

Attachment A

CH2MHILL Compiled Notes from Interviews of 12 Cities and Counties

TECHNICAL MEMORANDUM



Final Survey Responses

PREPARED FOR: Los Angeles Bureau of Sanitation
 PREPARED BY: CH2M HILL
 DATE: February 13, 2013
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In order to gain insight into the experiences of other jurisdictions with multiple exclusive franchise zones, the Los Angeles Bureau of Sanitation (Sanitation) commissioned a survey by CH2M HILL. After some initial online research and consultation with industry contacts, twelve jurisdictions were identified that were of interest to Sanitation. A summary of relevant information about the jurisdictions surveyed is shown in Table 1.

TABLE 1
Summary Statistics for Surveyed Jurisdictions

Jurisdiction	Exclusive Collection Areas	Estimated Population	Square Miles ^a	No. of Firms	Services Franchised ^b
Collier County, FL. ^c	2	285,000	2,305	2	R/MF/C
Fresno, CA.	2	501,000	105	2	R/MF/C
Fresno County, CA. ^c	14	342,000	6,017	12	R/MF/C
Lee County, FL.	5	423,000	1,212	5	R/MF/C
Norwalk, CA.	2	106,000	9	2	R/MF/C
Palm Beach County Solid Waste Authority (SWA), FL. ^c	9 ^d	558,000	2,386	9	R/MF/C
Phoenix, AZ.	10	1,470,000	517	3 ^e	R
Portland, OR.	19	584,000	145	19	R
Reno, NV.	2	422,000	69	2	R/MF/C
Seattle, WA.	2	621,000	143	2	R/MF/C
Stockton, CA.	2	292,000	62	2	R/MF/C
Vancouver, WA.	2	165,000	46	1	R/MF/C

^a County data include area for cities and towns.

^b R = single-family residential; M = multi-family residential; C = commercial.

^c Applies mainly in unincorporated areas of County.

^d In process of changing to four collection areas.

^e Managed competition process: Currently, the City and two private firms provide collection services.

A summary of research conducted and survey responses from each jurisdiction follows.

Collier County, Florida

Results of Document Review and Interview with:

Peter Lund

Manager, Customer Service and Utilities Education and Compliance

Utility Billing & Customer Service Department

(239) 252-2357

peterlund@colliergov.net

<http://www.colliergov.net/index.aspx?page=2775>

January 16, 2012

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection district have you established?

Collier County has two (2) collection districts (see Exhibit 1).

2. Approximately how many accounts do you have per district (SF, MF, Commercial)?

Customer	District I	District II
Residential	105,244*	5,885
Multi-family	X	X
Commercial	4,150#	270

*Includes M/F with curbside service

#includes M/F of approx 65,000 units – these are still residential and have recycling service and are identified as non-curbside. Commercial businesses have mandatory recycling but can choose to have a contractor other than the franchisee.

3. Are those district boundaries the same for multi-family and commercial collection?

Yes.

4. What criteria did you use to establish this number?

The collection districts were established to reflect the geographic distribution of the two primary population centers in the County.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

No.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

No specific criteria were established, but each district has a landfill or transfer station in relatively close proximity.

- 7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?**

No formal studies or modeling was conducted to establish the district boundaries.

- 8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?**

No.

- 9. What lessons did you learn or what would you do differently in the future?**

None.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

Because the County has renegotiated its exclusive franchise agreements rather than procured new service providers, it did not employ a limit on the number of districts per service provider. When the agreements were renegotiated in 2005, direction was provided by the County Commission to negotiate with the current service providers.

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

N/A.

- 3. How many collection companies were licensed in Collier County before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for your collection contracts?**

N/A.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

Yes

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

N/A.

- 6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?**

N/A.

- 7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?**

Yes.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

The County bills for residential service as a non ad valorem assessment on the tax bill. The County's payments to the Contractor for Residential Collection Service are made on a monthly basis, for services performed during the previous month, in an amount equal to one-twelfth of the approved annual payment per Residential Customer. Payments to the Contractor are calculated by: (a) multiplying the Rate for Residential Collection Service by (b) the number of Residential Customers that received Residential Collection Service during the month, and (c) deducting any liquidated damages assessed against the Contractor. Payments are sent to the Contractor within the first twenty (20) Days of the month. We do add units monthly.

The County sets the commercial service rates each year by resolution. The Contractor is responsible for the billing and collection of Rates charged for Commercial Collection Service and Commercial Supplemental Collection Service, including collection and payment of Tipping Fees. The only exception relates to roll-carts, which the County bills. The Contractor pays the Tipping Fee at the Designated Site when the Contractor delivers Commercial Waste. The current resolution is available as a separate document. The County audits the commercial records to ensure compliance.

- 2. What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?**

The supplemental services are presented in the rate resolution referenced above.

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

The County sets the collection rates, which are different for each collection district. Residential curbside rates are set at the time of contract signing as are Commercial rates, then adopted by rate resolution every year thereafter.

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

Yes, as part of renegotiating the contracts, not as part of a RFP.

- 5. Did you have any "phase-in" period to the new rate structure?**

No, the rates are effective on October 1 or each year.

- 6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?**

No, but consideration is given for hardships as noted below. The County is contemplating removal of the provision at some point in the future.

Ordinance 2005-54 - SECTION TWENTY-TWO: FINANCIAL HARDSHIP DEFERMENTS.

Except where the Special Assessment is imposed and collected as a non-ad valorem assessment on the property tax bill, a deferment of the annual payment obligation of the Special Assessment may be obtained by the owner of Residential Real Property that qualifies upon the basis of financial hardship as defined herein and according to the procedures provided hereunder.

A deferment of the payment obligation otherwise required under this Ordinance may be granted upon the written request of a Residential Real Property owner who qualifies because of financial hardship using as a standard the United States Department of Housing and Urban Development's Rental Assistance Program (Section 8) as to annual income, providing further that home ownership is not in and of itself an eliminating factor. The deferment shall consist of a lien placed against the Residential Real Property to run with the land in an amount equal to the cumulative unpaid Special Assessment(s). The lien shall be satisfied upon the sale, transfer or any other disposition of the Residential Real Property subject to the Special Assessment(s).

7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?

No.

8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)

To compensate the County for the cost of administration, supervision and inspection required for the effective performance of this Agreement, the Contractor pays to the County a franchise fee equal to two percent (2%) of total annual assessment of Residential Customers, plus four percent (4%) of all gross revenues collected from Commercial Customers, including disposal fees, arising out of any services or operations governed by this Agreement. The amount of the administrative fee may be adjusted by the County on October 1 of each Agreement Year, beginning on October 1, 2006, but the administrative fee shall not exceed five percent (5%). The administrative fee shall not be increased unless the Rates are increased appropriately to maintain the Contractor's net revenues.

For the purposes of determining the amount of the administrative fee, gross revenues shall include the disposal fees associated with Residential Collection Service, whether or not such fee is directly collected or paid by the Contractor. The residential disposal fee to be used for this purpose shall be based upon the Rates established in the exhibits attached hereto. Administrative fees shall be payable monthly in arrears with the disposal fees. Any amounts not paid when due shall earn interest at the maximum legal rate. Adjustments to the administrative fee, based upon new or additional information about the Contractor's gross revenues, may be made from time to time by the Director, after providing notice to Contractor.

9. What escalation clauses are in effect in your franchise compensation agreement?

The Collection portion of the Residential Customer Rates and the Collection portion of the Commercial Customer Rates (e.g., front-load, compactor, and roll-off Rates) are adjusted on October 1st of each year, beginning in the second Agreement Year, as described below.

The Rate are adjusted in an amount equal to seventy percent (70%) of the change in the Consumer Price Index ("CPI") during the previous year, but the adjustment shall not exceed five percent (5%) in any one year.

The CPI shall be the lesser of the United States All Urban CPI, or the Southern All Urban CPI, published by the U.S. Department of Labor, Bureau of Labor Statistics, for the twelve (12) months ending on the April

30th that precedes each new Agreement Year. If the CPI is discontinued or substantially altered, the County may select another relevant price index published by the United States Government or by a reputable publisher of financial and economic indices.

The fees set forth for Supplemental Services are adjusted annually to account for changes in the CPI.

The disposal Rates for Commercial Customers are adjusted whenever the Tipping Fee at the Collier County Landfill is adjusted.

Collier County calculates the residential and commercial Collection and disposal Rates, based on the following formulae:

A. Residential Rates

1. Initial Residential Rate
2. Adjustments to Residential Rate after first Agreement Year

New Rate per household for upcoming Agreement Year = Current Rate per household X 70% of CPI + current Rate per household

Hypothetical Example

New Rate for single family residential Customers = \$100 X (70% of 2.2851%) + \$100.00
= **\$101.59**

B. Commercial Rates

1. Effective October 1, 2005, the Commercial Collection Rate are adjusted to reflect 100% of the change in the CPI, pursuant to the provisions of the County's Solid Waste Collection Service Agreement (dated June 12, 1990), as amended, with the Contractor.

Initial Rate per container per frequency of Collection = Initial Rate per container per frequency of Collection X 100% of CPI [see description for CPI in Section 27] + initial Rate per container per frequency of Collection

Hypothetical Example

4 yard container collected twice per week = \$140.00 X (100% of 2.2851%) + \$140.00 = \$143.20

2. Adjustments to Commercial Collection Rate after first Agreement Year

New Rate per container per frequency of Collection = Current Rate per container per frequency of Collection X 70% of CPI [see description for CPI in Section 27] + current Rate per container per frequency of Collection

Hypothetical Example

4 yard container collected twice per week = \$150.00 X (70% of 2.2851%) + \$150.00 = \$152.40

3. Commercial Disposal Rate [To be established annually pursuant to Collier County Ordinance No. 84-31]
4. Conversion Factors
 - (a) Uncompacted Garbage and Rubbish: 0.055 tons per cubic yard or 1 cubic yard = 110 lbs.

(b) Compacted Garbage and Rubbish: 0.1725 tons per cubic yard or 1 cubic yard = 345 lbs.

(c) One month = 4.33 weeks

Adjustment to commercial disposal Rate after a change in the Tipping Fee

New monthly disposal Rate for each container size per frequency of Collection = **Size (per cubic yard) of container X frequency of Collection per week X 4.33 (i.e., weeks in a month) X new Tipping Fee**

Hypothetical Example

The new monthly disposal Rate for a 4 yard container (uncompacted) collected twice per week = 0.055 tons per cubic yard X 4 cubic yards X 2 collections per week X 4.33 weeks per month X \$35.00 = \$66.68

D. Waste Exemptions

1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?

The following types of Exempt Materials are not subject to the Contractor's exclusive franchise under this Agreement. These Exempt Materials may be collected and taken to a licensed disposal site or Recycling Facility by the owner or occupant of the Premises, or their agent, at the owner's or occupant's expense.

- Land Clearing Debris.
- Construction and Demolition Debris.
- Trash and debris associated with farming operations.
- Extraordinary, Hazardous, Biomedical, and Radioactive Waste.
- Wrecked, scrapped, ruined or dismantled motor vehicles, or motor vehicle parts, including used oil, Tires, and batteries.
- Recyclable Materials generated by a Commercial Customer, provided the materials are subjected to a recycling process, and the Commercial Customer reports to the Director, upon request, about the disposition of the Recyclable Materials.
- Non-Program Recyclables generated and separated from the Waste Stream by Residential Customers.
- Solid Waste and by-products resulting from an industrial process.
- Solid Waste and Recyclable Materials generated in the incorporated areas of Collier County, other than the City of Marco Island.
- Sludge.
- Liquid, semisolid, or contained gaseous material resulting from domestic, industrial, commercial, mining, agricultural, or governmental operations.
- Commercial Organics.

- Yard Trash generated on Commercial Real Property.
- Materials and wastes similar to those listed above, when designated by the Director.
- If the Contractor declines to collect Bulky Waste or White Goods from a Commercial Customer, then the Bulky Waste or White Goods shall be deemed an Exempt Material with regard to that Commercial Customer.

E. Diversion Requirements

1. Does the contract include requirements for diversion programs?

Yes, Contractor is required to participate in the County's Solid Waste program activities, including but not limited to: public appearances in support of the County's Recycling Program; use of the County's recycling theme, colors, and logos on Collection vehicles and containers; distribution of promotional literature; participation in special events; special educational presentations; and similar activities. All literature shall include a County phone number, approved by the Director.

From time to time, but not more than twelve (12) times per year, Contractor shall assist and/or support the County at local special events (e.g., Earth Day). Examples include but are not limited to: using Collection vehicles to participate in local parades; bringing Collection vehicles to special events; and providing staff to assist County staff at various informational booths. The Contractor shall not be required to staff booths more than a total of 60 Person hours per year.

In addition to the staffing requirements above, the Contractor shall expend \$50,000 per Agreement Year assisting the County with educational, promotional, and public awareness activities, including, but not limited to the following:

- At its expense, Contractor shall mail one (1) Solid Waste informational document, developed and published by the County, to all Customers in the Contractor's Service District. The document shall be distributed quarterly each Agreement Year. The County shall give the Contractor a minimum of four weeks' notice prior to the mailings. Contractor shall perform mailings under the direction and to the satisfaction of the Director.
- At its expense, Contractor shall distribute pre-printed promotional materials (e.g., brochures, newsletters, flyers, door hangers, magnets), up to four (4) times per Agreement Year, to all Customers in the Contractor's Service District. These materials shall be developed and provided by the County to educate Residential and Commercial Customers about the proper methods to be used to Set Out their Solid Waste, Yard Trash and Program Recyclables, and to provide other information concerning the County's Solid Waste program.
- At its expense, Contractor shall publish a quarter-page, County-prepared advertisement, promoting Solid Waste programs. The advertisement shall be published twice each Agreement Year in the newspaper that has the largest local circulation.

When determining whether the Contractor has satisfied its obligation to spend \$50,000 per Agreement Year on educational activities, the County shall consider and include the Contractor's out-of-pocket costs for printing, publishing, and mailing educational materials to Customers.

2. What are the benchmarks or diversion targets established for your diversion programs?

The State of Florida has established a 75 percent recycling goal.

3. How is the performance of your diversion programs measured?

The FDEP calculates the diversion based on incoming waste types and recovered tonnages reported from the County and all approved permitted recycling facilities.

4. Does your program include disposal caps that decrease over time?

No.

5. What penalties of incentives do you enforce for missing or exceeding diversion targets?

There are none.

F. Traffic Changes and Collection Efficiency**1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a “free market” system to your current exclusive collection area system?**

No.

2. If so, could you share any studies conducted or methodologies used in preparing those estimates?

N/A.

G. Incentives to Exceed Contractual Requirements**1. Has the County included any other liquidated damages for non-compliance? If yes, please explain.**

Yes, see Exhibit 2.

2. Has the County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.

No.

H. Implementation, Staffing, Customer Interface**1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? Please provide a breakdown by function.**

The County’s customer service team is responsible for all customer engagement as the first point of contact. Staff includes two (2) managers, five (5) accounting staff, eleven (11) customer service staff, and seven (7) education and compliance staff.

2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?

N/A.

3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?

Staff engaged outside technical and legal support with the renegotiation process in 2005. The analysis for the most recent contract extension was conducted by County staff only.

4. *How do customers interact with you and/or the haulers for service issues, new programs (e.g., phone, web-system, personal contact)?*

All customer service call are received and managed by County staff. Work orders are issued to the Contractors as required for action.

