

Proposal from MarBorg Industries for a 10-year Extension to the Franchise Agreement

City of Goleta

June 5, 2018

Background

In 2011, the City approved a Franchise Agreement for Solid Waste Handling Services w/ MarBorg Industries to provide citywide residential & commercial solid waste collection services

- 8 year Term, to June 30, 2019, with a 2-year Extension option
- Significant rate reductions
- Provides a variety of programs and services to residents, and the City

Background

As provided for under the Agreement, MarBorg requested a 2-year extension in May , 2017

On August 15, 2017 the City approved MarBorg's request, extending the Agreement's Term to June 30, 2021

- The Council also directed staff to conduct an analysis of what would be needed in order to grant an additional extension of up to 10 years, and bring recommendations back to Council within 12 months

Background

On March 15, 2018 MarBorg submitted a proposal for a 10-year extension of the Agreement, beyond the Agreement's current termination date of June 30, 2021, for a new termination date of June 30, 2031

- The Proposal includes a significant reduction to residential and commercial collection rates, addition of new services, and enhancements to several services currently provided under the Agreement

Background

On March 22, 2018 Public Works staff brought MarBorg's proposal to the Solid Waste Issues Committee meeting for their consideration, input & direction

- The Committee directed Public Works staff to bring the Proposal, with any revisions the City and MarBorg have subsequently discussed to the City Council for it's consideration at the June 5, 2018 Council Meeting

Procurement Options

The California Public Resources Code grants jurisdictions maximum flexibility in procuring solid waste management services, including the type of service and method of procurement

Procurement options include:

- Open Market (unregulated)
- Competitive Procurement (open bid)
- Sole-Source Negotiation
- Competitive Procurement (limited to existing providers)
- Municipal Operations

Procurement Options

Sole-Source Negotiation

- Negotiation with an existing or other identified qualified hauling company

Competitive Procurement (open bid)

- RFP development and issuance
- Assessing and ranking submitted proposals
- Identifying a lead proposer and initiating negotiations
- Negotiating a new Agreement

MarBorg's Proposal Term

Current Agreement terminates June 30, 2021

Proposed 10-year Term extension would push that termination date to June 30, 2031

MarBorg's Proposal Rate Reductions

Single Family and Multi Family collection rates

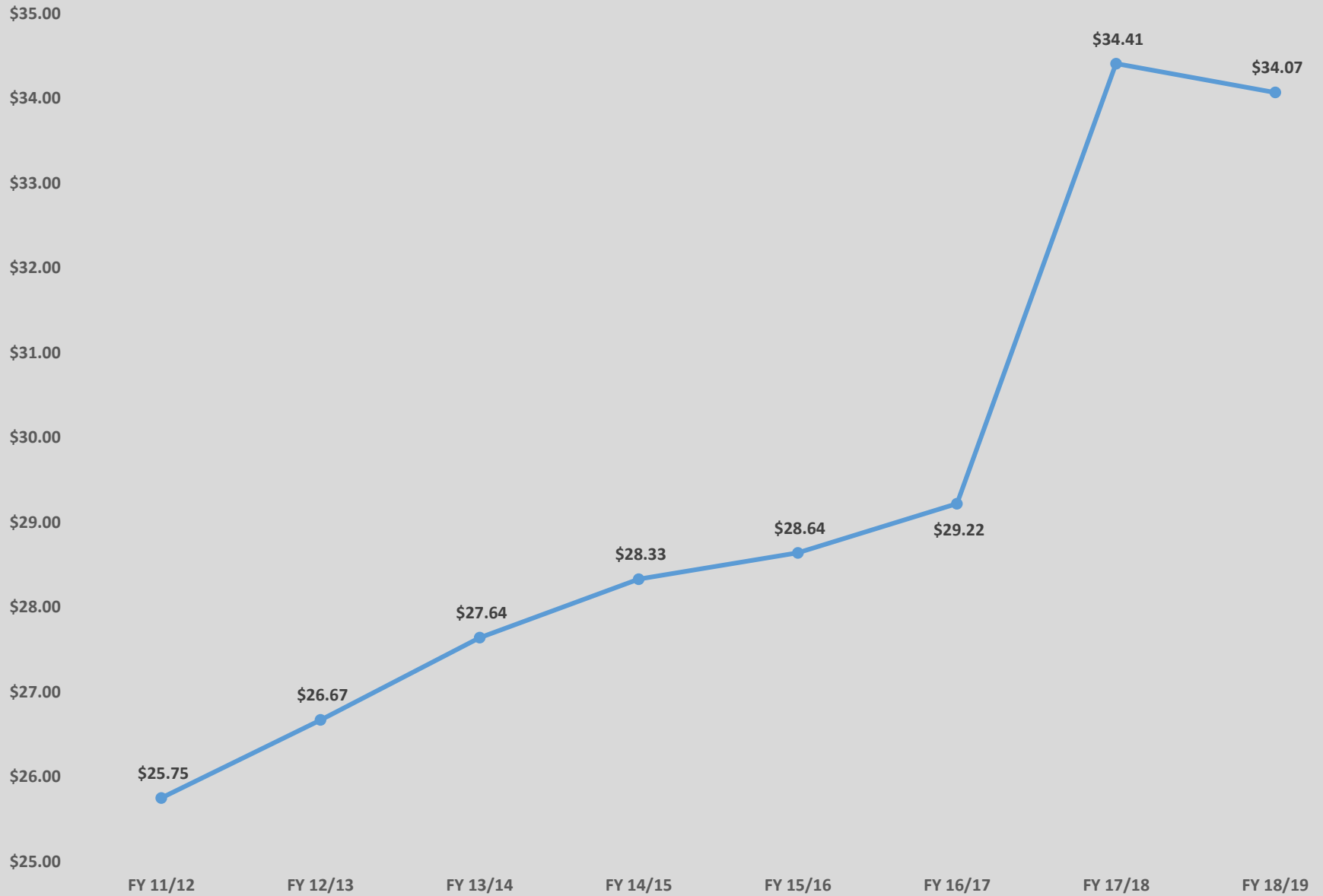
- 15 percent reduction from FY 2017/18 rates

