

AGENDA TRANSMITTAL

MEETING DATE: February 3, 2015

CITY AGENDA ITEM: Council Adoption of Resolution No. 2015-__ : Authorizing the City Manager to Negotiate and Execute an Amendment to the Franchise Agreement with Solano Garbage to Provide Citywide Drop-Off Days and Street Sweeping Services.

FISCAL IMPACT: There is no impact to the General Fund. Republic Services DBA Solano Garbage (hereinafter "Solano Garbage") is requesting an increase of \$62,058.96 per year to be passed along to rate payers if the current dump pass program is continued unchanged. This would result in a 2.06% rate increase to commercial and residential customers. All residential customers would see a \$0.61 per month rate increase to cover the increased costs associated with dump passes. At this time, only about 23% of all dump passes issued annually are redeemed.

BACKGROUND: In 1998 the City and Solano Garbage amended the franchise agreement to provide a program whereby customers would be provided two dump passes per year. The original cost of the program was \$0.60 per month. Since 1998, the original \$0.60 per month has been adjusted by the CPI provisions of the franchise agreement, and it now equates to \$0.94 per month. The amendment allowed Solano Garbage to present information to the City prior to March 1st of each year, if it could justify a rate increase to continue to provide this service, but Solano Garbage has not sought to modify the rate to recover its total costs since 1998. Solano Garbage has presented information to the City that would justify an increase of \$0.61 per month to make up the current shortfall of \$62,058 per year, which means that the program currently costs \$1.55 per month to operate.

The City's negotiating team recognized that putting this program on a full-cost-recovery basis would result in an increase in costs to the customers to keep the current dump pass program, or a decrease to the dump pass program. Staff always tries to take a comprehensive look at franchise agreements whenever incremental changes are proposed. In other words, if it is possible "to kill two or more birds with the same stone", staff will try to identify options for the Council to do so.

For example, Council has expressed an interest in enhancing street improvement services. The challenge there is that Gas Tax revenues are generated from a per gallon tax. Not only do these revenues not keep up with inflation, but also these revenues are contracting as vehicles become more fuel efficient. Soon Gas Tax revenues will only be able to support the costs of streetlights, traffic signals, and street sweeping. Eventually street sweeping will also become unaffordable.

Solano Garbage has provided street sweeping services in the City of Fairfield under the current contract. Through a recent change Solano Garbage's new subcontractor, Contract Sweeping Services, provides a compliant cost-efficient option. If Solano Garbage provided street sweeping services to Suisun City, the Gas Tax Funds that the City currently spends on street sweeping could be redirected to street maintenance. The negotiating team's challenge was to figure out how to enhance Solano Garbage services without causing having a negative impact on rates.

PREPARED BY:

Amanda Dum, Management Analyst I 

REVIEWED/APPROVED BY:

Daniel Kasperson, Building & Public Works Director
Suzanne Bragdon, City Manager 

STAFF REPORT: It is important to note that while the users of dump passes are very supportive of the service, in reality fewer than one fourth of the dump passes that are mailed out annually are actually used. This equates to about 4,400 coupons per year on average out of the 17,400 per year that are mailed out (8,700 mailed twice per year).

City street sweeping service costs approximately \$144,000 per year and it is staffed by a Senior Maintenance Worker about half time. In addition, the City's street sweeper is in need of replacement at an estimated cost of \$300,000. All of these costs are borne the Streets Division budget, which is funded entirely by Gas Tax revenues. Solano Garbage has offered to sweep our streets for \$140,000 per year. Combining street sweeping services with other Solano Garbage services could take the financial burden of providing street sweeping services off of the City. It would return much needed funds to the Streets Division, release a Senior Maintenance Worker to concentrate on other needed duties such as streets maintenance, eliminate the need for the City to purchase a new street sweeper unit, as well as avoid further ongoing expensive repairs to the sweeper.

One way to enhance Solano Garbage's services without impacting rates would be to use economies of scale to reduce costs. For example, instead of providing passes that allow some customers to haul unwanted materials to that landfill, several Citywide Drop-off Days could be offered where customers could drop off their unwanted materials at a fixed central location in the City. Drop boxes could be provided for trash, green waste, and other recyclables. Solano Garbage could partner with non-profits like The Salvation Army or Mission Solano to collect the reusable items during the Drop-off Days. Electronic equipment and "white goods" (old refrigerators, washers, dryers, etc.) could be collected. This would reduce costs at the landfill, increase the City's landfill diversion rate, reduce individual customer's transportation costs and associated air pollution, and enhance reuse of items "rescued" from the waste stream. The central location could make access easier for some who have difficulty transporting their loads to Potrero Hills Landfill.