EXHIBIT 1

Service Districts

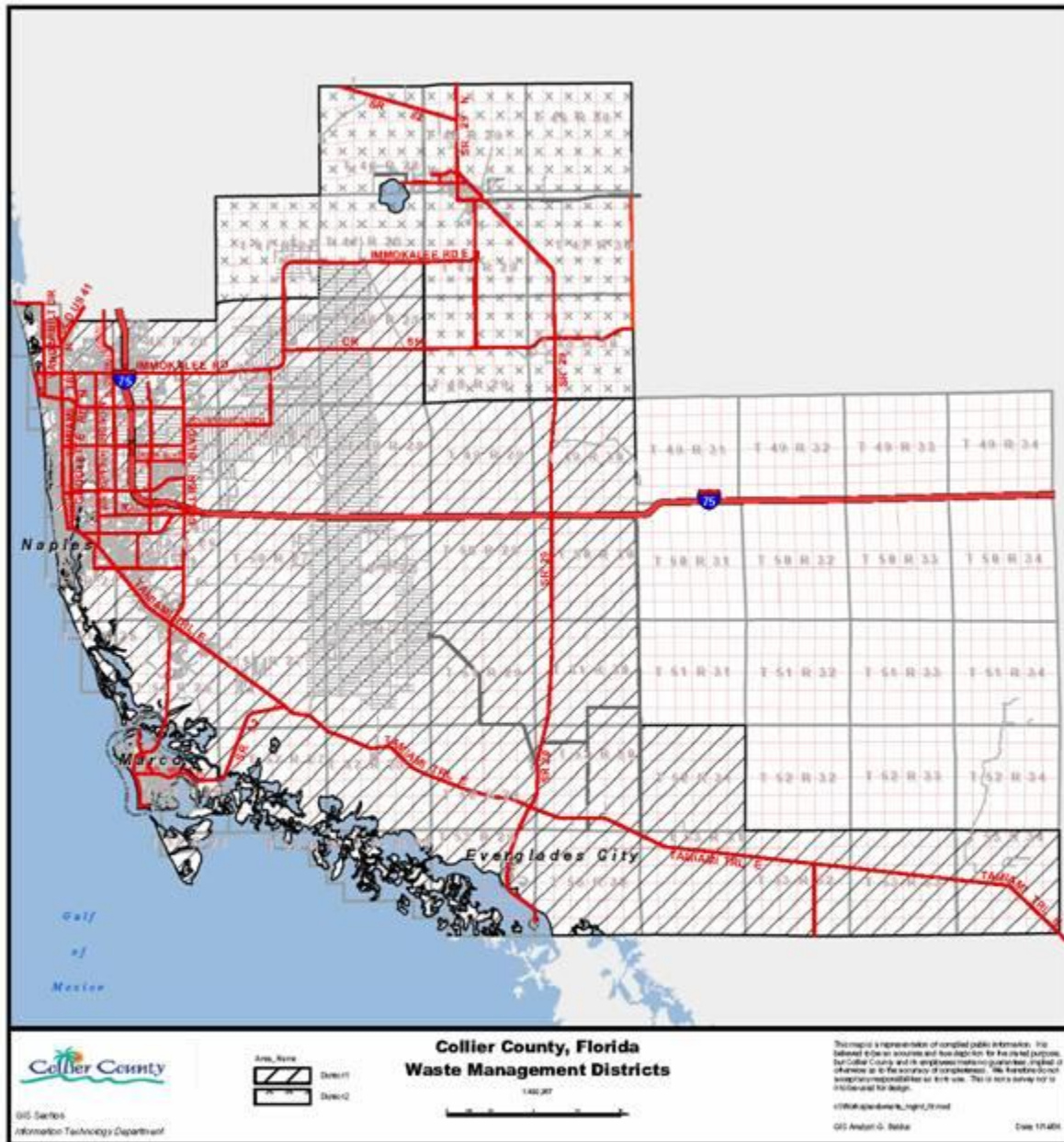


EXHIBIT 2

Liquidated Damages

Basis for Liquidated Damages

The County and Contractor acknowledge and agree that it is difficult or impossible to accurately determine the amount of damages that would or might be incurred by the County due to those failures or circumstances described in this Section 28 and for which the Contractor would otherwise be liable. Therefore, the following administrative assessments shall constitute liquidated damages, not penalties, for the Contractor's breach of this Agreement. These administrative charges may be deducted from the County's payments to the Contractor.

- Failure to clean up spilled liquids or material in compliance with the requirements in this Agreement, within the deadlines set forth herein, after notification by the Director or a Customer. Each failure shall result in the imposition of a \$250 assessment per event.
- Failure or neglect to collect properly prepared Solid Waste, Yard Trash, or Program Recyclables from any Premises at those times provided by this Agreement, within the deadlines set forth herein, after notification by the County or Customer. Each failure shall result in the imposition of a \$100 fee. If the Contractor fails to meet the deadlines contained in this Agreement, each additional Day of delay after the initial violation shall result in the imposition of an additional \$250 assessment.
- Failure or neglect to correct chronic problems (chronic shall mean three (3) or more Legitimate Complaints at the same Premises within a twelve (12) month period) shall result in the imposition of a \$250 assessment. The first assessment shall be imposed for the third Legitimate Complaint. Additional assessments may be imposed for each Legitimate Complaint thereafter. If the Contractor has more than five (5) chronic complaint problems within one month, there shall be an additional \$500 assessment.
- Failure or neglect to complete each street on a route (including missing whole or partial streets) on the regularly scheduled Collection Day, within the deadlines set forth herein, shall result in the imposition of a \$500/street/Day assessment.
- Intentionally mixing Yard Trash, Program Recyclables, Solid Waste, Electronic Equipment, or any other materials that are required to be collected separately, shall result in the imposition of a \$1,000 assessment per occurrence.
- Mixing Commercial and Residential Garbage, Rubbish or Yard Waste during Collection, without prior written approval from the Director, shall result in the imposition of a \$1,000 assessment for each occurrence.
- Failure to maintain a Collection vehicle or equipment in a clean and sanitary manner shall result in the imposition of an assessment of \$100 per vehicle per day.
- Mixing Commercial Recyclables and Residential Program Recyclables during Collection, unless prior approval for the mixing has been granted by the Director, shall result in the imposition of a \$1,000 assessment for each occurrence.
- Failure to resolve Legitimate Complaints, other than Missed Collections, within seven (7) Days of notification shall result in the imposition of a \$250 per day assessment for each occurrence until such complaint is resolved to the satisfaction of the County.
- Failure to timely file any report or document required herein shall result in the imposition of a \$100 assessment for each Day that each report or document is late.

- Failure to dispose of Residential Waste or Commercial Waste collected in the Contractor's Service District at a Designated Site shall result in the imposition of liquidated damages equal to the current tip fee at the Designated Site, plus twenty-five percent (25%), for each ton disposed at non-Designated Site.
- Failure or neglect to correct chronic equipment problems (chronic shall mean three (3) instances of the same or similar problem with the same equipment/truck within a twelve (12) month period) shall result in the imposition of a \$250 assessment. The first assessment shall be imposed for the third problem. Additional assessments may be imposed for each problem thereafter.
- Failure to properly and legibly label Recycling Containers, Commercial Containers and/or Roll Carts within five (5) Days of receiving notice from the Director, shall result in the imposition of a \$100 assessment for each container not properly labeled.
- If the Contractor fails to comply with any provision of this Agreement for which liquidated damages have not been specified in this Section 28.1, the County may impose a \$200 assessment per occurrence per day.
- Failure to have a vehicle operator properly licensed, or failure of the operator to carry his license while on duty, shall result in a \$100 assessment per occurrence per day.
- Failure to maintain office hours in the manner specified in this Agreement shall result in a \$100 assessment per occurrence per day.
- Failure to replace or repair a damaged container as specified in this Agreement shall result in a \$25 assessment per incident per location.
- Failure to service a Legitimate Complaint within the specified time frame shall result in a \$50 assessment per incident per day.
- If the Contractor notifies the Director that a complaint has been resolved, when the complaint has not been resolved, there shall be a \$200 assessment per incident.
- Collections outside of the hours specified in this Agreement, without prior approval of the Director, shall result in a \$100 assessment per incident per day.
- Failure of personnel to treat customer(s) or their property in a professional manner shall result in a \$15 assessment per incident.
- Blocking driveways with containers or Recycling Bins shall result in the imposition of a \$25 assessment per incident, per day.
- Failure to provide timely promotional, educational materials and/or advertisements shall result in the imposition of a \$1,000 assessment per event.
- Failure to comply with the deadlines in Sections 5.3 and 5.4 for the Transition Periods shall result in an assessment of \$1,000 per day, per incident.

Procedure for Assessing Liquidated Damages

- Based upon an investigation, the Director shall determine whether liquidated damages shall be assessed against the Contractor. The Contractor shall not be required to pay liquidated damages in those cases where the delay or failure in the Contractor's performance was (a) excused in advance by the Director or (b) due to unforeseeable causes that were beyond the Contractor's reasonable control, and without any fault or negligence of the Contractor.

- Prior to assessing liquidated damages, the Director shall provide written notice to the Contractor, indicating the County's intent to assess liquidated damages.
- After receiving the Director's letter, Contractor shall have ten (10) Days to file a written letter of protest with the Director.
- If a protest is timely filed, the matter shall be referred to the Manager for resolution. The Manager shall review the issues in a timely manner and then provide a written decision to the Contractor.
- If the Manager's decision is unacceptable, the Contractor shall have ten (10) Days to file a written petition with the Director for a hearing before the Board. Upon the timely filing of a petition, the Board shall provide the Contractor with an opportunity to be heard at a public meeting and then the Board shall notify the Contractor in writing of its decision concerning the liquidated damages. The decision of the Board shall be final and non-appealable.
- If a protest or petition is not timely filed by the Contractor, or if the Board concludes that liquidated damages should be assessed, the Director shall deduct the liquidated damages from the County's next payment to the Contractor for Collection Services.
- The procedures in this Section 28 shall be used in lieu of the procedures in Section 30 to resolve disputes concerning liquidated damages.

Fresno County, California

Results of Document Review and Interview with:

Sally Lopez,
Fresno County, CA.
mslopez@co.fresno.ca.us
(559) 600-4312
January 17, 2013

In August, 2005, the County executed Exclusive Service Area Program (ESAP) agreements with 14 collection firms in order to meet state diversion requirements. Service under the program is optional (residents may self-haul material to local facilities), but residents and businesses must select the ESAP hauler if they subscribe to collection services.

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

Today, there are 14 territories served by 12 designated ESAP haulers.

2. Approximately how many accounts do you have per zone (SF, MF, Commercial)?

As of April 2011 (in October 25, 2011 Board Report), it was estimated that approximately 27,600 customers contracted for collection under the ESAP program (and approximately 33,100 that did not). About 1/3 of the accounts are commercial; 2/3 are residential.

3. Are those zone boundaries the same for multi-family and commercial collection?

Yes.

4. What criteria did you use to establish this number?

Prior to the transition, there were 61 firms providing service in the County. Fourteen of them were able and willing to meet the County's bonding, insurance, and other RFP requirements.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

No.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

The service areas generally follow patterns of service for each hauler and coincide with roadways and/or geographic-resource features. Each hauler was to keep the same number of accounts before and after the transition to the ESAP system: the haulers met to help draw boundaries and exchange accounts between boundaries.

7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?

There were some studies done prior to the RFP. Not available at this time.

8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

No.

9. *What lessons did you learn or what would you do differently in the future?*

Some Supervisors and staff would prefer that all cities in the County were part of the ESAP system, which would improve the clarity of diversion and collection messaging and make services similar. Rates might go down because of increased economies of scale. Would be easier to track tonnages delivered to facilities.

The County elected to not engage in a public outreach program when the system was implemented: haulers just communicated with their customers by email. This led to many more calls once implemented than could have been otherwise.

B. Collection Zone (Franchise) Caps

1. *What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?*

No strict limits, but County must authorize any “assignment” of a contract from one firm to another.

2. *What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?*

See above.

3. *How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?*

Not really a problem with 12 collection zones.

4. *If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?*

Yes.

5. *In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?*

Only one.

C. Rate Structure

1. *Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?*

Rates that haulers charge was negotiated by staff in 2004-2005. Initial rates seemed high, and Board of Supervisors directed staff to re-negotiate them downward. Rates include pass-through amounts for closed landfills, and diversion programs. Rates are a maximum: some haulers charge less to entice self-haulers to subscribe to service.

Rates apply to all regular service from 30 gallon to six cubic yards. It does not apply to special pickups, bulky pickups, or service on quantities greater than six cubic yards (e.g., rollofs).

Haulers in one area have to pay a \$3.25 per ton fee for closed landfills that is not passed through to customers, thus affecting their profit margins. This is a source of contention between the firms and the County.

- 2. *What “extra services” do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?***

Nothing out of the ordinary.

- 3. *Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?***

Rates are set to be equivalent within each of four distinct service rate areas: Urban, Rural with Green Waste, Rural Without Service, and Mountain. The rates are maximum rates that haulers can charge in each area. We have copies of collection rates effective as of March 2012.

- 4. *Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?***

No.

- 5. *Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?***

Not in the standard rate, but some haulers offer discounts or relaxed payment terms.

- 6. *Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?***

Not applicable.

- 7. *Does the City receive a franchise fee or payment other than the \$/stop payments? If so, how is it assessed? (i.e., x% of revenues or y% annually)***

County receives one percent on revenue earned.

- 8. *What escalation clauses are in effect in your franchise compensation agreement?***

Rates are adjusted annually on the basis of increases in the Consumer Price Index (unadjusted San Francisco-Oakland-California CPI). Cart rates (residential) are modified by 75% of annual CPI increase, and bin rates (commercial) are modified by 65% of the annual CPI increase.

D. Waste Exemptions

- 1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?**

Not applicable.

E. Diversion Requirements

- 1. Does the contract include requirements for diversion programs?**

The ESAP agreements stipulate that at the end of six years from the start date (February 26, 2006), the ESAP haulers must achieve the following diversion targets by service rate area: 50% Urban; 35% Rural with Green Waste; 25% in Rural Without Service and Mountain. Those targets were met in 2012.

Haulers must work with County to implement programs including outreach, education with schools, and implementing the new state recycling requirements for larger commercial customers.

- 2. What are the benchmarks or diversion targets established for your diversion programs?**

State requirements in 2012 were 5.1 pounds per capita and 13.5 pounds per employee.

- 3. How is the performance of your diversion programs measured?**

See above.

- 4. Does your program include disposal caps that decrease over time?**

No.

- 5. What penalties or incentives do you enforce for missing or exceeding diversion targets?**

Not applicable.

F. Traffic Changes and Collection Efficiency

- 1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?**

No.

- 2. If so, could you share any studies conducted or methodologies used in preparing those estimates?**

Not applicable.

G. Incentives to Exceed Contractual Requirements

- 1. *Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.***

There are various liquidated damages that can be assessed, but to date, the County issues notices and gives haulers time to rectify problems. No fines have been assessed to date.

- 2. *Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain***

No.

H. Implementation, Staffing, Customer Interface

- 1. *How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)***

The County has three staff members for administering the system and meeting AB939 requirements and facilities issues: about 2.5 on collection and 0.5 on facilities. At one point, staff was down to just one person.

- 2. *Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?***

Contracts awarded in August, 2005; service starts in March, 2006.

- 3. *Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?***

No.

- 4. *How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)***

Most correspondence is done by telephone. In 2006 when system was implemented, staff received about 3,000 calls. Today, they get relatively few calls with service issues: a maximum of perhaps 25-30 per month.

Fresno, California

Results of Document Review and Interview with:

Patrick Wiemiller
City of Fresno, CA
Patrick.Wiemiller@fresno.gov
(559) 621-8663
January 25, 2013

The City of Fresno has recently moved to exclusive zone franchising for both commercial and residential garbage and recycling collection. For commercial collection they have two zones with two different franchisees. For residential collection Fresno has decided to go with a single franchisee for the entire city. The responses below focus on commercial collection unless otherwise noted.

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

Two exclusive zones have been established for commercial and multi-family collection. Allied Waste Services (Allied) is responsible for servicing the northern portion of the City, and Mid Valley Disposal (MVD) is responsible for the southern section.

For residential collection the City has awarded a single franchise to MVD.

2. Approximately how many accounts do you have per zone (SF, MF, Commercial)?

There are approximately 4,000 commercial accounts (including large multi-family complexes) in each of the two commercial zones.

