct cost savings of approximately \$120,000 and new revenues totaling \$541,500.

FUNDING AVAILABLE: Not applicable.



F. Wally Sandelin
Public Works Director

FWS/pmf

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May 2, 2008

Mr. Thom Sanchez
Central Valley Waste Services, Inc
P.O. Box 241001
Lodi, CA 95241-9501

SUBJECT: Approve Business Points for Solid Waste Franchise Renewal

Enclosed is a copy of background information on an item on the City Council agenda of Wednesday, May 7, 2008. The meeting will be held at 7 p.m. in the City Council Chamber, Carnegie Forum, 305 West Pine Street.

This item is on the regular calendar for Council discussion. **You** are welcome to attend.

If you wish to write to the City Council, please address your letter to City Council, City of Lodi, P. O. Box 3006, Lodi, California, 95241-1910. Be sure to allow time for the mail. Or, you may hand-deliver the letter to City Hall, 221 West Pine Street.

If you wish to address the Council at the Council Meeting, be sure to fill out a speaker's card (available at the Carnegie Forum immediately prior to the start of the meeting) and give it to the City Clerk. If you have any questions about communicating with the Council, please contact Randi Johl, City Clerk, at 333-6702.

If you have any questions about the item itself, please call me at 333-6709.



for: F. Wally Sandelin
Public Works Director

FWS/pmf

Enclosure

cc: City Clerk

Solid Waste Franchise Renewal “Business Points”

Lodi City Council

May 7, 2008

I. Background

- A. State law authorizes negotiated franchise agreements for solid waste
- B. City has historically negotiated franchise
- C. Current franchise runs to March 2010
- D. One-year notice required on renewal
- E. December 17, 2007 – Council directed staff to start negotiations early for best leverage, leaving time to rebid

II. Negotiation Goals

- A. Keep the same form and content of the existing franchise agreement
- B. Keep the same basic services and the rate structure
- C. Keep the current rates
- D. Keep or Improve level of service to individual customers for special trash removal and to the City

III. Draft Business Points

- A. Solid Waste, Green Waste and Recycling
 - 1. Same weekly frequency and 3-can system
 - 2. Up to 2 additional green waste and recycling carts will be provided at no cost
 - 3. One free visit voucher
 - 4. One Dollar Dump Day Event
 - 5. Annual curbside cleanup

III. Draft Business Points

B. Hazardous Waste

1. Quarterly electronic/universal waste collection events will be held at the Turner Road facility or another Lodi location

C. Billing Service

1. City will continue to charge \$20,000 per year to CVWS for billing customers
2. Billing charge will annually increase by 80% of the Consumer Price Index increase

III. Draft Business Points

D. Street Cleaning, Trash Collection and Leaf Pick Up Service

1. City forces will sweep City streets and pick up leaves
2. City forces will collect trash from the downtown, parks facilities, and transit stops
3. City will dump this material at the Transfer Station at no cost
4. CVWS will pay the City an annual street cleaning and maintenance fee of \$541,500 (annual adjustment of 80% of the CPI each year cannot be backed into the rates)

III. Draft Business Points

E. Annual collection rate adjustments

1. Annual change at 80% of Consumer Price Increase
2. Date of rate change will be April 1

F. Renewal term

1. Eight years beginning January 1, 2009
2. One CVWS option to renew for additional 7 years
3. Effective term of the agreement with the renewal option is 15 years

III. Draft Business Points

G. Technical ordinance revisions

1. Industrial customers
2. Construction & demolition debris

H. Compactor rates

1. Rate for servicing certain types of trash compactors
2. Labor intensive

Level of Service

1. Street cleaning funded by CVWS and not subject to City budget fluctuations
2. Residents will enjoy the same level of service for all City cleaning services
3. Special waste collection events will take place in Lodi rather other County locations

Annual Financial Impact/Savings

| <u>Item</u> | <u>Impact</u> | <u>Comment</u> |
|--------------------------------|---------------|-----------------------------------|
| Street Cleaning & Maintenance | \$ 541,500 | Payment to Street Fund |
| Dump Charges | \$ 50,700 | In future, no cost to City |
| Service to City Facilities | \$ 71,500 | In future, no cost to City |
| Billing Reimbursement | \$ 7,000 | In future, increase at 80% of CPI |
| Total Financial Impact/Savings | \$670,700 | |

Rate Impacts

- No impact in 2008
- Future increases remain at 80% of CPI
- Other adjustments cannot be backed into the rates

Summary of Business Points

1. Basic Elements of the Agreement Remain
2. Electronic/Universal Waste Collection in Lodi
3. Billing Charge paid to City adjusted each year
4. CVWS pays City for street cleaning, trash collection and leaf pick-up service
5. Annual Rate Adjustment remains unchanged
6. Renewal Term 8 Years beginning Jan. 1, 2009
7. Option to extend 7 years on Jan. 1, 2017
8. Technical ordinance revisions
9. Compactor rates for special cases