

# Agenda Report



**Date:** May 10, 2016  
**To:** Jeffrey W. Collier, City Manager  
**From:** David Schickling, Director of Public Works  
**Subject:** Solid Waste Collection Interim Agreement

## **RECOMMENDATION**

It is recommended the City Council:

1. Approve an interim solid waste collection and recycling agreement with Athens Services for Zone 3 in substantial conformance with the agreement provided at the time of the May 10, 2016 City Council Meeting;
2. Approve an interim solid waste collection and recycling agreement with Republic Services for Zones 1 and 2 in substantial conformance with the agreement provided at the time of the May 10, 2016 City Council Meeting; and
3. Authorize the City Manager to sign the agreements on behalf of the City.

## **BACKGROUND**

The current franchise agreements with Consolidated Disposal Service (CDS), a subsidiary of Republic Services, and Waste Management expire on June 30, 2016. An interim agreement is needed to ensure uninterrupted solid waste collection and recycling service for the period between the expiration of the current franchise agreements and the effective date of a new solid waste franchise agreement.

During the City Council's March 8, 2016 meeting the Council directed staff to negotiate with Republic Services and Athens Services on a potential interim service agreement for the entire City. On March 22, 2016 City Council was provided an update on the process. City Council directed staff to schedule two special meetings on April 14 and April 21, 2016 to discuss the interim agreement proposals to ensure a smooth transition by July 1, 2016.

The City Council discussed the two interim proposals at the April 14, 2016 meeting. As part of the discussion, the City Council directed staff to return to an adjourned special meeting on April 21, 2016 with additional information on landfill tonnage and landfill revenue. Additionally the City Council asked for clarification on benefits offered to displaced City employees by the two proposers. At the April 21, 2016 meeting, additional information was provided to the City Council and they directed staff to solicit proposals from Burrtec and CR&R for an interim agreement.

At the April 26, 2016 City Council meeting, after closed session discussion with Special Counsel, the City Council directed staff to suspend negotiations for an interim

agreement with Burrtec and CR&R and directed staff to instead negotiate with Athens and Republic for interim agreements that would split the city with each hauler servicing one half of the City. The City Council also directed staff in include indemnification in both agreements to prevent further threats of litigation.

**DISCUSSION**

City staff met with representatives from Athens and Republic on several occasions to negotiate terms for interim agreements to collect refuse in the City. Staff negotiated with Athens and reached agreement to have them take over the City service area (Zone 3) for all three containers (trash, green waste and recycling). Similarly, staff negotiated with Republic and they agreed to continue servicing Zone 1 and begin servicing Zone 2, the area currently serviced by Waste Management.

A 4% increase in rates, noticed in the Public Hearing announcement for June 9, 2015, will take effect with the new interim agreements effective July 1, 2016.

The City negotiated terms that would provide 10% discounts to active military members and low income seniors 62 years and older during the interim agreement. In addition, both haulers also offered a \$10,000 signing bonus to displaced City employees and will honor their current pay and seniority. The City negotiated payment of signing fees proportional to the revenue generated by each hauler in their respective zones, which cumulatively produces \$2.18 million to the City. The City also negotiated agreement from each hauler to provide free service to City facilities in their respective service zones and divide free service for City-sponsored events evenly.

Due to the tight timeline to transition the City service area to Athens and the short term of the interim agreement the City will continue to bill customers in Zone 3 for both solid waste and water. Athens will also lease City-owned carts and bins in Zone 3 as well as solid waste collection vehicles.

<b>Factors</b>	<b>Athens</b>	<b>Republic</b>
Residential Rate	\$24.21 per month	\$24.21 per month
300 gallon-1x Week	\$84.52 per month	\$84.52 per month
Zones	Zone 3	Zone 1 & 2
Signing Fee	\$1.25 million	\$930,000
Employee Signing Bonus	\$10,000	\$10,000
Discounts	Active Military & Low Income Seniors 62 & Over	Active Military & Low Income Seniors 62 & Over

City staff and City Attorney are in the process of finalizing the interim agreements with both haulers. The interim agreements in substantial conformance with the terms outlined above will be presented at the May 10, 2016 City Council meeting.

**FISCAL IMPACT**

The combined signing fee of \$2.18 million will be deposited to the City General Fund and revenues for disposal will accrue to the Solid Waste Disposal account for disposal of City generated waste at the rate of \$47.32 per ton.