There are about 105,000 residential accounts.

3. Are those zone boundaries the same for multi-family and commercial collection?

Yes, larger multi-family accounts are collected within the same boundary areas as other commercial accounts.

4. What criteria did you use to establish this number?

In its RFP, the City was divided into 4 quadrants or zones (NW, NE, SW, SE) that were divided by major roads and sized to ensure roughly equally-sized zones. During the RFP process two proposers stood out from the rest and the City awarded the north side of the city to one firm, and the south side to another.

For the residential RFP, the City was split into two zones (N and S) but due to the strength of one proposal (MVD), they elected to award the entire city to the one firm.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

The City, with assistance from a consultant, conducted an analysis in 2010 - 2011 to develop the zone boundaries.

6. *What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site?)?*

Geographical features such as major roads were the basis for the boundaries, and the zones were sized to have approximately equal number of accounts. The goal was to ensure clarity about the boundaries in which firms would operate.

7. *Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?*

See above.

8. *Did elected official districts impact the selection of district boundaries (i.e., alignment)?*

No. However, during initial deliberations this was suggested by a Council member. It was suggested that this would have resulted in more zones than necessary (seven Council districts), with less clearly delineated boundaries. Also, Council districts change every time there is a new census, which would have added to boundary complexities.

9. *What lessons did you learn or what would you do differently in the future?*

The clean delineation of boundaries has helped with management. There are some disadvantages with having multiple franchisees because management complexity is more than double with two zones compared to a single zone. Having a single franchisee, as will be done for residential collection eliminates such problems while still providing adequate accountability and competition.

With two zones, the City has different rates in the two zones, which is not desirable.

B. Collection Zone (Franchise) Caps

1. *What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?*

Not applicable. For commercial collection under the current agreement, each franchisee has one collection area.

2. *What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?*

Not applicable.

3. *How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for your collection contracts?*

The City provided waste collection services prior to implementation of exclusive franchises except for roll-off collections which are provided by approximately 15-20 haulers. Currently, these haulers compete for roll-off business under non-exclusive franchises.

4. *If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?*

More consideration would have been given to the possibility of awarding a single city-wide franchise for commercial collection.

5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?

There was no limit.

C. Rate Structure

1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?

Collection companies bill customers and remit franchise fees and other payments to the City.

2. What “extra services” do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?

No atypical extra services are provided.

3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?

Rates were negotiated with the winning proposers, and escalate over the course of the 10-year contract in accordance with a contractual escalation formula.

4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?

No. Contract terms are for 10 years. Reviews occur after 5 years and the overall franchise program is set to be reviewed following year 8.

5. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?

No discounts are provided for low income multi-family households.

6. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?

Not applicable.

7. Does the City receive a franchise fee or payment other than the \$/stop payments? If so, how is it assessed? (i.e., x% of revenues or y% annually)

The City receives a 14 percent franchise fee. There is also a 0.5% management fee to cover the cost of administering the franchises. It was initially one percent (which is more representative of actual costs), but this was lowered by City elected officials.

8. What escalation clauses are in effect in your franchise compensation agreement?

[Copy of franchise agreement has been requested.]

D. Waste Exemptions

- 1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?**

Rolloffs are not included in the franchise agreement: they are served by 20 firms with non-exclusive franchises who compete for business. Other than state agencies with the legal right to select their own collection firm, there are no businesses exempt from the franchise.

E. Diversion Requirements

- 1. Does the contract include requirements for diversion programs?**

[Copy of franchise agreement has been requested.]

- 2. What are the benchmarks or diversion targets established for your diversion programs?**

[Copy of franchise agreement has been requested.]

- 3. How is the performance of your diversion programs measured?**

[Copy of franchise agreement has been requested.]

- 4. Does your program include disposal caps that decrease over time?**

No.

- 5. What penalties or incentives do you enforce for missing or exceeding diversion targets?**

[Copy of franchise agreement has been requested.]

F. Traffic Changes and Collection Efficiency

- 1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a “free market” system to your current exclusive collection area system?**

This was discussed but not formally evaluated.

- 2. If so, could you share any studies conducted or methodologies used in preparing those estimates?**

Not applicable.

G. Incentives to Exceed Contractual Requirements

- 1. Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.**

[Copy of franchise agreement has been requested.]

- 2. Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain**

Franchisees are required to have a carbon footprint that is at least as good as what the City used when it collected from the commercial sector, which it used LNG as a fuel.

H. Implementation, Staffing, Customer Interface

1. *How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)*

There are currently 5 FTEs involved in these activities: one of whom deals mainly with disposal facilities (transfer station, landfill, closed landfill). Of the four staff who deal mainly with collection, one staff member works on recycling programs, a second does accounting, waste tracking, a third does contract compliance and performance and is liaison with the franchisees, the fourth focuses on operations and will likely phase out after the program is fully transitioned.

2. *Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?*

Not available.

3. *Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?*

Legal counsel (internal and external) was extensively used for contract negotiations. A consultant was engaged to draft RFP, assist during the RFP process, and make presentations to Council.

4. *How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)*

Franchisees are responsible for all service issues. City staff correspond with haulers by phone and email as needs arise.

Lee County, Florida

Results of Document Review and Interview with:

Mr. Keith Howard

Deputy Director

Lee County Solid Waste Division

(239) 533-8000

khoward@leegov.com

<http://www.leegov.com/gov/dept/SolidWaste/Pages/default.aspx>

January 18, 2012

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

Lee County has five (5) collection zones (i.e., franchise areas). See Exhibit 1.

2. Approximately how many accounts do you have per zone (SF, MF, Commercial)?

Customer	Area 1	Area 2	Area 3	Area 4	Area 5
Residential	22,000	23,600	39,800	46,000	21,500
Multi-family	18,200	27,100	17,000	1,000	19,300
Commercial	1,400	1,700	2,600	3,100	11,50

3. Are those zone boundaries the same for multi-family and commercial collection?

Yes.

4. What criteria did you use to establish this number?

None, but seemed reasonable based on population numbers and service levels.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

No.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

Geographical, municipal and some attempts to balance commercial/residential/multi-family

7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?

No.

8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

No, purposely overlap with those boundaries.

9. What lessons did you learn or what would you do differently in the future?

N/A.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

The maximum number of service areas awarded to a single service provider is three (3).

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

None, did not want a monopolistic coverage by one hauler. Continue to create opportunities for change over of incumbents.

- 3. How many collection companies were licensed in your County before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?**

Was one prior to splitting into 5 areas.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

Same, makes sense geographically.

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

All 5.

- 6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?**

1.

- 7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?**

Yes, the RFP which includes an unexecuted franchise agreement.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

The County is responsible for the billing and collection of payments for Residential Curbside Collection Service. Payment from the County to the Contractor for any undisputed fees and/or charges will be due and paid no later than forty-five days after receipt of an invoice from the Contractor for the Curbside Residential Collection Services. The initial Collection rate per unit per month is established in the Contractor's response in the RFP. This rate may be adjusted in subsequent years.

Payments for commercial Solid Waste Collection and disposal are made by the customer directly to the Contractor. The customer is billed by the Contractor based on the quantity of waste collected and the frequency and type of service rendered. The rates charged by the Contractor are based on the pricing for commercial properties as proposed by the Contractor to the RFP. Charges for all services related to and for the purpose of commercial Recycling Collection shall not exceed rates as proposed by the

Contractor to the RFP. If the Contractor stops service due to nonpayment, the Container shall be pulled immediately (if owned by the Contractor) and the County shall be notified. All "stopped service" events are investigated and documented by the Contractor prior to the notification to the Department. Commercial containers are redelivered within 24 hours of receipt of payment. All charges and payments shall include disposal costs. Disposal costs shall be a "pass-through" to the County and not be considered revenue to the Contractor.

The Contractor shall keep residential and commercial waste separate for purposes of disposal. The Contractor shall pay for all commercial waste disposed separately from residential. Commercial disposal costs will be part of the service charge billed by the Contractor and paid by the commercial customer. The Contractor pays for all Solid Waste disposal costs incurred for disposing of commercial Solid Waste at the designated disposal facilities. All commercial waste shall remain separated from residential waste in transfer stations and Collection vehicles until after it has been weighed and categorized at an approved scale facility.

2. **What “extra services” do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?**

SPECIAL SERVICES RATES DETERMINED BY THE COUNTY (NOT TO BE ADJUSTED DURING TERM)	
Service	Rate per service
Rolling Out Recycling 95 or 101 Gallon Container, with 25 or more feet per direction	\$1.20 (no charge for less than 25 feet per direction)
Rolling Out Container (and returning it to original location)	\$3.00
Second Weekly Curbside Residential Garbage or Trash Collection	\$4.00 per week
Side of House Service (Residential Curbside Only)*	\$2.00
Opening (and closing) Doors or Gates	No Charge
Locks for Containers	\$10.00 (one time) Charge for Replacements based on cost +10%
Unlocking and Locking Containers	\$1.50
Supplying (and retrofitting) locking mechanism on Container***	\$50.00
Adding wheels to or changing wheels on Containers	No Charge
Adding lids to or changing lids on Containers	No Charge
Moving Container Location Per Customer Request	No Charge
Changing Out Sizes (above twice per year)**	\$30.00
Additional Scheduled Pick-ups for Containerized Customers	Same as Applicable Commercial Collection Rates (Plus Disposal Charges)
Additional Unscheduled (Not Including “On-Call”) Pick-Ups For Commercial And Multifamily Containerized Customers	2 times Applicable Commercial Rates (Plus Regular Disposal Charges)
Special Service Or Special Equipment Required Because Of Impaired Accessibility	Negotiable
Return Roll Off Container To Same Spot Or Round Trip For Roll Off Container.	No Charge
Return Container After Service Was Stopped	\$40.00
Collection Of Unbundled (Loose) Yard Waste From Curbside Residential Unit.	\$15.00 Per Cubic Yard

Of note: curbside e-waste, unlimited MSW, unlimited recycling. Also, hauler pays for one billing insert and postage for one mailing annually.

3. **Please describe the basic approach you used to set the commercial collection rates for the most recent bid process? Are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the commercial collection rates set for commercial customers?**

The County sets the rates by resolution each year.

4. **Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

Internal review prior to RFP. Also was up for consideration by a citizen’s advisory committee.

5. Did you have any “phase-in” period to the new rate structure?

No, the rates are effective on October 1 or each year.

6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?

No. We do provide back door service for qualified disabled individuals.

7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?

No rent control.

8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)

A franchise fee is set at 5.5% based on all charges invoiced less disposal costs.

9. What escalation clauses are in effect in your franchise compensation agreement?

Of note, contractor must request the increase and the BOCC must approve, partially approve or deny.

Solid Waste and Recycling Collection Rate Adjustments: For all Collection services, the charges shall be initially based on the rates established in Exhibit II, and as subsequently adjusted pursuant to this Agreement. The Contractor may receive an annual adjustment in the Curbside Residential Solid Waste Collection Service, Commercial Recycling Collection Service, Commercial Solid Waste Collection Service and Curbside Residential Recycling Collection Service rates.

Beginning in March 2006, the Department shall review the Consumer Price Index – *Urban Wage Earners & Clerical Workers (Series I.D.: CWUR0300 SAO, Area: South Urban, Item: All Items)* as published by the U.S. Department of Labor for the previous month of January. The Contractor may request a rate increase from the County equal to the change in the above stated index, compared to the previous 12 months, or another amount. Any request for a rate adjustment by the Contractor shall include substantial proof and justification, as determined by the Department, to support the need for a rate adjustment. Additional information may be required by the Department.

The County will normally provide a notice of approval or denial of all or part of the requested rate adjustment before August. No change in rates or the Payment Schedule shall be made without the approval of the County Board of Commissioners. Annual rate adjustments shall be effective the following October 1, unless otherwise mutually determined by the County and the Contractor.

D. Waste Exemptions**1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?**

HHW.

E. Recycling Requirements**1. Does the contract include requirements for a recycling program?**

No program but must provide residential service. Business service required if requested.

2. What are the benchmarks or recycling targets established for your diversion programs?

Florida has a 75% goal for 2020.

3. How is the performance of your diversion programs measured?

Annual reporting per State guidelines.

4. Does your program include disposal caps that decrease over time?

No.

5. What penalties or incentives do you enforce for missing or exceeding recycling diversion targets?

None. There are fees for non-participating multi-family and businesses as well as C&D.

F. Traffic Changes and Collection Efficiency**1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?**

No.

2. If so, could you share any studies conducted or methodologies used in preparing those estimates?

N/A.

G. Incentives to Exceed Contractual Requirements**1. Has the County included any other liquidated damages for non-compliance? If yes, please explain.**

Standard performance bond requirements related to default. Note administrative fees, See Section 19 of contract.

2. Has the County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.

None.

H. Implementation, Staffing, Customer Interface**1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? Please provide a breakdown by function.**

4 customer service reps, 6 field inspectors, one supervisor.

2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?

Yes, as presented below.

Task	Deadlines	
	Minimum Start Date	Maximum Completion
Provide Transition Report outlining plan to minimize transition problems		6/1/05
Begin Equipment Yard and Office siting	5/29/05	9/1/05
Hire Operations Manager	5/29/05	6/12/05
Begin Residential Curbside Routing	5/29/05	7/3/05
Order/Secure Vehicles	5/29/05	9/1/05
Provide County with truck orders or verification of vehicle source(s)	6/1/05	6/1/05
Begin Commercial and Residential Routing	5/27/05	8/3/05
Hire Supervisors		6/30/05
Complete residential curbside routing	7/3/05	7/3/05
Place order or Secure Source for Containers	7/3/05	7/3/05
Provide Residential Curbside Route Maps to County		7/6/05
Provide verification of Container source to County		7/6/05
Commercial Customer Service Agreement, County Approval	6/15/05	7/15/05
Complete Residential Container and Commercial Routing		8/3/05
Provide Routing to County		8/7/05
Equipment Yard and Office Sited and set up		9/1/05
Office and Accounting Staff in place		9/1/05
Maintenance Staff Hired and in Place		9/1/05
Supervisors Run Routes	9/1/05	9/30/05
Provide County with sample door-hanger and mailer for approval		9/1/05
Notification of day changes to Customers -1 door hanger, 1 mailer (first notification no earlier than 9/10/00)	9/10/05	9/25/05
Drivers Hired and in Place		9/15/05
Drivers and Supervisors Run Routes		9/30/05
Disclosure notices and invoices mailed to commercial customers and County		9/10/05

3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?

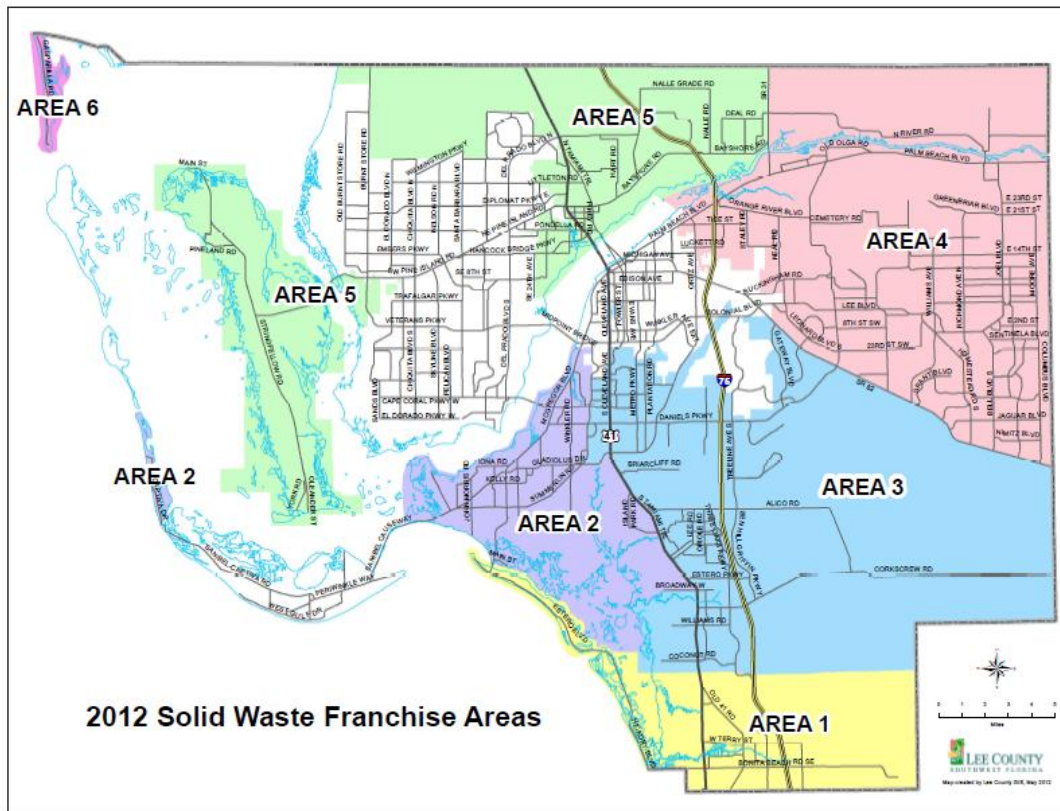
None.

