



# AGENDA REPORT

Economic Development

<b>DATE:</b>	May 2, 2023
<b>TO:</b>	Mayor Martinez and Members of the City Council
<b>FROM:</b>	Shasa Curl, City Manager Samantha Carr, Environmental Manager
<b>Subject:</b>	Solid Waste Franchise Agreements Procurement Recommendations
<b>FINANCIAL IMPACT:</b>	This item will require an amendment to the R3 contract scope of work which most likely will result in a financial impact. If there is an additional cost associated with the contract amendment, it will be funded by account string 01362765 400201 2GI01.
<b>PREVIOUS COUNCIL ACTION:</b>	July 19, 2022
<b>STATEMENT OF THE ISSUE:</b>	The City of Richmond entered into an exclusive Solid Waste Collection Franchise Agreement (Collection Agreement) with Richmond Sanitary Service, a subsidiary of Republic Services, in 1985. The Collection Agreement includes the collection of solid waste, recycling, and organic waste generated within City boundaries and ends June 30, 2025. Currently, the City maintains the Collection Agreement and RecycleMore maintains the exclusive Post-Collection Solid Waste Franchise Agreement (Post-Collection Agreement) which is also set to expire June 30, 2025. City staff are seeking direction from City Council on the next steps for procurement of the solid waste collection and post-collection agreements.

<b>RECOMMENDED ACTION:</b>	DIRECT City staff to initiate procurement of a new solid waste collection service agreement through a competitive procurement Request for Proposals (RFP) process; and RECOMMEND RecycleMore proceed with an RFP process for the Post-Collection Solid Waste Franchise Agreement – Economic Development (Shasa Curl/Samantha Carr 510-620-5407).
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**DISCUSSION:**

**Background**

The City of Richmond’s solid waste and recycling services are provided by two agreements with Republic Services:

1. An exclusive Solid Waste Collection Franchise Agreement (Collection Agreement) managed by the City of Richmond; and
2. An exclusive Post-Collection Solid Waste Franchise Agreement (Post-Collection Agreement) managed by the [West Contra Costa Integrated Waste Management Authority \(RecycleMore\)](#).

The City of Richmond entered into the Collection Agreement with Richmond Sanitary Service (operated by Republic Services) in 1985. The Collection Agreement includes the collection of solid waste, recycling, and organic waste generated within City boundaries. Additionally, the City contracts with Golden Bear Transfer Services, Inc. (operated by Republic Services) for solid waste transfer services.

The City of Richmond as a member city of RecycleMore entered into a new Post-Collection Agreement with Republic Services and its subsidiaries in 2014. The Post-Collection Agreement directs the solid waste, recycling, organics, and household hazardous waste collected within its service territory for appropriate disposal.

The Collection and Post-Collection Agreements are set to expire June 30, 2025, and the transfer services agreement is set to expire December 31, 2025. Though these expiration dates are two years away, the process of arranging for ongoing solid waste services generally takes two years or more to ensure time for a transparent public process, fulfillment of community needs, delivery of new capital, and smooth transition to successful delivery of programs and services.

On July 19, 2022, the City of Richmond entered into a contract with R3 Consulting Group, Inc. to provide analysis and recommendations regarding the City’s Solid Waste Franchise Agreement. The contract’s scope of work also includes the review, analysis, and recommendations for the City’s other solid waste-related agreements. Through this contract, R3 recommends the City start the process as soon as possible for securing ongoing solid waste collection services, of which there are two primary pathways:

- Pathway One: Conduct a competitive procurement process for a new solid waste collection agreement via a Request for Proposals (RFP) wherein qualified service providers would be invited to provide proposals.
- Pathway Two: Conduct sole-source contract negotiations with incumbent providers (Republic), while still preserving the City's ability to proceed to RFP processes if negotiations are unsuccessful.

While both procurement pathways are viable and currently available to the City, each have benefits and drawbacks, and thus lend themselves to advantageous outcomes within different circumstances.

Pathway Two is typical for cities in the case of satisfactory performance, no substantial changes to the agreement are required, and no meaningful changes in compensation are anticipated.

## **ANALYSIS**

In the case of the City's Collection and Post-Collection Agreements, no performance issues by Richmond Sanitary Service (RSS) or Republic Services have been identified; both have a long-standing history of successful performance in the City and West Contra Costa County, and both are eligible and qualified providers of future solid waste services in the City. Additionally, Republic Services has a local presence, history, and knowledge, to meet the City's needs at competitive rates and compensation.

However, just within the last 10 years, there have been significant and multiple changes to State regulations, recycling and organics markets, and requirements for permits to operate. The City's current solid waste agreements require substantial updating, and the extent of those updates suggest that amending and extending the current agreements are not practical irrespective of whether the City chooses to contract with the City's current service providers, RSS and Republic.

Additionally, current circumstances are not normal, with several extraordinary factors contributing to conditions that lend themselves to an RFP as the more advantageous procurement pathway. These primarily include:

- high rates of inflation
- ongoing requirements of unfunded State mandate SB 1383 and other regulatory requirements
- extraordinary increases in labor, equipment, and fuel costs
- Richmond's collection agreement will soon be 40 years old and in need of updates to meet current industry standards as well as regulatory and legal requirements

## **CONCLUSION:**

Under these circumstances, City staff members and R3 have concluded that an RFP process is more likely to be advantageous to the City than sole-source negotiations for both the Collection and Post-Collection Agreements. City staff recommends that the Richmond City Council recommend RecycleMore proceed with an RFP process.

Additional benefits to an RFP process include:

- Streamlined process for inclusion of State recycling mandates and regulatory requirements
- Provide for more community engagement for the inclusion of beneficial community programs and services
- Further the City's objectives of transparency
- Provide for market-based justification of resultant customer rates

Currently, R3 is in the process of conducting community engagement, which is anticipated to identify new and enhanced community needs, programs, and services that should be considered for inclusion in the City's future solid waste agreements. The survey is currently open. To complete the survey visit:

- English: [www.surveymonkey.com/r/wastesurvey\\_ENG](http://www.surveymonkey.com/r/wastesurvey_ENG).
- Español: [https://es.surveymonkey.com/r/wastesurvey\\_ESP](https://es.surveymonkey.com/r/wastesurvey_ESP)
- Chinese: [里士满市社区参与调查 Survey \(surveymonkey.com\)](http://www.surveymonkey.com/r/wastesurvey_CHN)

The City Council may alternatively direct City staff to conduct sole-source negotiations with Republic Services while preserving the City's ability to proceed to a RFP if negotiations are not successful or not accepted by the City Council.

## **POLICY SYNERGIES**

### Climate Action Plan

- Strategy SW 1: Establish a Zero Waste Framework
- Strategy SW 2: Increase Participation in Recycling Programs and Incentives
- Strategy SW 3: Supportive Garbage Collection Service Rates and Schedules

### General Plan 2030

- Policy EC3.3 Solid Waste Reduction and Recycling. Promote waste reduction and recycling to minimize materials that are processed in landfills

## **DOCUMENTS ATTACHED:**

None