Commercial collection rates

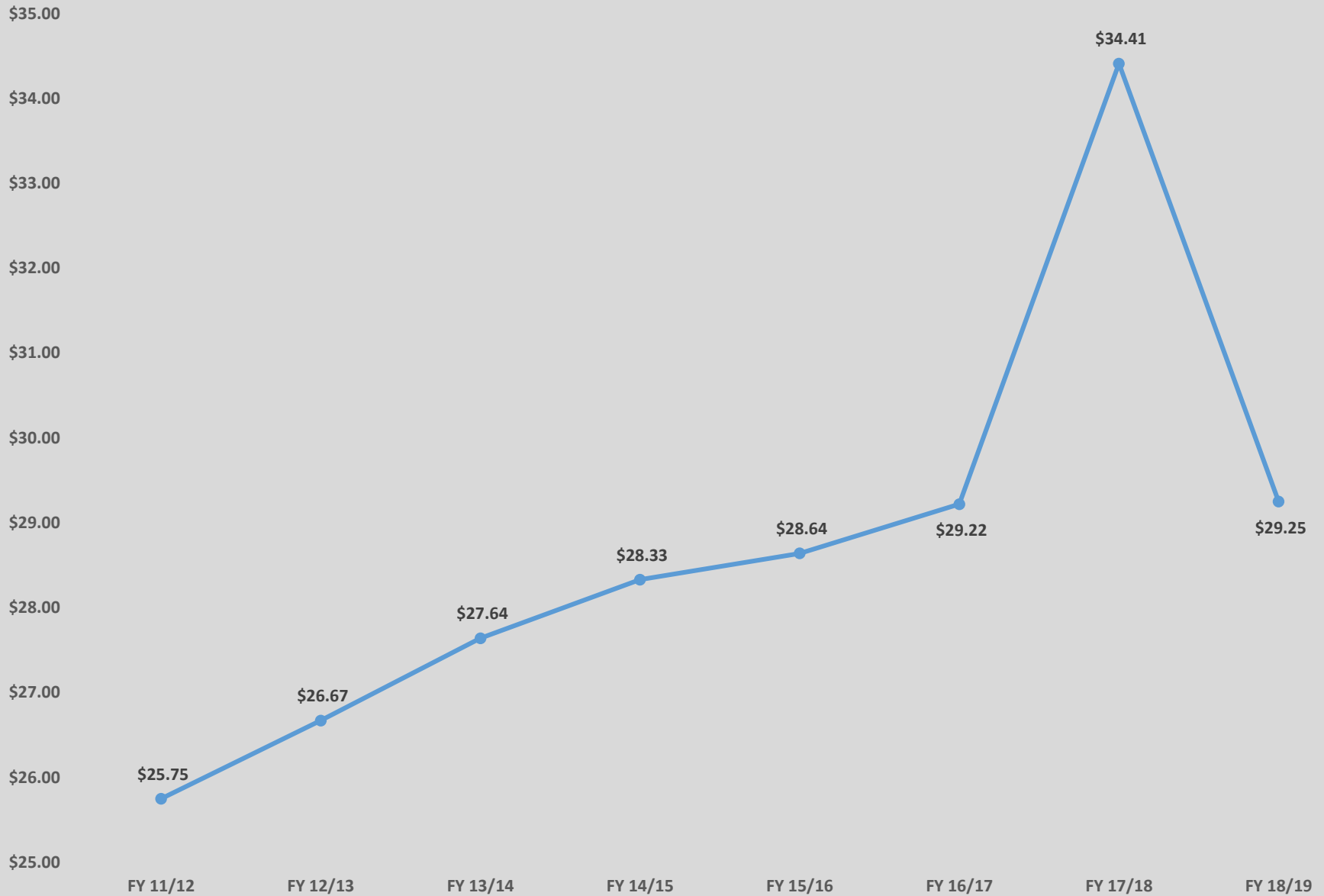
- 5 percent reduction from FY 2017/18 rates