4. How do customers interact with you and/or the haulers for service issues, new programs (e.g., phone, web-system, personal contact)?

Mostly by phone to our customer service representatives.

I. Additional Information

EXHIBIT 1 Current Collection Zones



Norwalk, California

Results of Document Review and Interview with:

Ms. Adriana Figueroa, Ms. Michelle Tse

City of Norwalk

afigueroa@norwalkca.gov

mtse@ci.norwalk.ca.us

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

2 with 2 service providers

2. Approximately how many accounts do you have per zone (SF, MF, and Commercial)?

One zone has about 17k, the other has about 650.

3. Are those zone boundaries the same for multi-family and commercial collection?

Yes.

4. What criteria did you use to establish this number?

Information not available

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

N/A

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

N/A

7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?

N/A

8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

N/A.

9. What lessons did you learn or what would you do differently in the future?

The City is currently beginning the process of renegotiating its franchise agreements. The current agreements are perpetual (no end data) and has provisions that are quite favorable to the service providers.

B. Collection Zone (Franchise) Caps

1. *What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?*

N/A

2. *What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?*

N/A

3. *How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?*

N/A

4. *If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?*

N/A

5. *In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?*

N/A

6. *Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?*

N/A

7. *Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?*

N/A

C. Rate Structure

1. *Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?*

Hauler bills and collects, then remits franchise fee payment to the City. The City charges a franchise fee of 5% on commercial garbage collection revenues. The money goes to the General Fund. The City does not levy AB 939 fees, or any program administration fee.

2. *What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?*

Hauler provides services to several City facilities at no extra cost. The franchise agreement also specifies that all collections must be made within a 4 hour pre-specified window of time on the customer's regular collection day. Bulky item collection is free to residential customers if provided on the

customer's regular collection day (a residential customer may put out up to four items five times per year). The contractor is required to provide free Christmas tree collection at no cost to the City.

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

MF and commercial rates are the same throughout the City. Rates were negotiated at the time the current agreements were executed (1996). The service providers have the right to request a rate increase annually, but no more frequently. The providers must make a joint request to the City. This provision only allows for an increase up to 100% of the local CPI. The franchise agreement also includes a provision for the hauler to request a rate increase for extraordinary cost increases. The collector may increase rates as a result of tipping fee increases, with 30 days notice to the City, and only if the increase impacts collector rates by more than 1%. The franchise agreements specify that because disposal costs are only 30% of total service provider costs, rates can only be adjusted upward by .3 times the percentage increase in tip fees (subject to the 1% provision described above).

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

N/A

- 5. Did you have any "phase-in" period to the new rate structure?**

N/A

- 6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?**

Provides discounts for qualified seniors (age 65 and above). There is no income limit provision. The discount is 53% off of base rates.

- 7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?**

No.

- 8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)**

See 1.

- 9. What escalation clauses are in effect in your franchise compensation agreement?**

See 3.

D. Waste Exemptions

- 1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?**

Hazardous waste as defined under State Law.

E. Diversion Requirements

- 1. Does the contract include requirements for diversion programs?**

Mostly very general. The contractor is required to perform all services as specified in the contract to comply with state diversion requirements. The contractor is not required to meet diversion targets.

- 2. What are the benchmarks or diversion targets established for your diversion programs?**

State law requirements

- 3. How is the performance of your diversion programs measured?**

The contractor is required to collect and deliver to the City, on a quarterly basis, data on all quantities of waste streams collected under the franchise agreement.

- 4. Does your program include disposal caps that decrease over time?**

No.

- 5. What penalties or incentives do you enforce for missing or exceeding diversion targets?**

Hauler could potentially lose franchise if it does not provide the services required by the franchise agreement.

F. Traffic Changes and Collection Efficiency

- 1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?**

N/A

- 2. If so, could you share any studies conducted or methodologies used in preparing those estimates?**

N/A

G. Incentives to Exceed Contractual Requirements

- 1. Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.**

Very general. The City has the right to monitor contractor performance, inspect facilities, and conduct a system and services review (i.e. a performance review).

- 2. Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.**

No.

H. Implementation, Staffing, Customer Interface

- 1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)**

2 FTES to manage agreements, a part time support person, and parts of 2 code enforcement staff to enforce solid waste code (e.g., ensure all customers subscribe to service).

- 2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?**

No.

- 3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?**

No.

- 4. How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)**

The City takes some calls (complaints) but does not have a “call center.” The service providers provide most customer service via their contact center, and maintain a web site where customers can get service information, pay bills, etc.

Palm Beach County, Florida

Results of Document Review and Interview with:

John Archambo

Customer Service Director

Solid Waste Authority of Palm Beach County, FL (SWA)

(561) 315-2010

jarchambo@swa.org

<http://www.swa.org/>

January 11, 2012

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

In 1993 the SWA transitioned from six (6) to nine (9) exclusive collection zones. In 2008 the number of exclusive collection zones was increased to eleven (11). The SWA is currently procuring new exclusive franchisees and the eleven (11) zones are being consolidated into four (4) larger zones. Exhibit 1 presents the current collection zones and Exhibit 2 presents the planned larger zones.

2. Approximately how many accounts do you have per zone (SF, MF, Commercial)?

Currently, there are approximately:

45,000 – 55,000 residential customers per zone

20,000 – 35,000 multi-family customers per zone

390,000 – 600,000 cubic yards of commercial waste annually per zone

3. Are those zone boundaries the same for multi-family and commercial collection?

Yes.

4. What criteria did you use to establish this number?

The zones boundaries were developed to balance the number of residential and multi-family accounts and commercial solid waste volume.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

No

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

Once we consolidated to four larger Service Areas we actually used the existing outer boundaries from these areas. We also have transfer stations located strategically throughout the County (in each Service Area) to reduce transportation impacts associated with the collections program.

7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?

No formal studies or modeling was conducted to establish the zone boundaries.

8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

No.

- 9. What lessons did you learn or what would you do differently in the future?
The SWA is applying its lesson to allow fewer collection zones.**

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

When there were eleven (11) collection zones, a single franchisee could not have more than 55 percent of the residential population. Under the four (4) collection zone program, a single franchisee cannot service more than three (3) areas.

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

It was a Board policy decision to set a limitation on the number of collection zone serviced by a franchisee.

- 3. How many collection companies were licensed in your County before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?**

Exclusive franchises have been used since at least 1993. During the 2008 bid process we had 4 bidders for the eleven (11) Service Areas. Once we changed to the four large areas for the 2013 we received a response from 6 bidders for the four (4) Service Areas.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

Yes, considering we have received two additional companies submitting bids. Now we wait and see if this additional competition provided our customers with a lower collection rate. That is our goal!

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

Bidders qualifying for the maximum award can bid on all four (4) Service Areas can only be awarded three (3) Service Areas. If they are the lowest bidder for the remaining Service Area as well the second lowest bidder will be offered an opportunity to decide (30 minutes) if they will accept the Service Area at the lowest bidder's rate. If they decline the next lowest bidder has the same offer. If all the bidders decline then the contract is awarded to the company with the next lowest bid at their rate.

- 6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?**

No.

- 7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?**

Yes.

C. Rate Structure

1. ***Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?***

The SWA sets the following commercial rates, which may or may not be adjusted annually as noted:

Container Solid Waste Collection Rate	\$3.25 per cubic yard
Compactor Collection Rate (8 cubic yards or less)	\$4.06 (1.25x the container collection rate)
Commercial Recycling Collection Rate	\$1.70 per cubic yard
Small Business Generator (less than 1 cubic yard per week)	\$28.00 per month (\$14.00 collection and \$14.00 disposal)
96 Gallon Recycling Container (1 time per week)	\$12.00
Compactor Collection Rate (greater than 8 cubic yards-Roll-off Compactors)	\$185 per pull
Roll-off Collection Rate	\$150 per pull

Monthly Container Rental Rates Established by the Authority (Not to be Adjusted During the Term of the Agreement)

CONTAINERS (NON-COMPACTING)	
SIZE (cubic yards)	RATE w/out locking mechanism
2 YD	\$20.00
3 YD	\$21.00
4 YD	\$22.00
6 YD	\$25.00
8 YD	\$27.00

2. ***What “extra services” do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?***

Extra Services are provided and are presented in Exhibit 3.

3. ***Please describe the basic approach you used to set the commercial collection rates for the 2013 bid process? Are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the commercial collection rates set for the 2013 commercial customers?***

The bid results from the 2008 bid had one hauler bidding a very high collection rate for residential curbside service and a very low cubic yard collection rate for commercial customers. Another hauler bid a very high commercial collection rate and a low residential rate. This outcome clearly demonstrated one service subsidizing the other rather than a fair balance bid for the actual collection services provided. We applied a few methods in an effort to calculate a fair set commercial collection rate.

4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?

By the enacting legislation the solid waste and recovered materials residential and commercial collection contracts have a defined term of five (5) years. We must provide a competitive process every five (5) years for these services. Many haulers will claim if there is an extension option rates would even be lower.

5. Did you have any “phase-in” period to the new rate structure?

No.

6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?

No, all customers pay the same rate for service. However, back door/side yard service is provided at no additional charge for physically challenged customers.

7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?

No.

8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)

A franchise fee of three (3) percent is paid net of disposal expenses.

9. What escalation clauses are in effect in your franchise compensation agreement?

The payment adjustment schedule is presented in Exhibit 4

D. Waste Exemptions

1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?

Construction and demolition waste is collected by permit outside of the exclusive franchise program. In addition, special waste, hazardous waste, bio-hazardous or biomedical waste and sludge collection are not required services.

E. Recycling Requirements

1. Does the contract include requirements for a recycling program?

There are no diversion requirements. The SWA uses pricing as an incentive for businesses to recycle.

2. What are the benchmarks or recycling targets established for your diversion programs?

The State of Florida in the future has established a 75 percent recycling goal. Due to the peculiarities of the accounting, the SWA should greatly exceed this goal.

3. *How is the performance of your diversion programs measured?*

The DEP calculates the diversion based on incoming waste types and recovered tonnages reported from the SWA and all approved permitted recycling facilities.

4. *Does your program include disposal caps that decrease over time?*

No.

5. *What penalties or incentives do you enforce for missing or exceeding recycling diversion targets?*

There are none.

F. Traffic Changes and Collection Efficiency

1. *Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?*

No.

2. *If so, could you share any studies conducted or methodologies used in preparing those estimates?*

N/A.

G. Incentives to Exceed Contractual Requirements

1. *Has the County included any other liquidated damages for non-compliance? If yes, please explain.*

Yes, see Exhibit 5.

2. *Has the County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.*

No.

H. Implementation, Staffing, Customer Interface

1. *How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? Please provide a breakdown by function.*

The SWA customer service team is responsible for the daily unincorporated collection activity and the county wide residential and commercial disposal assessment. We have (1 field manager, one assistant field manager, one assessment research manager, 6 field reps and 5 customer service reps making sure our customers are provided the highest level of collection services and we have the most accurate annual assessment possible.

2. *Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?*

Approximately one (1) year before the contracts expire, a new procurement begins. The procurement is a 2-step process (e.g., qualifications, pricing) with two pre-bid meetings. Approximately 6-7 months are used for the service providers to mobilize and conduct dry runs.

NO.	ACTIVITY	DATE
1	Issue Invitation to Bid (ITB)	November 13, 2012
2	Mandatory Pre-Bid Conference #1	November 20, 2012
3	Last Date for Authority to receive inquiries - Pre-Bid Conf #1	November 21, 2012
4	Issue Addendum #1 - Pre-Bid Minutes & responses to inquiries	November 28, 2012
5	Mandatory Pre-Bid Conference #2	December 4, 2012
6	Last Date for Authority to receive inquiries - Pre-Bid Conf #2	December 5, 2012
7	Issue Addendum #2 – Pre-Bid Minutes & responses to inquiries	December 10, 2012
8	Bids Due	January 4, 2013
9	Pre-Qualification Committee Meeting	January 10, 2013
10	Pre-Qualification Results Posted - Start of 5-day Protest period	January 10, 2013
12	Scaled Bids Opened – 9:00 a.m. - Awards Posted	January 24, 2013
13	Board Approval of Contract Hearing of any Bid Protests	February 13, 2013
14	Services start	October 1, 2013

Mobilization and Preparation

Task	Completion Deadline
Hire Operations Manager and provide verification to SWA	4/15/13
Submit Residential Curbside Routing to SWA	5/3/13
Provide SWA with truck orders or verification of vehicle source(s)	6/3/13
Hire supervisors and provide verification to SWA	7/5/13
Secure container source and provide verification to SWA	7/5/13
Equipment yard and office sited and set up	8/23/13
Office and accounting staff hired and in place	8/23/13
Maintenance staff hired and in place	8/23/13
Disposal bond in place with SWA for October 1, 2003	8/23/13
Provide transition report to SWA outlining plan to minimize disruptions during transition period	9/2/13
Secure vehicles	9/2/13
Supervisors run routes	9/2/13 through 9/30/13
Drivers hired and in place	9/13/13
Drivers and supervisors run routes	9/13/13 through 9/30/13
Disclosure notices mailed to commercial customers	9/13/13

3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?

The SWA has in-house purchasing, operations and legal resources. All work is performed by SWA staff.

4. How do customers interact with you and/or the haulers for service issues, new programs (e.g., phone, web-system, personal contact)?

All customer service call are received by SWA and complaints are faxed three (3) times daily to each service provider.

