



Staff Report

DISCUSSION AND DIRECTION OF SOLID WASTE COLLECTION ISSUES

Honorable Mayor and Council Members:

Summary

This report provides the terms and conditions of the existing solid waste collection agreement with Allied Waste and requests direction from Council as to the next steps to be taken in pursuing a collection agreement. It is planned to continue to be part of the South Bayside Waste Management Authority for the disposing of all solid waste, recyclable and green waste materials.

Background

Collection

The City of Belmont originally entered into a franchise collection agreement with BFI Systems of North America on September 25, 1987. The agreement with BFI and now Allied Waste has been extended on several occasions through December 31, 2010.

Rate Setting

The Franchise Agreement indicates the City of Belmont may delegate to the SBWMA any and all aspects of the administration of the franchise agreement with the **specific exception** of setting rates for the City.

Disposal/Recycling

In 2005, the South Bayside Waste Management Authority joint powers agreement was amended by the Member agencies. In the agreement, the City of Belmont is committed to the JPA through December 31, 2019, with respect to delivery of our solid waste materials to the San Carlos Facility and/or the Ox Mountain landfill.

The South Bayside Waste Management Authority has an agreement with Allied Waste to operate the Shoreline Transfer Station and Recyclery through December 31, 2010. The South Bayside Waste

Management Authority has an agreement with Allied Waste to haul solid waste to the Ox Mountain landfill near Half Moon Bay through December 31, 2019. The City is committed through the JPA agreement to either haul its material to the Shoreline Transfer Station or directly to Ox Mountain through December 31, 2019.

Agency Satisfaction

The franchise agreement outlines how Allied Waste is to be evaluated. The agreement reads Allied Waste shall:

1. Have implemented the diversion programs specified in the agreement.
2. Not have been assessed in any single year by the City liquidated damages in excess of 0.5% of any year's revenue requirement.
3. Not have been delinquent by more than 30 days in any payments to the City.
4. Not having any Allied Waste employees with supervisory, management, or administrative responsibility for performance be found guilty of a felony or liable for a civil penalty in excess of \$25,000 related to their duties.
5. Allied Waste shall be rated above 80% satisfaction by respondents to a customer satisfaction survey conducted by the SBWMA and agreed to as form by Allied Waste.
6. Allied Waste rates shall fall within the 75th percentile of all rates in the San Francisco Bay Area for similar services as determined through a survey of rates conducted by the SBWMA.

Discussion

The following provides a discussion regarding each element of the evaluation of the agreement with Allied Waste:

1. AB 939 requires agencies to divert at least 50 percent of their solid waste material from landfills. The City's current diversion rate is 59%.
2. The City's annual revenue requirement for solid waste, recycling, and green waste is approximately \$3.6 million per year. The liquidated damages would have to exceed approximately \$18,000 per year to be in violation of this element. Last year's liquidated damages to the City of Belmont were \$600.
3. Allied Waste has not been delinquent for more than 30 days on any payment.
4. No Allied Waste supervisory, management, or administrative employee has been found guilty of a felony or liable for a civil penalty.
5. Customer service was rated at 60 percent in the 2005 customer satisfaction survey conducted by SBWMA, 20% below the 80% required in the Franchise Agreement. This is an area of non-compliance by allies. SBWMA has recently started the process for 2007.
6. Allied Waste rates fall within the 75th percentile of all rates in the San Francisco Bay Area. It should be noted that this applies to Allied Waste rates for service. This does not necessarily apply to the rates set by the City of Belmont.

Can Belmont withdraw from SBWMA?

The City of Belmont may withdraw from the SBWMA once the following has been achieved:

1. Liquidation in full of its proportion of any and all debts, obligations, and liabilities incurred, earned, or expected to be required by the date of withdrawal, including but not limited to the Revenue Bonds, as determined by the Board
2. The City provides written notice of the intent to withdraw from the SBWMA at least six (6) months prior to the end of the current Rate Year, specifying the date on which the Member intends to withdraw. This would have to be submitted by no later than June 30th of the year before an intended withdrawal date.
3. The approval of such withdrawal by a 4/5 (ten out of the twelve Member Agencies) affirmative vote of the Equity Members.

SBWMA Presentation

Kevin McCarthy, Executive Director, South Bayside Waste Management Authority, and Larry Patterson, Chairman of the SBWMA Board of Directors will be making a short presentation regarding SBWMA and the direction the agency is heading.

Next Steps

In anticipation of the City Council instructing staff to explore entering a collection agreement outside of the SBWMA process, the City Manager and Public Works Director have been interviewing potential consultants who have experience with collection operations, as well as experience in setting collection rates. One or two consultants will be selected to be interviewed by the Infrastructure Committee for a recommendation to the full Council.

Staff will work with the selected consultant to develop and cost out a solid waste, recyclable and green waste collection program including all capital equipment costs and personnel that would go into operation on January 1, 2011. The collection rates will be determined and compared to the estimated rates of the SBWMA in 2011.

General Plan/Vision Statement

No impact.

Fiscal Impact

There is no fiscal impact from this report.

Public Contact

The Council agenda was posted.

Alternatives

1. Take no action.
2. Refer back to staff for further information.

Recommendation

It is recommended that Council take into consideration the SBWMA staff presentation and provide direction to staff on exploring an independent process of providing collection services to the City of Belmont beginning January 1, 2011.

Respectfully submitted,

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