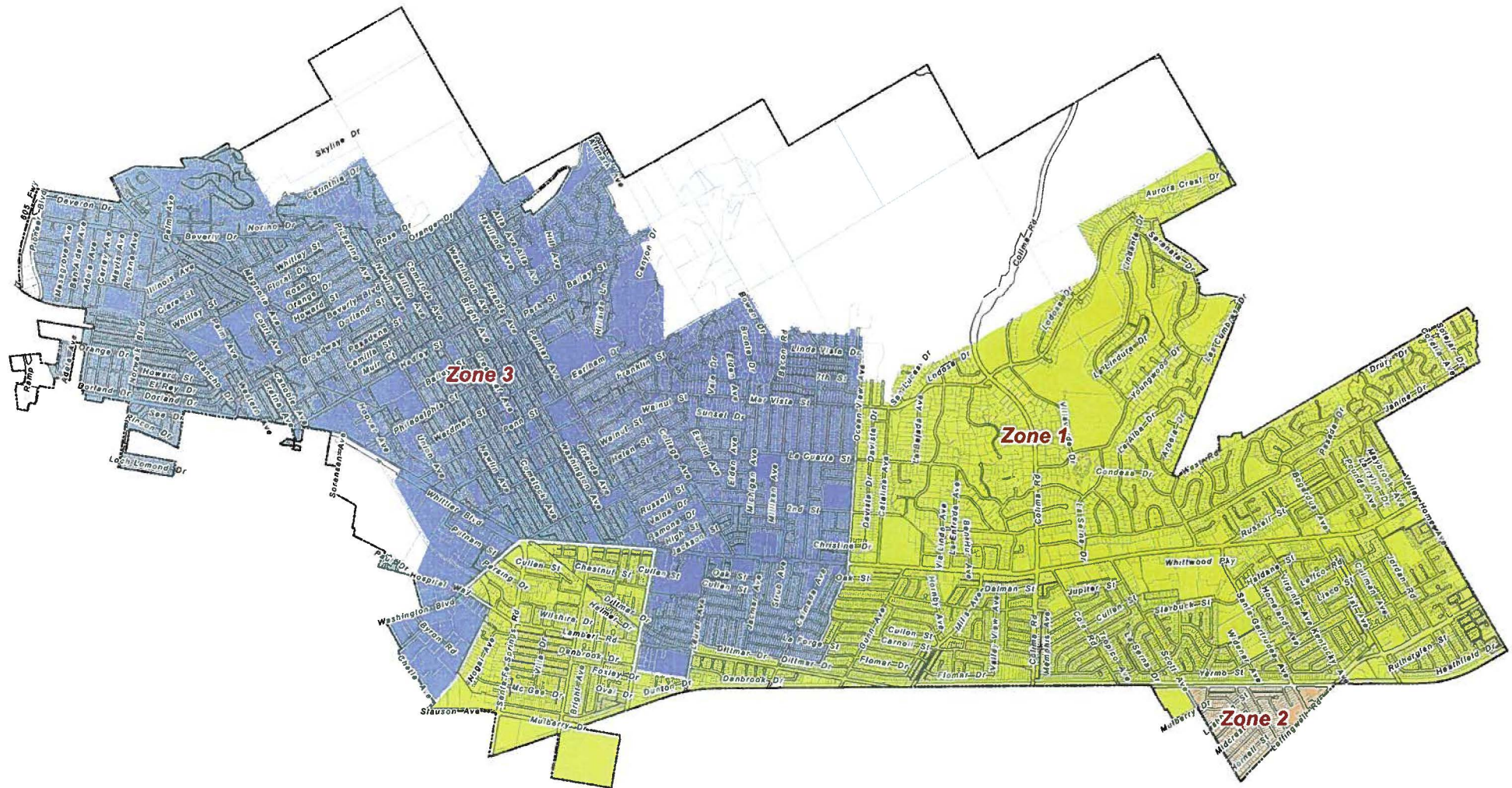
Submitted by:

Prepared by:

  
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David Schickling  
Director of Public Works

  
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Vicki L. Smith  
Public Works Manager

Attachment:     A – Zone Map



**Solid Waste and Recycling Collection Zones**

- Republic Services (Zone 1)
- Republic Services (Zone 2)
- Athens Services (Zone 3)