I. Additional Information

- The population of Palm Beach County is approximately 1.4 MM and is approximately 2,400 square miles in area.
- By enacting legislation that created the SWA, contracts cannot exceed five (5) years in duration. Would prefer to have a five (5) year base contract with an option to extend by five (5) years.
- Franchisees are required to submit a local SBE plan showing how it will achieve the fifteen (15) percent goal.
- Currently, four (4) service providers manage the 11 collection zones.
 - Republic: Zones 1, 3, 4, 7 and 10
 - Waste Management: Zones 5, 6, and 11
 - Waste Pro: Zones 8 and 9
 - Veolia: Zone 1

EXHIBIT 1

Current Collection Zones

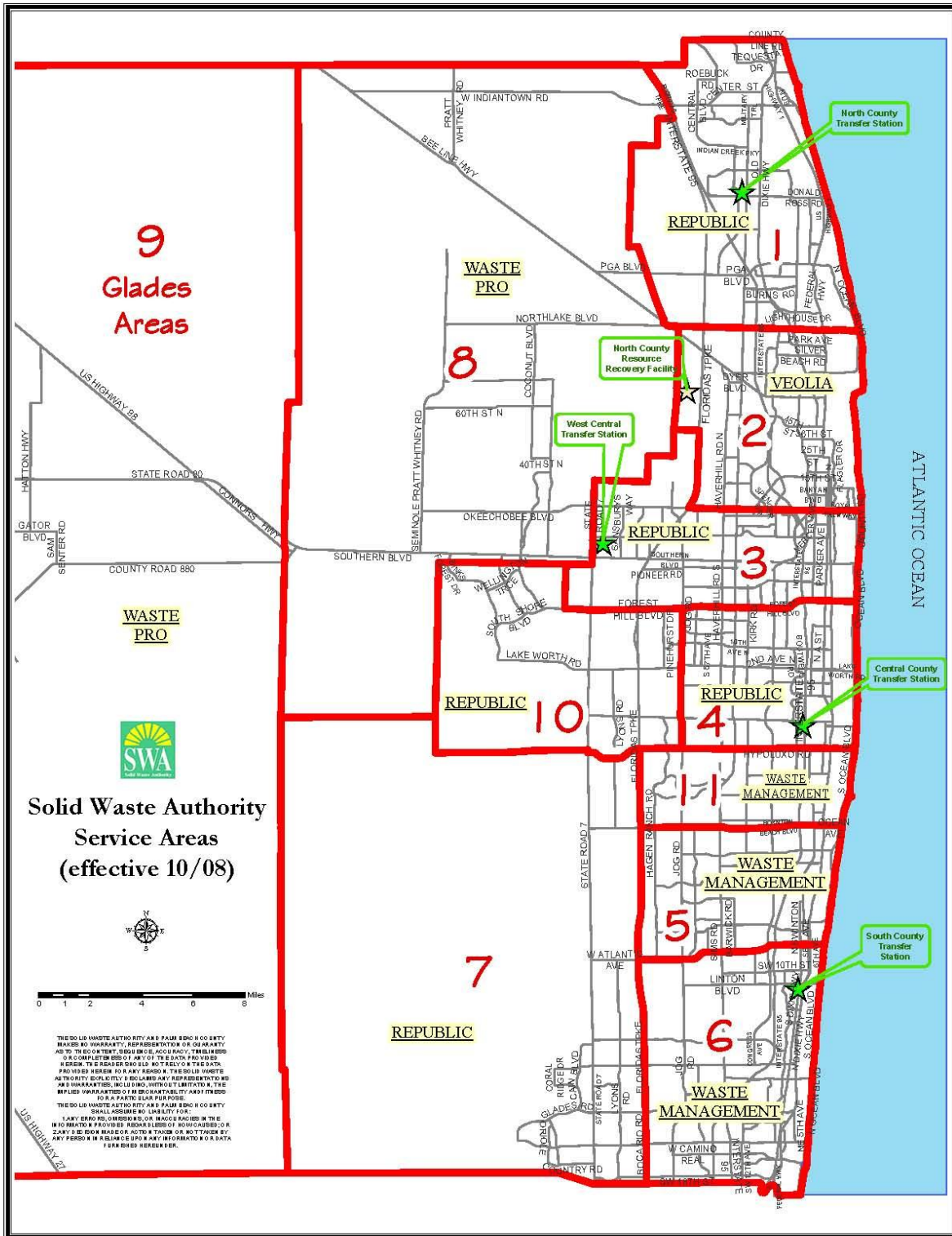


EXHIBIT 2

Planned Collection Zones

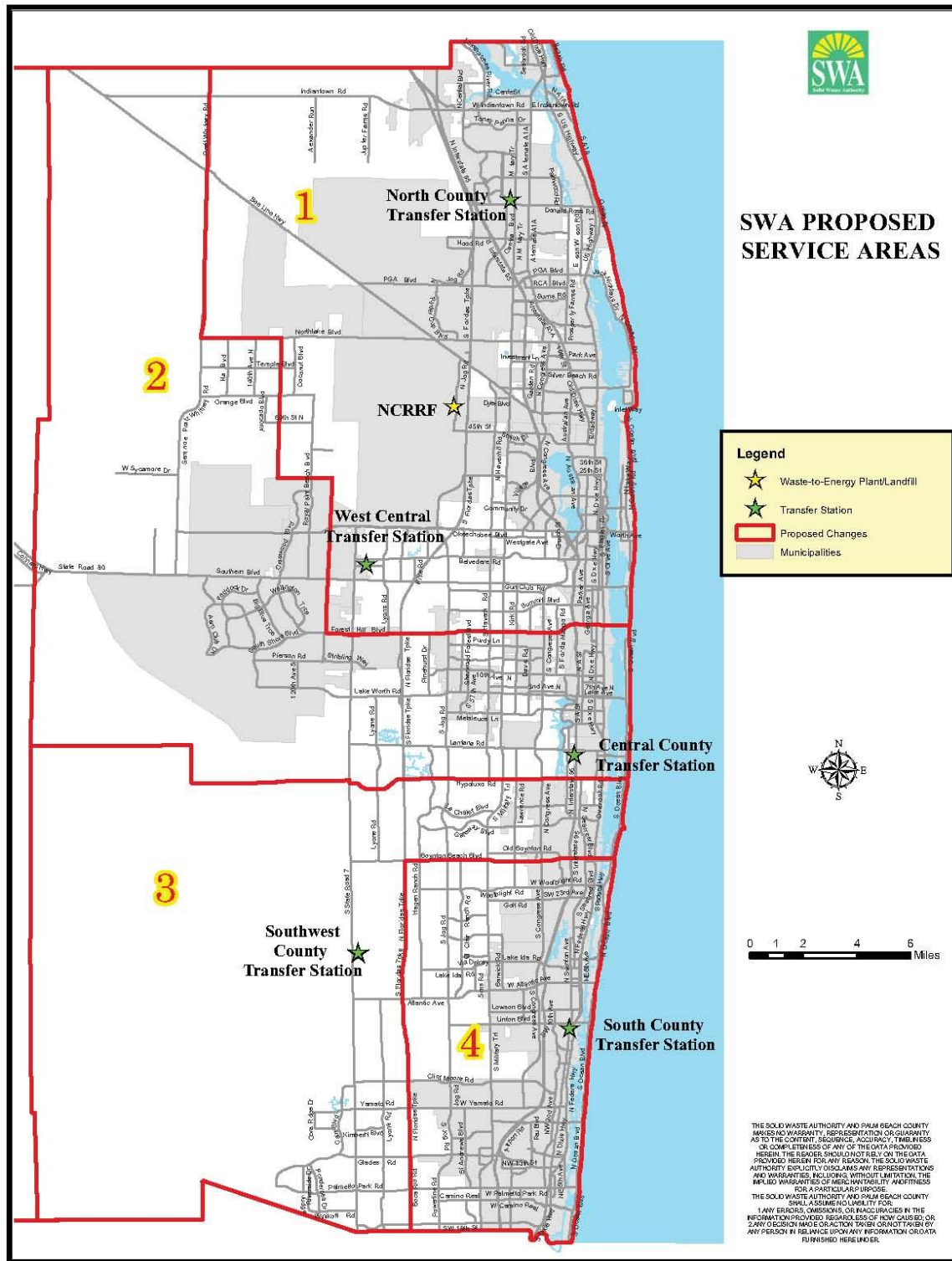


EXHIBIT 3**Extra Services**

Special Services Rates Established by the Authority
(Not to be Adjusted During the Term of the Agreement)

SERVICE	RATE PER SERVICE
Rolling Out Commercial 95 or 101 Gallon container , with 10 or more feet per direction	\$1.00 (no charge for Residential regardless of distance, no charge for commercial less than 10 feet per direction)
Rolling Out Container (and returning it to original location)	\$8.00 per month per container times frequency of collection
Back Door Service (Residential Curbside Only)*	\$22.00 per dwelling unit
Opening (and closing) Doors or Gates	No Charge
Locks for Containers	\$9.00 (one time) Charge for Replacements based on cost +10%
Unlocking Containers	\$1.35
Supplying (and retrofitting) locking mechanism on container per customer request only	\$55.00
Adding wheels to or changing wheels on Containers	No Charge
Adding lids to or changing lids on Containers	No Charge
Moving Container Location Per Customer Request	No Charge
Changing Out Sizes (above twice per year)	\$25.00
Additional Scheduled Pick-ups for Residential Containerized Customers	Same as Applicable Commercial Collection Rates (No Disposal Charges)
Additional Unscheduled (picked up by end of business the following day but not including "on-call") Pick-ups for Commercial and Residential Containerized Customers	\$25.00 Special Service Fee Plus Applicable Commercial Collection and Disposal Rates Per Dumpster (No Disposal Charges for Residential)
Special Service or special equipment required because of impaired accessibility	Negotiable
Turn around compactors (commercial customer only)	\$10.00 (No Charge for Multi-family)
Stump/Land Clearing Collection	Negotiable
Residential Vegetation Collection	\$9.00 Per CY
Residential Mixed Collection (vegetation with C&D and/or bulk)	\$22.00 Per CY

EXHIBIT 4**Payment Adjustment Schedule****A. Annual Adjustment**

The annual adjustment shall be applied to the base residential and commercial collection rates as shown in Exhibit II and as provided within this Agreement.

- 1) The following cost components and weights shall be used to calculate the annual adjustment for all components except for fuel:

Labor	35%
Vehicle Maintenance	05%
Maintenance	10%
Other/Administration	40%

- 2) The following indices are used to calculate the adjustment for each cost component category. The change in each index shall be calculated by dividing the average of the index over the twelve month period ending the December preceding the effective date of the adjustment by the average over the previous twelve month period.

Cost Component

Labor	Index: Employment Cost Index , Series ID CIU2015600000000I, Not Seasonally Adjusted; Compensation – Total Compensation; Sector – Private Industry; Periodicity – Quarterly Index Number; Industry/Occupation – Administrative and Support and Waste Management and Remediation Services (see Note 2 below)
Vehicle Replacement	Index: Producer Price Index - Commodities , Series ID WPU141106, Not Seasonally Adjusted; Group – Transportation Equipment; Item – Trucks over 14,000 lbs. GVW.
Maintenance	1/3 Labor: Index: Producer Price Index - Commodities , Series ID WPU141106, Not Seasonally Adjusted; Group – Transportation Equipment; Item – Trucks over 14,000 lbs. GVW.

2/3 Parts:**Index:**

Consumer Price Index – All Urban Consumers, Series ID CUUR0000SETC, Not Seasonally Adjusted; Area – U.S. City Average; Item – Motor Vehicle Parts and Equipment.

Other**Index:**

75% of:

Consumer Price Index – All Urban Consumers, Series ID CUUR0000SA0, Not Seasonally Adjusted; Area – U.S. City Average; Item – All Items.

Notes:

- (1) All indices as published by the United States Department of Labor, Bureau of Labor Statistics (www.bls.gov).
- (2) Labor Index uses average of four quarterly periods. All others use average of twelve monthly periods.
- (3) The percentage weight for each cost component is multiplied by the change in each appropriate index to calculate a weighted percentage change for each component cost factor. The weighted percentage changes for each cost component are added together to calculate the Refuse Rate Index, as follows:

RRI Sample

Cost Component Chng	Weight	Source	%Change	%Weighted
Labor	35%	ECI	1.20%	0.42%
Vehicle Replacement	5%	PPI - Trucks	3.74%	0.19%
Maintenance Parts & Equipment	10%	2/3 CPI 1/3 ECI	3.21%	0.32%
Other	40%	CPI - All Items at 75%	1.84%	0.55%
Total	90%			1.48% RRI

B. Monthly Fuel Adjustment (Fuel Surcharge/Credit)

The rates subject to adjustment shall be subject to a monthly fuel price surcharge/credit for fluctuations in the price of fuel. For the purpose of this Agreement, fuel is assumed to represent 10% of the Contractor's costs, therefore 10% of the approved rates shall be so adjusted.

The rates shall be adjusted as follows:

For the rates subject to adjustment, a monthly fuel surcharge/credit shall be charged/credited basis based on the percentage change in the monthly average price of fuel as published by the Oil Price Information Service (OPIS) and measured by the OPIS Standard Rack, OPIS No. 2 Distillate Gross Prices, Unbranded Average for Miami, Florida between the month of November 2012 and the month two (2) months prior to the effective date.

For example:

For the month of October 2013, the fuel surcharge/credit shall be calculated by dividing the reported unbranded average price for August 2013 by the unbranded average price for November 2012, multiplying the result by ten (10) percent of the bid or Authority established price, and subtracting ten (10) percent of the bid or Authority established price.

Assuming:

Index for November 2012	315.98
Index for August 2013	340.67
Commercial Solid Waste Collection Rate (per yd.)	\$3.25

Surcharge: $340.67/315.98 \times .10 \times 3.25 - (.10 \times 3.25) = \0.0254

The surcharge/credit shall be rounded to the nearest cent, which in this example would result in a \$.03 per cubic yard surcharge.

EXHIBIT 5**QUALITY OF PERFORMANCE OF CONTRACTOR**

- A. **Complaints:** All complaints received by the Contract Administrator, or his designee, and reported to the Contractor shall be promptly resolved pursuant to the provisions of Section 18 of this Agreement. Complaints shall not include customer informational requests or Recycling Container requests. A complaint not resolved by 3:00 p.m. on the next Business Day, unless otherwise provided in this Agreement, shall count as two complaints. In the event complaints received from curbside customers exceed any of the following percentage(s), which reflect the percentage of the residential curbside customers within the Service Area served by the Contractor during any Fiscal Year, the Contract Administrator shall levy as liquidated damages in the amount of \$200.00 per incident to reimburse the Authority for the cost of receiving, logging, investigating, and following up on the complaint.

Complaint Type	Annual %	Monthly %
Garbage, Trash and Damage	4%	0.5%
Recycling	2%	0.25%
Vegetation	2.5%	0.35%

- B. **Other Administrative Charges:** In addition to the liquidated damages provided for in Subsection 19A related to customer complaints, the Contract Administrator may, without regard to the percentage of customer complaints, also levy liquidated damages at the rate of \$200.00 per day per incident for any other infraction of this Agreement to reimburse the Authority for the cost of receiving, logging, investigating and following up on the complaint and or failure to perform, and additional costs that cannot be reasonably quantified. Such infractions include but are not limited to:

1. Failure to provide clean, safe, sanitary equipment;
2. Failure to maintain office hours as required;
3. Failure to provide documents and reports in a timely and accurate manner;
4. Failure to repair or replace and/or deliver a Container, Compactor, Recycling Container, Garbage Can, or mailbox within the required time period;
5. Failure to clean spillage other than the clean-up required by the Palm Beach County Health Department, as provided in Section 19(C)4 below;
6. Failure to cover and or secure materials on collection vehicles;
7. Collection employees out of uniform;
8. Name and phone number, and if applicable, size not displayed on Collection vehicles or Containers;
9. Failure to provide schedule and route maps;
10. Using an improper truck for the specific service provided;
11. Failure to submit a disclosure notice to either a customer or the Contract Administrator;

12. Failure to report recycling activity monthly (on or before the 10th day of the following month), in the format determined by the Authority, for the purpose of tracking and verifying countywide recycling activity;
 13. Failure to collect Recovered Materials, Solid Waste or Vegetative Waste on schedule for any customer who has been missed more than three times within a 12 month period;
 14. Failure to respond to customer calls, including all residential and commercial customers, in a timely and appropriate manner;
 15. Failure to place a contamination sticker in Recycling Containers, as required;
 16. Failure to repair damage to property resulting from Contractor's (including agents, employees or subcontractors) equipment failure or negligence within five (5) Business Days.
- C. Major Prohibitions and Liquidated Damages: The following constitute serious violations of this Agreement that have negative impacts on the Authority, the costs of which are not reasonably quantifiable, and are subject to liquidated damages and potentially loss of Franchise.
- a. Intentionally commingling Solid Waste, Vegetative Waste and/or Recovered Materials is prohibited and may result in liquidated damages in the amount of \$5,000.00 per incident to reimburse the Authority for the cost of inspecting, sorting, handling and disposing of the contaminated load, and the costs associated with potential injury to employees and workers who are exposed to said contamination, and upon the fifth offense may constitute default of contract and result in loss of Franchise.
 - b. Changing routes, including the starting point of a route without approval from the Authority or notification to the Authority and the customer is prohibited and will result in liquidated damages of \$2,000.00 per incident to reimburse the Authority for the costs of managing the service disruption, including the cost of receiving, logging, investigating and following up on customer complaints, communicating with the Contractor and coordinating the return to normal service. Additionally, the Contractor shall be required to return to the previous route(s) and schedule and properly notify customers in accordance with the requirements of this Agreement at no cost to the Authority or customer.
 - c. Billing commercial customers service charges unauthorized by this Agreement, such as special fuel surcharges, handling charges or billing charges is prohibited and will result in the assessment of liquidated damages in the amount of \$500 per incident to compensate the Authority for the cost of receiving, logging, investigating and following up on customer complaints, communicating with the Contractor and the customer, and coordinating the reimbursement to the customer for all non-approved charges. Contractor shall also be required to reimburse the customer for all non-approved charges paid by the customer.
 - d. Violating the exclusive Franchise in another contractor's Service Area without approval from the Authority is prohibited and will result in the assessment of liquidated damages of \$5,000.00 per incident to compensate the Authority for managerial, and investigative costs associated with defending and reinstating the exclusive Franchise rights of the Authority's franchisee, in addition to reasonable attorneys fees incurred by the Authority. Additionally, Contractor will be required to pay restitution to the offended contractor in an amount equal to the contractor's lost collection charges at the rate per

cubic yard, or pull, whichever is applicable, as of the time of the infraction for every cubic yard, or pull.