These reductions are offered on the basis of the growth in the City's population and economy

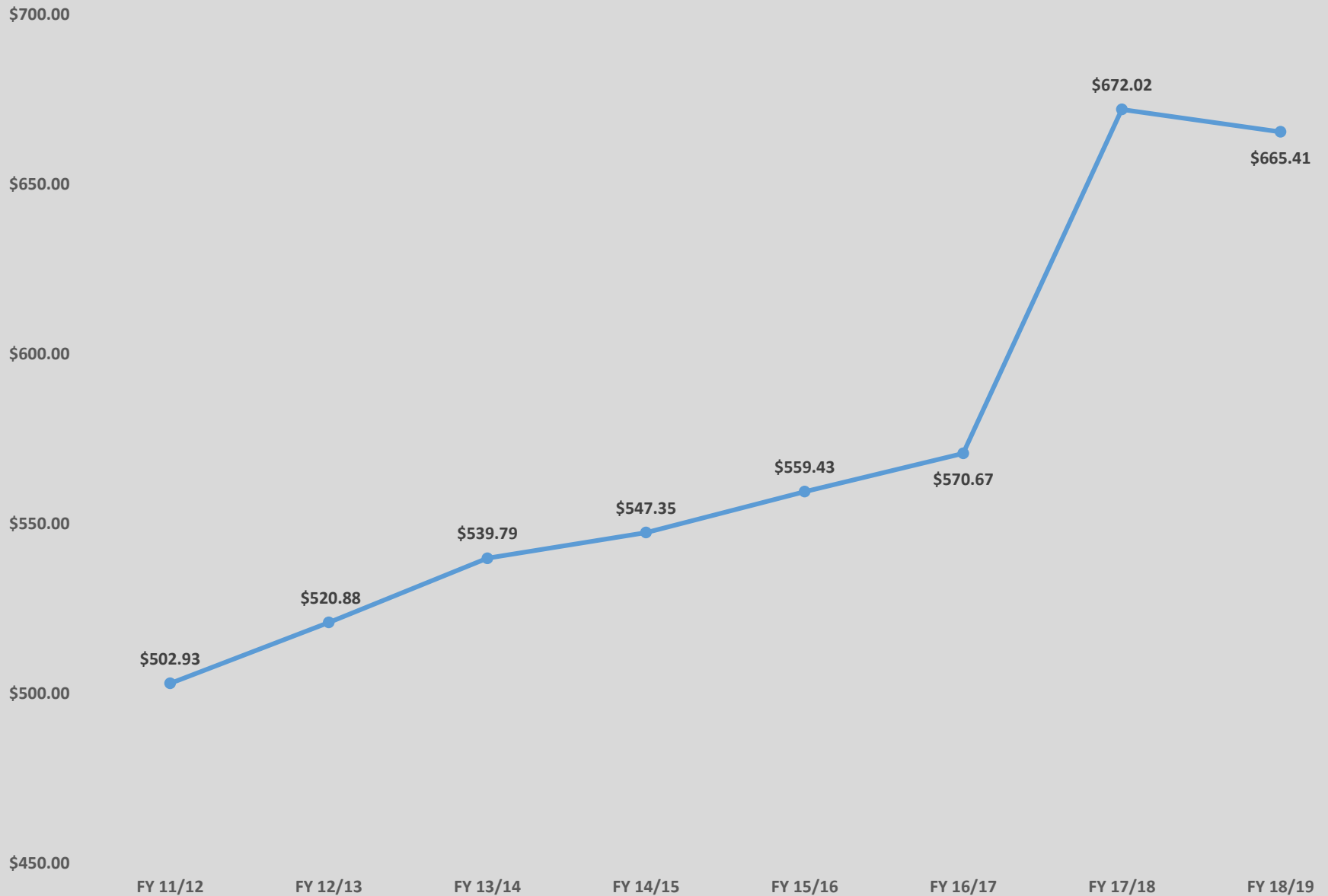
FY 2018/19 Collection Rates Independent of MarBorg's Proposal 64-gallon Residential Cart Service