A matrix of various choices is provided below:

OPTIONS	RATE INCREASE PER MONTH
Keep Existing Dump Passes	\$0.61 (2.06%)
Keep Existing Dump Passes & Add Street Sweeping	\$1.64 (5.55%)
2000 Dump Passes, Add Street Sweeping, & 2 Community Drop-off Days	\$0.48 (1.62%)
500 Dump Passes, Add Street Sweeping, & 3 Community Drop-off Days	\$0.00 (0.00%)

The options are discussed in more detail below:

- Keep existing dump passes – There would be a Citywide rate increase of 2.06% or \$0.61 per month to keep the existing dump pass program. This would mean that the costs for the program would be borne by all customers, despite the fact that only about 23% of customers actually redeem their dump passes.

- Keep existing dump passes & add street sweeping services – The City would benefit from the outsourcing of street sweeping as described above. It would remove the current cost to the City of performing street sweeping internally which is approximately \$144,000 per year. It would result in a rate increase of 5.55% or \$1.64 per month.
- Keep 2000 dump passes, add street sweeping & two Citywide Drop-off Days – This option would keep a significant number of dump passes, while adding street sweeping services, as well as two Citywide Drop-off Days per year. It would free up about \$144,000 in Gas Tax revenues to be used for eligible activities such as street maintenance. This would result in a rate increase to all customers, whether they use the dump pass or not, of 1.62% or \$0.48 per month.
- 500 dump passes & three Drop-off Days – This option would provide a more convenient and more accessible alternative for customers to get rid of unwanted materials. Instead having two dump passes, customers would have three opportunities to get rid of unwanted materials. A total of 500 dump passes would still be available to be used by those in situations that prevent customers from taking advantage of the three Drop-off Days. These special cases could be for such times as when Code Enforcement needs to facilitate correction of a special problem, or when a military resident has an urgent relocation need. Solano Garbage representatives indicated that the City of Fairfield currently receives 200 dump passes per year, all of which are handled and distributed by the Code Enforcement Officers.

In conclusion, staff recommends that the Council consider modifying the existing Franchise Agreement with Solano Garbage to enhance services and avoid a rate increase by directing staff to enter into an amendment to accomplish alternative number four above.

RECOMMENDATION: It is recommended that the City Council adopt Council Resolution No. 2015-__: Authorizing the City Manager to Negotiate and Execute an Amendment to the Franchise Agreement with Solano Garbage to Provide Citywide Drop-Off Days and Street Sweeping Services.

ATTACHMENTS:

1. Council Resolution No. 2015-__: Authorizing the City Manager to Negotiate and Execute an Amendment to the Franchise Agreement with Solano Garbage to Provide Citywide Drop-Off Days and Street Sweeping Services.

RESOLUTION NO. 2015-___

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUISUN CITY
AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AN
AMENDMENT TO THE FRANCHISE AGREEMENT WITH SOLANO GARBAGE TO
PROVIDE CITYWIDE DROP-OFF DAYS AND STREET SWEEPING SERVICES**

WHEREAS, in 1998, the City and Solano Garbage (currently Republic Services DBA Solano Garbage) amended the franchise agreement to provide a program whereby customers would be provided two dump passes per year; and

WHEREAS, the amendment allowed Solano Garbage to present information to the City prior to March 1st of each year, if it could justify a rate increase to continue to provide this service; and

WHEREAS, Solano Garbage has presented information to the City that would justify an increase of \$0.61 per month to make up the current shortfall of \$62,058 per year, which means that the program currently costs \$1.55 per month to operate; and

WHEREAS, City street sweeping service costs approximately \$144,000 per year and is funded exclusively from Gas Tax revenues; and

WHEREAS, combining street sweeping services with other Solano Garbage services could take the financial burden of providing street sweeping services off of the City, return much needed funds to the Streets Division, release a Senior Maintenance Worker to concentrate on other needed duties such as streets maintenance, eliminate the need for the City to purchase a new street sweeper unit, as well as avoid further ongoing expensive repairs to the sweeper; and