- e. Failure to clean up spillage of any substance required to be cleaned up by and in accordance with the Palm Beach County Health Department will result in the assessment of liquidated damages in the amount of \$2,500.00 per day, per incident to compensate the Authority for the cost of receiving, logging, investigating and following up on customer complaints, assessing the extent of the damage, and communicating with the Contractor, the Health Department and the customer(s). Additionally, in the event of such failure to clean up spillage, the Authority retains the right to perform or contract for the performance of such clean-up and assess the Contractor for all costs incurred.
- f. The Contractor, providing Collection service on behalf of the Authority, excepting as provided for in Section 5, is required to deliver all Commercial and Residential Solid Waste, Vegetative Waste and Recovered Materials collected pursuant to this Agreement to disposal facilities and/or Recovered Materials Processing Facilities, designated by the Authority. Diversion of these materials to any facility not designated by the Authority without the written consent of the Contract Administrator, whether within or outside Palm Beach County, is prohibited and will result in the following assessments:

The first offense will result in the assessment of liquidated damages in the amount of \$100,000.00 to compensate the Authority for the investigative and legal costs and expenses incurred to ascertain and quantify the extent of the violation. Additionally, in the case of Solid Waste, the Contractor shall reimburse the Authority for lost revenue based on the per ton tipping fee for garbage in effect at the time of the offense for each ton of material diverted, plus reimbursement for lost energy revenues, if any. In the case of Recovered Material, in addition to liquidated damages, the Contractor shall reimburse the Authority for lost net revenue based solely on the then current average commodity value as determined by Authority sales and the then current incremental processing cost paid by the Authority for processing at the Authority-owned Recovered Materials Processing Facility.

The second offense may result in, loss of franchise(s) and a ten (10) year ban on the ability to bid on future Solid Waste Authority of Palm Beach County Solid Waste and recycling collection agreements.

Provided that the Contractor provides timely notification to the Authority, and notwithstanding the above, the parties agree that it is not the intent of this subsection to punish the Contractor, beyond the payment of restitution, for the random, infrequent or inadvertent actions of an employee, acting in a manner other than as directed by the Contractor, that result in the diversion of materials from an Authority approved facility.

To the extent allowed by law, the imposition of the above liquidated damages is in addition to any fines or penalties that may arise out of any proceeding, criminal or civil, for violations of the Palm Beach County Solid Waste Act (Ch. 2001-331), any Authority rule, or any other Federal, State, or local act, ordinance, resolution or rule.

- g. Failure to complete, defined as failing to provide scheduled service to a minimum of 95% of the households, a route or community on the regular scheduled pick-up day shall result in the assessment of liquidated damages in the amount of \$1,000.00 for each route/community per day not completed to reimburse the Authority for the value of

services not rendered, costs of managing the service disruption, including the cost of receiving, logging, investigating and following up on customer complaints, communicating with the Contractor and coordinating the return to normal service. Each missed route/community shall be completed by 10:00 a.m. of the next Business Day following regular scheduled collection day. Failure to collect missed routes/communities by 10:00 a.m. the next Business Day as required will result in an additional \$1,000.00 assessment for each route/community not completed.

For the purpose of this Section, the Contract Administrator may deduct any charges from payments due or to become due to the Contractor. In the event the Contractor fails to repair damages as a result of the Contractor's equipment failure or negligence within the time provided within this Agreement, the Contract Administrator may arrange for the repairs and assess the Contractor for the cost of the repairs and any applicable administrative charges. The Contract Administrator may assess administrative charges and liquidated damages pursuant to this Section on a monthly basis in connection with this Agreement and shall at the end of each month during the term of this Agreement notify the Contractor and the Governing Board of the Authority in writing of the charges assessed and the basis for each assessment. In the event the Contractor wishes to contest such assessment it shall, within five (5) Business Days after receiving such monthly notice, request in writing an opportunity to be heard by the Authority Board and present its defense to such assessment. Notwithstanding the foregoing, any individual assessment of liquidated damages in an amount greater than or equal to \$10,000, or loss of Franchise, shall be imposed only upon the prior approval of the Governing Board of the Authority. The Authority shall notify the Contractor in writing of any action taken with respect to Contractor's claims and the decision of the Authority Board will be final. Any aggrieved party that wishes to appeal may apply in the Circuit Court of Palm Beach County, Florida, within thirty (30) days of the rendition of such decision, for review by Writ of Certiorari in accordance with the applicable Florida Appellate Rules.

Phoenix, Arizona

Results of Document Review and Interview with:

Tony Miano,
City of Phoenix, AZ.
tony.miano@phoenix.gov
(602) 256-5625
January 14, 2013

The City of Phoenix has a competitive market for commercial collection. Their experiences are of interest because of the City's long history of managed competition with multiple zones for residential collection. Unless otherwise noted, the responses below refer to residential collection.

A. Collection Zone (Franchise) Boundaries

The City began using a managed competition process to award collection contracts in 1979 and have been using that process ever since. Contracts are for 6-years. After one 6-year contract to a private firm, City crews automatically get the next 6-year contract (to ensure the public sector stays engaged to its customers).

1. How many exclusive collection zones have you established?

There are ten service areas. These are allocated within four service regions (N, S, E and W): with three each in the north and east, and two each in south and west regions .

2. Approximately how many accounts do you have per zone (SF, MF, Commercial)?

Average of about 40,000 living units per service area (395,000 total as of end-2012).

3. Are those zone boundaries the same for multi-family and commercial collection?

Not applicable.

4. What criteria did you use to establish this number?

See below.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

In 2006-07, public works staff worked with a consultant to research and conduct an analysis of service areas. (Note: we requested a copy of this study, but it is an internal "draft" never finalized that they use to help them prepare their bids during the City's managed competition process, and is thus not available.) The study concluded that the optimal number of residential living units for each zone was 30,000 to 60,000. The City targets its zones to range between 45,000 to 65,000 units.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

The City used major roadways, mountain ranges, and made faster growing boundary zones smaller than inner-city zones that are growing more slowly. One area is isolated with only one route in and out: it was made a single zone. The capacity of maintenance shops (truck throughput) was another consideration.

- 7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?**

See above.

- 8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?**

No.

- 9. What lessons did you learn or what would you do differently in the future?**

The City pays all contractors on a \$/dwelling unit basis. It learned that some zones are more attractive than others because of differences in route density (stops per mile) and containers per stop (the fewer the containers per stop, the less costly dwellings are to serve).

Another lesson is that some smaller contractors found it difficult to meet the City's customer service requirements. One small hauler filed for bankruptcy protection. The City began requiring sizable performance bonds. In time, all the smaller haulers elected to not bid: the cities only contractors today are Waste Management and Republic.

Poor customer service by some haulers led to development of a single call center for all franchise zones (for the past 16 years). City does quarterly surveys in all zones and prepares a score card for each collector in each zone comparing customer service metrics.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

Every two years, the City conducts an RFP process for one zone. There are practical limitations to the number of zones a firm can have, because after a private firm completes a six-year contract, that zone reverts back to the City. This ensures that the City doesn't totally lose touch with customers in any part of the city.

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

See above.

- 3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?**

In 1980 when the program was launched there were 6 collection companies. Today there are just 2 companies (WMI and Republic) that typically bid on franchises.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

See above (A9).

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

One zone is bid at a time.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?***

As outlined in a recent RFB issued by the City for Collection Area F, contractors submit an invoice monthly based on the number of dwelling units in the prior month times the dwelling unit bid price for collection.

- 2. What “extra services” do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?***

Collection companies are only contracted to do collections. Delivery of containers and customer outreach efforts are handled by the City staff or through separate contracts. Franchisees are required to conduct a certain percentage of courtesy pickups as requested by customers. If there is a dispute between a customer and a collection agency regarding a missed pick up, the City uses the ABL tracking devices (on most trucks) to verify what transpired (i.e., if hauler was at designated location at specified time, the customer container must not have been set out).

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?***

Rates are uniform throughout the City and are set by the City Council. The City charges \$26.80 per living unit for a basic set of containers. Additional containers cost \$13.40 each.

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?***

Collection companies wanted longer terms (i.e. up to 10 years). Six years seemed like a reasonable balance in order to give the City the opportunity to get out of contracts that weren't working well and still allow collection companies to realize operating efficiencies.

- 5. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?***

Low income multi-family households are handled as institutions (i.e. differently from other residential accounts) and their collections are managed by the City. Discounts are given on a per yard basis at a rate of approximately \$17 per yard.

- 6. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?***

All rent-controlled housing is owned and collected by the City. Rates are structured to encourage increased diversion (i.e. discounts provided for downsizing).

- 7. Does the City receive a franchise fee or payment other than the \$/stop payments? If so, how is it assessed? (i.e., x% of revenues or y% annually)**
- 8. The City currently only receives payment on a \$/living unit basis. Implementation of other payments including franchise fees has been discussed. Phoenix is currently the only City in the local area that doesn't collect additional fees from haulers.**
- 9. What escalation clauses are in effect in your franchise compensation agreement?**

The dwelling unit price is adjusted annually for inflation using the percentage change in CPI (Western Region "A") for the previous 12 months, or 3 percent, whichever is less. There is no fuel surcharge in the contract.

D. Waste Exemptions

- 1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?**

Not applicable in the City's residential system.

E. Diversion Requirements

- 1. Does the contract include requirements for diversion programs?**

No percentage requirements; contractor performs residential curbside collection as directed by contract with City.

- 2. What are the benchmarks or diversion targets established for your diversion programs?**

The Mayor has established a goal of 40% diversion by 2020. A task force consisting of multiple stakeholders (e.g. haulers, grocers) has been established to establish strategies to meet this goal. Diversion is defined as the percentage of waste that is recycled (or composted?) relative to the amount that is landfilled (i.e. material used as alternative daily cover would not count towards the diversion goal).

- 3. How is the performance of your diversion programs measured?**

Performance is assessed against the established goal for diversion. Some accounting issues have come up which are being addressed (e.g. organic "green" waste was not being accounted for) in order to increase the accuracy of performance evaluations.

- 4. Does your program include disposal caps that decrease over time?**

No.

- 5. What penalties or incentives do you enforce for missing or exceeding diversion targets?**

Not applicable.

F. Traffic Changes and Collection Efficiency

1. ***Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a “free market” system to your current exclusive collection area system?***
2. ***Not applicable.***
3. ***If so, could you share any studies conducted or methodologies used in preparing those estimates?***

Not applicable.

G. Incentives to Exceed Contractual Requirements

1. ***Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.***

Missed collections, if not rectified by specified times are \$200 each for 1-5/month, and more as the number of misses increases. Recyclable loads greater than 9 tons may be rejected at the materials recovery facility. Contractor pays for containers deemed damaged by contractor. \$200 charged if contractor responds inappropriately to hot loads, and \$1,000 for spills, leaks. Contractor pays LD if City GPS unit is damaged (\$2,500 for automated vehicle locator; \$60 for RFID tag). \$5,000 for delivering material to inappropriate facilities. \$500 for not cleaning up appropriately at disposal facilities, or for littering.

2. ***Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain***

There aren't additional incentives for contractors but exceptional performance is recognized based on report card results as well as findings from a third party research group that performs audits and surveys (of customers and City employees) related to contractor performance. Survey results are distributed widely and performance measures are considered as a selection criteria for future franchise bids.

H. Implementation, Staffing, Customer Interface

1. ***How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)***

There are a variety of staff engaged in various related functions. The call center has 10 FTE staff who handle all public works customer service issues. The staff functions include: specialist, support service aid, contract person, and contract evaluators (responsible for monitoring customer complaints).

There are six people engaged in contract administration and conducting RFPs. These staff perform other duties as well: there is about 3 FTE engaged in contract administration.

In addition, each of the 10 service areas has 2 specialists responsible for customer outreach, monitoring for contamination from operations (e.g. hydraulic fuel leaks) and the presence of vectors; these specialists are also tasked with verifying that remedies are done correctly.

2. ***Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?***

After many years of experience, the City now has a fairly routine 18-month process for implementation: about 6 months for the RFP process and selection of a contractor; about 12-months allowed from notice of award to startup.

3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?

All implementation is done in-house.

4. How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)

Haulers and City use email for service issues. Work orders are developed in MS-Word from the City's work order system and emailed to haulers. They mark them up and email them back.

Customers interact with the City and haulers by phone or email and provide feedback through survey responses.

Portland, Oregon

Results of Document Review and Interview with:

Bruce Walker,
City of Portland, OR.
(503) 823-7772
Bruce.Walker@portlandoregon.gov
January 8, 2013

The City of Portland has a competitive market for commercial collection. Their experiences are of interest because of the City's aggressive pursuit of reducing waste sent to landfill, and their system of multiple collection franchises for residential collection. Unless otherwise noted, the responses below refer to residential collection.

A. Collection Zone (Franchise) Boundaries

In 1992, Portland adopted a franchise system as a means to carry out the changes in its "residential" sector. Because the franchise system did not include any of the "commercial" sector Portland's business owners did not block it, as they had done with previous proposals for franchising. From February 1992 to today, Portland garbage and recycling companies have served "residential" customers in specific city-assigned territories, but they may serve "commercial" customers anywhere in Portland.

1. How many exclusive collection zones have you established?

As of the mid-1950s, there were around 250 companies operating in Portland. By 1980, attrition had lowered the count to 143, and by 1989, to 112. By 1996, the number of haulers had dropped to 49 as haulers consolidated, and as of May 2011, the number of haulers had declined to 19. In 1992 when the exclusive franchise system was established, 69 haulers were part of the initial franchise system.

2. What is the range in number of accounts per zone?

The City has approximately 145,000 residential accounts. Today, the largest zone has approximately 51,700 accounts, and the smallest has just 250 accounts.

3. What criteria or methodology did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)? Please forward a copy of any available report or study that was done.

City staff obtained customer lists and addresses from all haulers. They then prepared maps of hauler service areas and made suggestions for hauler boundaries. In some instances they identified a larger area served by multiple haulers and told the haulers to develop boundaries that were fair and efficient.

4. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

No.

5. What lessons did you learn or what would you do differently in the future?

There may have been too many small haulers allowed for efficient collection. Even the 19 haulers currently operating may be too many. It would have been preferable if haulers had a minimum of 3,000 accounts in order to operate (with 3,000 accounts being an estimate of minimum number of households for a recycling collection service on a 5-day week).