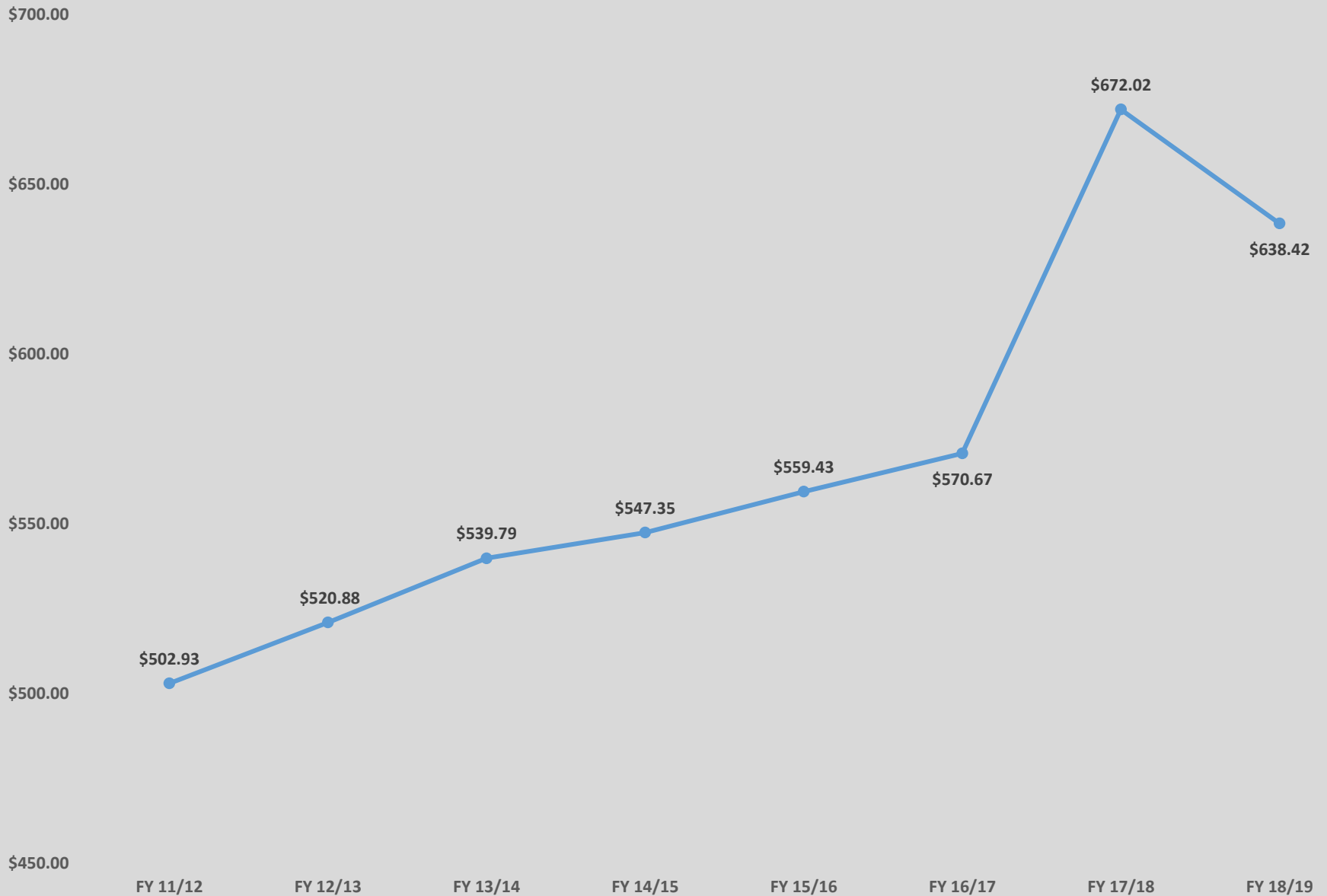
FY 2018/19 Collection Rates with MarBorg's Proposed Reduction
64-gallon Residential Cart Service