WHEREAS, providing Citywide Drop-off Days would reduce costs at the landfill, increase the City's landfill diversion rate, reduce individual customer's transportation costs and associated air pollution, and enhance reuse of items "rescued" from the waste stream.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Suisun City does hereby authorize the City Manager to negotiate and execute an amendment to the Franchise Agreement with Solano to provide three Citywide Drop-off Days, Citywide street sweeping services, and 500 dump passes in lieu of the program of providing two dump passes per year to customers.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Suisun City held on this 3rd day of February 2015 by the following vote:

AYES:	Councilmembers:	_____
NOES:	Councilmembers:	_____
ABSENT:	Councilmembers:	_____
ABSTAIN:	Councilmembers:	_____

WITNESS my hand and the seal of said Agency this 3rd day of February 2015.

Linda Hobson, CMC
City Clerk

AGENDA TRANSMITTAL

MEETING DATE: March 3, 2015

CITY AGENDA ITEM: Council Adoption of Resolution No. 2015-__ : Authorizing the City Manager to Execute an Amendment to the Franchise Agreement with Solano Garbage to Provide Citywide Drop-Off Days and Street Sweeping Services.

FISCAL IMPACT: There would be no fiscal impact to the General Fund. Republic Services DBA Solano Garbage (hereinafter "Solano Garbage") is requesting an increase of \$62,058.96 per year to be passed along to ratepayers if the current Dump Pass Program is continued unchanged. This would result in a 2.06% rate increase to commercial and residential customers. Residential customers would see a \$0.61 per month rate increase to cover the increased costs associated with dump passes. The amendment as recommended would result in no increase to the customers and would return over \$144,000 per year to the Gas Tax Fund for use in street maintenance.

BACKGROUND: On February 17, 2015, staff brought before the Council options to amend the City's Franchise Agreement with Solano Garbage. The Council approved the option that would include street sweeping services, alter the Dump Pass Program so that 500 dump passes would be available to Suisun City residents, and offer three community Drop Off-Days. This option would result in no additional cost to the City or its residents. Alternately, if the amendment is not approved, Solano Garbage could issue a rate increase to the customers for the increase in the cost of dump passes. Solano Garbage has informed the City that the shortfall, if the current Dump Pass Program is left in place would be \$62,058. This would cost each household an additional \$.061 per month with no increase in service.

Solano Garbage has provided street sweeping services in the City of Fairfield under its current contract. Solano Garbage's subcontractor, Contract Sweeping Services, provides the legally compliant and cost-efficient option. If Solano Garbage provides street sweeping services to Suisun City, the Gas Tax Funds that the City currently spends on for street sweeping could be redirected to street maintenance.

STAFF REPORT: Staff and Solano Garbage have negotiated to produce an amendment to the agreement that includes the features that were approved by the Council during its meeting of February 17, 2015. This amendment includes changes to three programs that are presented below:

Street Sweeping

- Solano Garbage will provide street sweeping of all streets within City limits per the schedule which is included in the contract amendment attached to the resolution.
- Solano Garbage will provide sweeping of all City-owned parking lots.
- Business areas such as Main Street will be swept at times such as at night to minimize impacts to the businesses.

PREPARED BY:

REVIEWED/APPROVED BY:

Amanda Dum, Management Analyst I

Daniel Kasperson, Building & Public Works Director

Suzanne Bragdon, City Manager

- Additional sweeping frequency is included to deal with the heavy leaf season.
- Provision for “Emergency Sweeping” is included.

Drop Off Days

- Solano Garbage will provide three (3) Drop-Off Days (DOD) throughout the calendar year on dates mutually agreed upon with the City.
- The DODs will be held within City limits and on property provided by the City.
- Solano Garbage will manage and staff all DODs. City will assist with traffic control and permits.
- Acceptable drop-off materials will include: trash, green waste, normal recyclables, e-waste, white goods, and items that could be accepted by a nonprofit for reuse or sale.
- The DOD will be for the use of any Suisun City resident. The intent is to make the resident’s use of a DOD more convenient than the previous use of Dump Passes.
- Solano Garbage will coordinate with local nonprofit organizations to allow them to participate.
- Solano Garbage will publicize the DOD schedule through multiple means such as mailings, the media, etc. The City will assist with DOD outreach.