- 6. On your website it states: “During 2005, staff worked to develop and evaluate regulatory options. These include a couple of variations on franchising, city-set rates, and additional mandates on business customers to recycle more. Staff convened focus groups representing businesses, neighborhood and environmental groups, and garbage and recycling,” Are there any reports or studies you could send us about City deliberations about franchising commercial collection in the City?**

No reports or studies. The City received a number of comments demonstrate a dislike of a commercial franchise system by the business community and a split in opinion among the haulers. Many referenced commercial rates that are 30-40% higher in surrounding communities with exclusive franchises for commercial collection, and comments about service being poorer in those communities than in Portland’s competitive market.

Some haulers supported moving to an exclusive commercial franchise system; others opposed it because they felt it would limit their opportunities for growth.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

City Code limits any single hauler to a maximum of 40 percent of Portland’s customer base and requires that no *hauler may be a subsidiary of another hauler*.

- 2. What was the basis for the limitations you set on the number of zones (see question 1)?**

Initially there was a hard limit of 50,000 accounts, which seemed adequate when the largest hauler at the time the franchises were established had 12,000 accounts. After 20 years and some market consolidation, the limit was revised to 40 percent after one large hauler began to bump up against the 50,000-account limit.

- 3. Were there specific criteria, or studies and analysis that helped inform how you set this limit? If so, would you send us a copy of these please?**

No studies or analysis was done. It is felt by the City that the 40 percent limit is adequate to allow for growth yet still maintain an adequate level of competitiveness.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

See response to A.5 above.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

Rates are based on weighted average hauler cost including 9.5 percent hauler operating margin (profit plus state and federal taxes) and include a 5 percent franchise fee. Haulers provide audited financial records that are analyzed by City staff. Haulers do billing and remit franchise fee to the City. A diagram of the rate setting process is shown in Figure 1 of July 2012 audit report. With this system, operating margins vary among collection firms because of various factors including those affecting collection costs (e.g., labor rates, route density).

- 2. What “extra services” do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?**

Nothing in particular.

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

Section 8.1(A) of the Franchise Agreement between the City of Portland and franchised residential haulers requires the City to perform an annual rate review to establish a rate schedule for all levels of residential solid waste, recycling and yard debris service. Rates are developed based on the following objectives:

- Having uniform solid waste, recycling and yard debris collection services citywide.
- Providing customers with a variety of service level options to meet individual needs.
- Identifying the true cost of individual services before considering incentives and disincentives to increase recycling and reduce solid waste generation.
- Allowing service providers to recover allowable costs and earn a reasonable profit.

The City Bureau of Planning and Sustainability (BPS) conducts the annual rate review process, assisted by an independent economist. The economist analyzes various factors that affect rates and produces the actual rate calculation. BPS also contracts with an independent Certified Public Accountant (CPA) to review hauler financial records, with Portland State University (PSU) to sample the weight of the various sizes of solid waste containers set out for collection, and with a consulting firm that specializes in forecasting the market price of recyclable paper products. The proposed rates are reviewed by the Portland Utility Review Board (PURB), a citizen panel with no hauling industry representation, and then forwarded to City Council for consideration and final adoption.

In setting rates, the adjustments for rollcart size are based on an annual study of rollcart weights, and a time and motion study completed in 1997. A terrain charge is then added to rates for most customers west of the Willamette River, to account for additional costs of collection in hilly areas. This charge is also based on the time and motion study.

Once rates are allocated by rollcart size based on actual cost of service, further customer incentives and disincentives are added to rates. These incentives and disincentives are not based on cost of service, but are policy decisions by BPS and Council intended to further encourage waste reduction. Generally, BPS managers told us they try to balance incentives for small rollcarts and cans with disincentives for large rollcarts, so that collectively the changes are revenue-neutral for haulers.

If the cost of small rollcart incentives is not exceeded by the revenue from the large rollcart disincentives, BPS reimburses the hauler for the difference through a reduction in franchise fees. Any additional profits due to disincentives are retained by the haulers. This may create a profit incentive for haulers to market large rollcarts to customers, which is contrary to City waste reduction goals.

4. Did you explore the implications of different contract term lengths on rates and/or costs? If so, please elaborate.

Contract terms are set for 10 years but there is a mid-term review process at year 5 which effectively resets the contract term for an additional 10 years. This benefits the Council by allowing them to make a decision on whether or not to continue with a franchise and it also provides haulers adequate time to amortize vehicles and other major expenses.

5. Did you have any “phase-in” period when you went from open competition to the new franchise system and rate structure?

The process took over a year to implement including multiple reviews by Council and the public. In all the process took almost two years. Initially there were numerous calls from customers with questions about changes in collection day or hauler.

6. Does your rate structure provide any discounts for low income households, and if so, could you provide us with documentation that describes how they function?

There are no substantial discounts for low income households because there are significant incentives in place that allow for reduction of costs (i.e. reducing can size by decreasing waste generated and increasing diversion). However, water and sewer rates are discounted for these households.

7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?

No such mechanism exists.

8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)

The City funds the commercial recycling program primarily using a fee collected from garbage and recycling companies based on the amount of garbage they collect from Portland business customers. This fee revenue totaled about \$1,250,000 in 2005-06. The current tonnage fee is \$8.30 per ton. The City uses these funds:

- to purchase recycling containers which garbage and recycling companies then must provide to their customers at no cost.
- to provide garbage and recycling companies with printed educational materials for their customers
- to provide personal assistance and printed information to interested businesses
- for enforcement staff
- to measure program results

The current franchise agreement allows franchise fees of up to 8 percent, with any fee in excess of 5 percent dedicated to stabilize rates for residential customers. In practice, the franchise fee is set at 5 percent of gross revenues. The City collects franchise fees quarterly based on actual hauler revenues. Quarterly franchise fee reports are validated by the CPA during the annual review of hauler costs.

All City fees related to solid waste collection and disposal are deposited in the Solid Waste Management Fund, including fees on commercial waste haulers. City Code requires that the funds be spent on solid waste, recycling, composting, and sustainable development policies approved by Council. In practice,

BPS further restricts the use of money in the fund, separately accounting for residential and commercial revenues and expenditures.

9. What escalation clauses are in effect in your franchise compensation agreement?

None. Rates are adjusted annually .

D. Waste Exemptions

1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?

There are no exemptions currently.

E. Diversion Requirements for Business and Multi-Family Owners

City of Portland Administrative Rules referencing business and multi-family recycling requirements can be found in [City of Portland Business Administrative Rule, 5.2, Recycling and Solid Waste Requirements for Commercial Customers, Generators and Self Haulers – B. Business Recycling Requirements, \(1\) and \(2\).](#)

Staff worked extensively with Portland's business and multifamily owners in 1993-95 to find practical and effective ways to increase recycling in the commercial sector. The end result of this process was City Council adoption of a requirement that every business and multifamily property have, and use, a recycling system for at least 50% of their waste.

There are now about 52 garbage and recycling companies serving Portland's commercial customers: about 20,000 businesses and 2,500 multifamily complexes.

Under a 1996 mandate, all garbage and recycling companies continued to be required to offer recycling for a wide variety of materials. Customers, on the other hand, began to be required to set up recycling systems and to ensure that at least 50% of their material was recycled, as of January 1, 1996.

The financial incentive for all was the possibility of a penalty payable to the City. If compliance is not achieved within 30 days, fines will be issued. Fines are \$200 per month for the first infraction. Subsequent infractions will increase by \$200 each month, i.e., second infraction will be \$400, third infraction will be \$600 and continues at that level until the infraction is resolved. Through the garbage and recycling companies, the City provided every business customer with printed information about the mandate, and required that every customer sign a commitment to recycle at least 50%, specifying which materials they would recycle.

1. What are the benchmarks or diversion targets established for your diversion programs?

In 1996, the City Council adopted a requirement that every business and multifamily property have and use a recycling system for at least 50% of their waste.

In 1997 the Council set a goal of recycling 60% in 2005. The current system did not reach the 60% goal in 2005, achieving an overall estimated rate of 52% in 2005.

Currently, the City of Portland has a goal to reduce waste and to raise the recycling rate to 75 percent by 2015.

2. How is the performance of your diversion programs measured?

The City follows the methodology outlined by the State Department of Environmental Quality (DEQ).

3. What penalties or incentives do you enforce for missing or exceeding diversion targets?

There is no requirement placed on collection firms, instead requirements are place on business owner. For businesses, there is a financial penalty for noncompliance of a maximum of \$500 per incident, increasing for each subsequent incident. However, since the City's intent is to encourage compliance, not to raise money, city regulations provide for an "assistance period" of 30 days, instead of enforcing an immediate penalty for noncompliance.

F. Traffic Changes and Collection Efficiency**1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system? If so, could you share any studies conducted or methodologies used in preparing those estimates?**

This hasn't been done yet but may be looked at in the future. The City's economist modeled commercial collection and estimated that changing from an open market to exclusive franchises would result in a reduction in vehicle miles traveled (VMT) for collecting garbage of 30 percent. Bruce thinks this estimate may be high because haulers work hard to keep their routes efficient. He thinks savings of perhaps 15-20 percent might result, but it's hard to know for sure.

G. Incentives to Exceed Contractual Requirements**1. Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.**

Nothing out of the ordinary.

2. Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.

No.

H. Implementation, Staffing, Customer Interface**1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)**

There are five employees currently engaged in customer interface and **enforcement with the residential franchise system**. Most of this consists of phone calls and emails, with a small portion of them engaged mainly in enforcement.

When the City added food waste and went to every other week garbage collection, the City added an additional five temporary staff for customer engagement. After a few months, the call volume went back to normal.

2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?

Not available.

3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?

Not available.

4. *How do customers interact with you and/or the haulers for complaints, service issues, new programs? (e.g., phone, web-system, personal contact)*

City staff interact with haulers mainly by phone for service and billing issues. Occasionally, they get calls about commercial service, but most customers resolve issues directly with their hauler.

Reno, Nevada

Results of Document Review and Interview with:

Jason Geddes, Ph.D.

Environmental Services Administrator

City of Reno, NV

(775) 334-3311

geddesj@reno.gov

January 22, 2013

In 1992, the City of Reno enacted a 25-year exclusive franchise agreement for commercial collection with Waste Management. Over time, other firms began competing by offering dry waste (trash) collection services (which was not explicitly covered in the franchise) and there was litigation surrounding this issue. In 2012 after many years of deliberation, the City established two exclusive franchise areas for commercial collection: one with Waste Management, and one with Castaway Trash Hauling. As part of that agreement, Waste Management is building a single-stream materials recovery facility to help provide the infrastructure necessary to significantly expand recycling opportunities.

The City's current franchises are rolling 10-year agreements, in that every 5 years there's a performance review. If hauler performance is acceptable, the City authorizes another 10-year contract.

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

There are two exclusive collection zones; one is managed by Waste Management (WM) and the other by Castaway Trash Hauling (CTH).

2. Approximately how many accounts do you have per zone (SF, MF, Commercial)?

There are approximately 2,500 accounts in the zone managed by WM and 625 in CTH's zone.

3. Are those zone boundaries the same for multi-family and commercial collection?

Yes, multi-family is covered within commercial accounts.

4. What criteria did you use to establish this number?

Market share as of November 2012 was the criteria used to establish the number of accounts in each zone. Other cities, including Seattle and Portland, were consulted during the process.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

No.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

The City let WM and CTH decide on the zone boundaries. These boundaries were then approved by the City.

- 7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?**

No.

- 8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?**

No.

- 9. What lessons did you learn or what would you do differently in the future?**

Currently, WM has 80% of the customers, and CTH has 20%. The City would have created 5 zones, all of the same size (i.e. to match CTH's 20% of market) and allowed bidding on zones if performance issues arose.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

Not applicable.

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

Not applicable.

- 3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?**

WM was the sole franchised commercial hauler, yet other haulers used legal loopholes to provide commercial service leading to a negotiation and creation of zones. Haulers with existing customers were allowed to retain them under the new system, but the number of those customers is quite small (5 haulers with 31 accounts out of 3,000). There are 12 other haulers that provide C&D and drop box services.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

Would have created five zones each with a similar number of accounts as stated above (A9).

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

No RFP was created; collection areas were determined through negotiations.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

Collection companies bill customers and remit franchise fees and other payments to the City.

- 2. What “extra services” do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?**

WM provides a CNG fueling station that is open to the City and other public agencies, 25 solar compactors for placement by the City, and provides services to the City valued at \$215,000 per year. WM and CTH also collect in City buildings and parks for free up to \$900,000.

Collection firms provide public education and information, customer service, billing, and dispute resolution services (ombudsman). The City and the companies are currently negotiating the scope of the public education program. WM’s contract includes providing a recycling coordinator at its new MRF.

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

The rate schedule was negotiated as part of the Exclusive Area Franchise Agreement (most recent version November 07, 2012). Rates are based on the container type, volume, and frequency of collection as shown in Exhibit D of the agreement. Rates for single stream recycling are approximately 25 percent lower than rates for garbage. All rates were set by City and are in agreements provided. Rate increases are performed annually per the agreements for the first 3 years; after that increases are based on the CPI, but only if profits are less than 8%. The City requires companies to submit audited financial statements, and they retain the opportunity to audit the companies’ books.

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

Original contract was through 2019: new contract will go through 2029 with a review every five years.

- 5. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?**

No.

- 6. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?**

No.

- 7. Does the City receive a franchise fee or payment other than the \$/stop payments? If so, how is it assessed? (i.e., x% of revenues or y% annually)**

Franchise fee is 8% of gross revenue. The city collects a host fee of \$0.42 per ton on franchised collection materials at its transfer station. City may change franchise fee: rates will adjust accordingly.

- 8. What escalation clauses are in effect in your franchise compensation agreement?**

Rates adjust annually with consumer price index (CPI), and also are adjusted for changes in law, increases in franchise fees and other events outside contractor’s control.

D. Waste Exemptions

- 1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?**

The franchise covers solid waste and approved recyclable materials. Exclusions include: construction and demolition materials, self-hauled materials, materials requiring special handling (such as liquid waste, sewage, manure), scrap metals, paper shredded materials, bulky items, electronics, rendering facility materials, hazardous waste, medical waste, special waste, and recyclables sold directly by generator to a buyer.

Food waste recycling is not exclusive.

Companies with permanent drop box service may continue providing that service.

E. Diversion Requirements

- 1. Does the contract include requirements for diversion programs?**

No.

- 2. What are the benchmarks or diversion targets established for your diversion programs?**

Not applicable.

- 3. How is the performance of your diversion programs measured?**

Not applicable.

- 4. Does your program include disposal caps that decrease over time?**

No.

- 5. What penalties or incentives do you enforce for missing or exceeding diversion targets?**

Not applicable.

F. Traffic Changes and Collection Efficiency

- 1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?**

It was considered as we are switching to natural gas collection vehicles. The City also only wanted one vehicle per route and not multiple haulers.

- 2. If so, could you share any studies conducted or methodologies used in preparing those estimates?**

No studies performed.

Incentives to Exceed Contractual Requirements

- 3. Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.**

Yes, they are in the agreements.

4. Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain

No.

G. Implementation, Staffing, Customer Interface

1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)

One franchise administrator, city attorney as needed, and code enforcement (less than 0.5 FTE) as needed. Each *franchisee is required to submit annual audit results conducted by third party auditors.*

2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?

The new agreements evolved in part from a desire to move toward a single stream recycling system, which included a materials recovery facility. Waste Management made an initial proposal on June 2008. After discussions between staff, collection firms, the City of Sparks, and Washoe County, Waste Management submitted a revised proposal in November, 2010. Staff delivered a memo to Council in June, 2011. After further deliberations, the new franchise agreements were approved by Council in November, 2012.

New system starts within 120 days of signed agreements, and implementation is to be complete after one year.

3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?

No.