FY 2018/19 Collection Rates Independent of MarBorg's Proposal
3-yard Commercial Bin Service, collected 3x/week



FY 2018/19 Collection Rates with MarBorg's Proposed Reduction
3-yard Commercial Bin Service, collected 3x/week



MarBorg's Proposal

Abandoned Item Collection

Increase on-call collection of abandoned items from 45 collections or 15 tons annually, to 80 collections or 20 tons annually



MarBorg's Proposal Support for Beautify Goleta

Support up to 12
Community Cleanup
Events annually

- Roll-Off Boxes
- Portable Toilet & sink



MarBorg's Proposal Backyard Compost Containers

Residential customers may
request up to two Earth
Machine Compost Bins
without charge

Retail value approximately
\$99.00 unit

County offers for \$45.00



MarBorg's Proposal Maintained Services

The Contractor will continue to provide the following free services to residents:

- Free carry-out service for customers in automated areas who are physically unable to bring their containers to the curb for pickup
- Curbside battery collection program
- Two bulky-item waste collections per calendar year
- Provision of sharps disposal containers upon request
- Christmas collection services, including Christmas tree disposal and additional waste collection for two weeks following the holiday
- Access to the Contractor's Goleta and Santa Barbara recycling facilities

MarBorg's Proposal Maintained Services

The Contractor will continue to provide the following free services to the City:

- Free solid waste, recycling and green waste service to City facilities, parks, festivals and public containers
- Free collection services to all schools in the Goleta Valley Union School District
- Disposal of all street sweeping material collected by the City's street sweeping contractor
- Maintenance of current franchise diversion efforts and applying available methods
- Provision and regular servicing of portable toilet facilities in City Parks and Open Spaces.

Diversion Standard

- The Agreement specifies a Diversion Standard, with identified diversion targets for Years 4 & 7 of the Agreement
 - The diversion targets were based on identified opportunities for increased residential and commercial diversion
 - With the exception of residential food waste collection, staff believes there are few remaining opportunities to increase diversion through curbside collection programs

Diversion Standard

- Staff recommends maintaining Franchise Diversion at a minimum of 41.5 percent
 - If residential food waste collection becomes necessary in order to meet State organic diversion requirements, the City and MarBorg would meet and confer to identify a reasonable and attainable increase in the diversion standard
 - The penalty for failure to meet the minimum diversion standard would remain in place, and is based on the refuse tipping fee for the FY where diversion fell short, multiplied by the number of tons in deficit for that FY

Transfer Fee

The Agreement provides for the payment, to the City, of a Transfer Fee in the event that MarBorg Industries is sold or transferred to another entity

- This is a mechanism to provide a disincentive for the sale or transfer of the Franchise hauler during the term of the Agreement
- Provides some monetary resources to the City in the event of failure to perform under new ownership, where the City may need to contract for temporary hauling services until satisfactory performance of services can be restored

Transfer Fee

The Transfer fee has been recalibrated for an extended term

- \$500,000 Fee until
- June 30, 2021
 - Currently at \$300,000
- Decreases by \$20,000 annually thereafter

Number of Years Remaining in the Term of Agreement	Amount of Assignment Fee
More than 10	\$500,000.00
Between 9 and 10	\$480,000.00
Between 8 and 9	\$460,000.00
Between 7 and 8	\$440,000.00
Between 6 and 7	\$420,000.00
Between 5 and 6	\$400,000.00
Between 4 and 5	\$380,000.00
Between 3 and 4	\$360,000.00
Between 2 and 3	\$340,000.00
Between 1 and 2	\$320,000.00
Less than one year	\$300,000.00

Emergency Communications Trailers

Under the Agreement, MarBorg equipped and maintains two emergency communications trailers that may be deployed upon City request during emergencies or natural disasters

- These trailers feature large external flat screens, computer and communications equipment that can display important information to residents in real time

Emergency Communications Trailers

MarBorg has offered to turn these assets over to the City, and has proposed removing the requirement to maintain them from the Agreement

Considerations for the City include

- Annual maintenance costs
- Replacement and upgrade costs

Recommendation

Staff believes that MarBorg's proposal provides sufficient value to residents, businesses and the City in exchange for the requested Term extension, and recommends it's acceptance

Franchise Amendment No. 2

- If the City Council accepts MarBorg's Proposal, as is, or as modified by the Council's direction, staff will prepare the necessary Amendment for MarBorg's review, and return to Council on July 17 for approval and execution

Thank you!

Questions?