Dump Pass Program

- A total of 500 free Dump Passes per year will be made available to Suisun City residents by Solano Garbage.
- The entire number of passes will be made available at the beginning of the year.
- The dump passes will be distributed by Solano Garbage on a first-come, first-served basis whereby the resident goes to the Solano Garbage office to pick up the pass and verify residency.
- Only one pass per year will be available to each address within Suisun City.
- When distributed each pass will be marked with a 30-day expiration date from the date of distribution.
- The number of passes that expire unredeemed will be added back into the number of passes available for that calendar year.
- Beginning in calendar year 2016, the City would have the right to modify the agreement so that the number of coupons could be decreased to 250 and the number of drop off days is increased to four. Other features of the program would remain unchanged.

The intent of this package of programs is to maximize the convenience and usefulness of the DOD program as a replacement for the Dump Passes and ultimately eliminate the pass program. At the end of each year, the City or Solano Garbage has the right to reopen discussions on the cost of the DOD and Dump Pass programs. If all of the coupons are not being distributed, the City has the right to decrease the number of coupons for the next year with an appropriate rate decrease to the customers or other mutually agreed upon benefit.

In conclusion, staff recommends that the Council authorize the City Manager to execute an amendment to the existing Solano Garbage Franchise Agreement that adds street sweeping, adds DODs, and modifies the dump pass program to what is described above, thus avoiding a rate increase.

RECOMMENDATION: It is recommended that the City Council adopt Council Resolution No. 2015-__: Authorizing the City Manager to Execute an Amendment to the Franchise Agreement with Solano Garbage to Provide Citywide Drop-Off Days and Street Sweeping Services.

ATTACHMENTS:

1. Council Resolution No. 2015-__: Authorizing the City Manager to Execute an Amendment to the Franchise Agreement with Solano Garbage to Provide Citywide Drop-Off Days and Street Sweeping Services.

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RESOLUTION NO. 2015-___

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUISUN CITY
AUTHORIZING THE CITY MANAGER TO EXECUTE AN AMENDMENT TO THE
FRANCHISE AGREEMENT WITH SOLANO GARBAGE TO PROVIDE CITYWIDE
DROP-OFF DAYS AND STREET SWEEPING SERVICES**

WHEREAS, in March 1998, the City and Solano Garbage (currently Republic Services DBA Solano Garbage) entered into the Exclusive Solid Waste Handling Franchise Agreement (Agreement); and

WHEREAS, in February 2009, the City and Solano Garbage amended the Agreement to extend the term to December 31, 2023; and

WHEREAS, the Agreement in Section 2 (i) requires Solano Garbage to mail out dump coupons to all single, duplex, and triplex residential customers twice a year; and

WHEREAS, fewer than one fourth of all coupons are redeemed by residents; and

WHEREAS, the Agreement allows Solano Garbage to present information to the City prior to March 1st of each year, if it could justify a rate increase to continue to provide this dump coupon service; and

WHEREAS, Solano Garbage has presented information to the City that would justify an increase of \$0.61 per month to make up the current shortfall of \$62,058 per year to operate; and

WHEREAS, City street sweeping service costs approximately \$144,000 per year and is funded exclusively from Gas Tax revenues; and

WHEREAS, combining street sweeping services with other Solano Garbage services could take the financial burden of providing street sweeping services off of the City, return much needed funds to the Streets Division, release a Senior Maintenance Worker to concentrate on other needed duties such as streets maintenance, eliminate the need for the City to purchase a new street sweeper unit, as well as avoid further ongoing expensive repairs to the sweeper; and

WHEREAS, providing Citywide Drop-off Days would reduce costs at the landfill, increase the City's landfill diversion rate, reduce individual customer's transportation costs and associated air pollution, and enhance reuse of items "rescued" from the waste stream.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Suisun City does hereby authorize the City Manager to execute the second amendment to the Agreement with Solano Garbage to provide three Citywide Drop-off Days, Citywide street sweeping services, and 500 dump passes in lieu of the program of providing two dump passes per year to customers.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Suisun City held on this 3rd day of March 2015 by the following vote:

AYES:	Councilmembers:	_____
NOES:	Councilmembers:	_____
ABSENT:	Councilmembers:	_____
ABSTAIN:	Councilmembers:	_____

WITNESS my hand and the seal of said Agency this 3rd day of March 2015.

Linda Hobson, CMC
City Clerk