4. How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)

Phone and email to franchise administrator. Franchised haulers have ombudsman requirements. Any issues not resolved by franchisees go to franchise administrator to resolve with power of City Manager.

Seattle, Washington

Results of Document Review and Interview with:

Tim Croll, Director, Solid Waste Line of Business
 Hans Van Dusen, Solid Waste Contracts Manager
 City of Seattle, WA
 206-684-7934; 206-684-4166
Timothy.Croll@seattle.gov;
Hans.VanDusen@seattle.gov

A. Collection Zone (Franchise) Boundaries

1. *How many exclusive collection zones have you established?*

Four.

2. *Approximately how many accounts do you have per zone (SF, MF, and Commercial)?*

- Residential (garbage): 28k-47k services per zone (4 zones); recycling service counts are similar
- Apartments (garbage): 820 – 2400 services per zone (4 zones); recycling service counts are similar
- Commercial (garbage): 1200-3200 services per zone (4 zones); most commercial recycling occurs outside the scope of the City's contracts

3. *Are those zone boundaries the same for multi-family and commercial collection?*

Yes.

4. *What criteria did you use to establish this number?*

The City, in previous RFPs, had divided the City into three collection areas. In the 2007 RFP the City added a fourth area to promote the entry of new firms (and possibly smaller firms) into the Seattle market. The City, based on a study by Ecodata (see below) could have created up to seven areas and still achieved the economies of scale associated with one collector per area, but decided that more than four collection areas would make the RFP evaluation and selection process overly complex (as well as increasing the complexity of contract management).

5. *Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.*

Yes. Barbara Stevens, Ecodata, prepared a study that concluded that the maximum number of collection areas the City could be divided into is seven (7), without losing the economies of scale/efficiencies associated with one collector per area.

6. *What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?*

Natural geographic barriers (e.g. the Ship Canal which divides North Seattle from the Central Business District and South Seattle); arterial boundaries that result in a reasonably similar number of services per area (because to the distribution of single family homes, apartments and commercial businesses around the City, it is nearly impossible to create collection areas with an "equal" number of services) ; and

“constructed” barriers that divide the City into distinct areas (I-5 splits North Seattle into two similarly sized zones (east and west).

7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?

No.

8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

No.

9. What lessons did you learn or what would you do differently in the future?

Would not do anything differently. No major lessons learned; previous experience with the RFP process where very helpful in shaping the 2007 process (e.g. the construction of the RFP).

B. Collection Zone (Franchise) Caps

1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?

3 (of the 4 zones established). The City would/will not consider having just one hauler for the entire City. The City does not want to completely eliminate competition for collection service contracts either in the short or long term.

2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?

See 1.

3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?

N/A. The City has contracted for residential collection services for decades, under authority granted by State law. The City assumed control over commercial collection in 2001, which had previously been regulated by the State Utilities and Transportation Commission. Prior to 2001, two haulers provided commercial collection services in the City and competed city-wide.

4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?

Yes.

5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?

The 2007 Collection Services RFP allowed proposers to bid on each of the four (4) collection areas independently, and on “packages” of adjacent collection areas (e.g. 2/3/4, 1/2, etc.). The City hoped that solicitation of bids on packages would drive bids down, by promoting increased economies of scale, and creating four collection areas to allow smaller firms to compete, that the City would get competitive pricing and a new smaller entrant into the market. The City got both.

6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?

The only condition placed on proposers was on those that chose to bid on “packages” of collection areas. If a proposer bid on one package, they were required to bid on all of them. See question 6 for additional discussion of why the City created packages.

7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?

CH2MHILL has the City’s 2007 RFP for residential, multifamily and commercial collection, the City’s two executed contracts (with Waste Management and CleanScapes), and Barbara Steven’s report regarding options for the number of collection areas.

C. Rate Structure

1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?

Waste Management and CleanScapes are paid a fixed amount per month that has two components. Residential payments are escalated using a weighted price index, and also to account for increases in structures and residential tonnages. Commercial payments include a fixed payment that is escalated using the same price index as the residential payment, as well as a payment per pickup based on size of container. The first year payments for all of these services are established in each company’s contract, and are escalated from one year to the next using a weighted price index (using the CPI, Producer Price Index, and a fuel cost escalator) as well as the adjustment factors described above. Except for a small amount of waste, the City does not compensate the companies for disposal or transfer (and it is expected that these payments will drop to zero by 2014 after the City directs all waste to its facilities). Most garbage is taken to the City’s two transfer stations now and transfer and disposal costs are built into rates and bill directly to the customer. Recycle and composted material is taken to private facilities and the City is billed by those facility owners; again, the costs are built into rates and billed directly to the customer. The companies also provide street side litter and public place recycling collection in their service territories, and are compensated fixed monthly for these services. The companies provide, and are compensated for, occasional services provided for special events, etc. The companies are compensated for cart deliver/container deliveries, bulky item and white goods collection, and few other items.

2. What “extra services” do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?

See 1. The companies are also compensated negotiated amounts for providing services offered under as part of pilot programs.

- 3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?**

The City sets all rates for services, based on a rate study conducted by SPU staff periodically. The payments to the collection companies are treated as one cost center in the development of the solid waste revenue requirement. Other costs included taxes, solid waste program administrative costs, customer service costs (call center staff and inspections staff), solid waste program planning costs, disposal and transfer costs, debt service on bonds issues for solid waste system purposes, etc. The City use a widely accepted methodology for establishing the revenue requirement, allocating costs and designing rates. The City's rates are designed to encourage recycling and waste reduction. Recycling service costs are embedded in garbage collection rates, while yard/food waste are charged for separately.

- 4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?**

The City gave proposers the option of proposing an 8 year contract (with two, two year extensions), or a 10 year contract (with one, 2 year extension), to determine if there would be a savings from a longer term contract. Waste Management's 10 year proposal offered cost savings relative to its 8 year proposal; CleanScapes did not.

- 5. Did you have any "phase-in" period to the new rate structure?**

N/A

- 6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?**

The City has a low income rate assistance program; qualified customers pay a reduced rate for City provided utility services (50% of regular rates); program participants are qualified through a process administered by the City's Human Services Department. To be qualified, an applicant cannot have gross annual income greater than 70% of State median income for a household of his/her size. Customers who use a large amount of water for medical purposes (e.g. kidney dialysis) are eligible for the rate discount for water and wastewater services only.

- 7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?**

N/A

- 8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)**

The City levies a utility tax (gross receipts tax) on all utility services provided in the City (both public and private). The proceed from this tax flow to the City's General Fund.

- 9. What escalation clauses are in effect in your franchise compensation agreement?**

See 1.

D. Waste Exemptions

- 1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?***

The City has separate contracts for construction and demolition debris, and does not exempt specific industries from the requirement to use the City's collection contractors. The City does allow certain institutions to collect and haul their own waste, including the University of Washington, and the Federal government.

E. Diversion Requirements

- 1. Does the contract include requirements for diversion programs?***

No.

- 2. What are the benchmarks or diversion targets established for your diversion programs?***

The City's Zero Waste Plan sets a recycling rate goal of 60% by 2012, and 70% by 2025. The City also emphasizes waste reduction, and recently instituted a ban on single use plastics bags at grocery stores, etc.

- 3. How is the performance of your diversion programs measured?***

The City conducts periodic waste compensation studies, and requires haulers, transfer stations, and processing facilities operators to report materials received by waste stream. These data are then used to develop a profile of the City's waste – what's landfilled, what's recycled, etc.

- 4. Does your program include disposal caps that decrease over time?***

No.

- 5. What penalties or incentives do you enforce for missing or exceeding diversion targets?***

N/A.

F. Traffic Changes and Collection Efficiency

- 1. Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?***

No.

- 2. If so, could you share any studies conducted or methodologies used in preparing those estimates?***

N/A

G. Incentives to Exceed Contractual Requirements

- 1. Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.***

Contracts include both penalties for poor performance and incentives for exceeding standards; performance metrics include customer service call answering response times (for commercial customers), missed collections, response time to missed collections, etc.

2. *Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.*

The City offers a minor incentive for reducing disposal tons through neighborhood outreach. Section 845 of the contract.

H. Implementation, Staffing, Customer Interface

1. *How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)*

The City has 4 staff in its Contracts Management unit (one Manager, one invoice/payment specialist, and two staff who work with the collectors on day to day issues). This group also has three Service Inspectors supporting it, who conduct field inspections when a problem/issue require it, and who work with customers who need/request changes in services, advice about placing recycling containers, etc.

2. *Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?*

CH2MHILL has this.

3. *Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?*

Yes. The City has long standard relationships with consultants with solid waste RFP expertise, collection system design expertise, and has dedicated City attorneys to advise and assist with solid waste contracting issues.

4. *How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)*

The City provides all customer services for single family and multifamily customers. The City operates a Call Center that takes customer calls live (Monday-Friday) and offers customers the option making service changes, etc. via the web. Customers can also pay their bill via the web, and pay using ACH debit (auto payment).

The collection companies provide all customer services for commercial customers, and are required to take and respond to calls live. The companies have their own web sites where customers can obtain information, make some service requests or changes, etc.

Regarding educations about new program offerings, etc. the City communicates directly with the customer (mostly through direct mail).

Stockton, California

Results of Document Review and Interview with:

Gretchen Olsen

Solid Waste Manager

City of Stockton, CA.

209-937-8826

Gretchen.Olsen@stocktongov.com

A. Collection Zone (Franchise) Boundaries

1. How many exclusive collection zones have you established?

2 exclusive zones for residential (one hauler per zone); two franchise haulers for multifamily and commercial (the same haulers who collect residential) who compete city wide for accounts.

2. Approximately how many accounts do you have per zone (SF, MF, and Commercial)?

Approximately the same number per zone for residential; haulers compete city wide for commercial and multifamily accounts.

3. Are those zone boundaries the same for multi-family and commercial collection?

N/A. Haulers compete city wide.

4. What criteria did you use to establish this number?

Information not available; the current franchise agreements were established in 2004 when the City decided not to bid out service provision via an RFP process and, instead, negotiate franchise agreements with the two haulers operating in the City at the time (WMI and Allied). The negotiations result in the current arrangement of exclusive zones for residential and open competition for multifamily and commercial.

5. Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.

Information not available.

6. What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?

Information not available.

7. Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?

Information not available.

8. Did elected official districts impact the selection of district boundaries (i.e., alignment)?

No.

9. What lessons did you learn or what would you do differently in the future?

N/A.

B. Collection Zone (Franchise) Caps

- 1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?**

N/A. The City's current franchise agreements (signed in 2004) extend through 2019 (with a City option to extend each 5 years); the City has not conducted an RFP process in the past and has not contemplated what it might do in 2019.

- 2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?**

N/A. See 1.

- 3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?**

N/A. According to the City's Solid Waste Franchise Manager, the two existing franchise haulers have been only providers of residential, multifamily and commercial service for many years. The Manager did express a strong desire to maintain a system where at least two haulers are operating and viable in the local market.

- 4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?**

N/A.

- 5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?**

N/A. No RFP has been issued in the past.

- 6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?**

N/A. See 3 above.

- 7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?**

CH2MHILL has the franchise agreements.

C. Rate Structure

- 1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?**

The rates for collection services were negotiated by the City and the haulers at the time the current franchise agreements were established (2004). The City was able to negotiate a rate schedule that is the same for both haulers. The rates increase (year over year) at 50% of the CPI. The City does not compensate the haulers for several "free services", the costs of which are presumably embedded in residential, multifamily and commercial rates.

The rates charged to customers include a 23.5% franchise fee – 20% that goes to the City’s General Fund and 3.5% that goes to Public Works’ Solid Waste Program. Both fee components are authorized by State law.

The City performs billing and collection of residential solid waste payments. The City keeps the portion of residential rate revenue due to it, and remits the balance to the haulers. The haulers bill and collect multifamily and commercial payments. The haulers keep the portion due them, and remit the balance to the City. The City can audit the haulers billing and collection processes, but has conducted very limited billing audits to date.

2. What “extra services” do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?

The list below shows the services included in the scope for each franchise agreement. Street sweeping, neighborhood clean up services, Christmas tree collection, side yard service for the disabled, collection services for city facilities, collection from public containers, special events collection, and community clean up services are not compensated by the City (so presumably the costs of these are embedded in what the customers pay for residential, multifamily and commercial services. The haulers also provide public education and other informational service to customers without additional compensation.

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3. Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?

Rates are contained in the franchise agreements, and adjust annually upward by 50% of the change in the CPI from the previous year. Disposal and processing facility rate adjustments pass throughs can be applied for but are not guaranteed approval in the franchise agreements. Rates are the same across the City. See 1 above for additional information.

4. Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?

N/A.

5. Did you have any “phase-in” period to the new rate structure?

N/A.

6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?

The City’s low income rate assistance program does not provide discounts for multifamily customers. The City offers discounted residential service for seniors (over 65 years of age) and for seniors below median income.

7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?

N/A.

8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)

See 1 above. In addition to the franchise fee revenue the City receives, the City received an upfront payment from each hauler at the beginning of the term of the agreements (2004). The upfront payment was made over 4 years. According to the City’s Solid Waste Franchise Manager, this payment was, in part, compensation for the City’s street sweeping equipment which the haulers took possession of when they took over sweeping activities from the City.

9. What escalation clauses are in effect in your franchise compensation agreement?

See 3 above.

D. Waste Exemptions

1. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?

Services to manufacturing facilities, factories, food processors, refineries, and publicly operated treatment works are exempt from the franchise agreement. C&D and commercial recyclables are exempt as well.

Construction and demolition waste is generally handled through the City’s Industrial Permit program so is not regularly handled through the franchised system. Hazardous waste and electronic waste is directed to the County’s HHW facility. The state allows state agencies to exempt themselves from local franchise systems so schools, universities, and other state agencies have a variety of service arrangements.

E. Diversion Requirements

1. Does the contract include requirements for diversion programs?

Yes.

2. What are the benchmarks or diversion targets established for your diversion programs?

The benchmarks are established by State Law and they are enforced via the liquidated damages provisions of the City's franchise agreements. See 5 below.

3. How is the performance of your diversion programs measured?

Using data collected by the haulers on tons of material collected by service type (single stream recyclables, yard waste, food waste and garbage). The City currently estimates that it's diversion rate is somewhere between 50% (using hauler provided data) and 65% (based on State calculations).

4. Does your program include disposal caps that decrease over time?

No.

5. What penalties or incentives do you enforce for missing or exceeding diversion targets?

Exhibit J of the franchise agreements establishes liquidation damages for not meeting diversion requirements/targets. These targets are based on the State's AB 939 requirements. The liquidated damages are show in the table below.

Diversion Requirements

1. Failure to comply with a substantive requirement of the Diversion Plan contained in Exhibit D: \$500.00 per incident.
2. Failure to comply with a substantive requirement of the Public Education Plan contained in Exhibit E: \$500.00 per incident.
<p>3. Beginning January 1, 2005, failure to achieve and maintain in each following calendar quarter Diversion of Collection Materials in the following percentages:</p> <p>42 percent: \$6,250 per quarter 37 percent: \$12,500 per quarter 32 percent: \$25,000 per quarter</p> <p>[For example, if during the 1st quarter of 2005, Contractor Diverts 31,000 tons of Collection Materials and Disposes of 69,000 tons of Collection Materials, the liquidated damages assessed by the City would be \$25,000. If the Contractor Diverts 45,000 tons of Collection Materials and Disposes of 55,000 tons, there would be no liquidated damage assessed.]</p>
<p>4. Beginning January 1, 2005, failure to achieve and maintain in each following calendar quarter Diversion of all materials collected within the City by the Contractor in the following percentages:</p> <p>50 percent: \$6,250 per quarter 45 percent: \$12,500 per quarter 40 percent: \$ 25,000 per quarter</p>
5. Failure to use Best Efforts to divert fifty (50) percent of materials collected through Neighborhood Cleanups and Bulky Items collection: \$500 per incident.

Liquidated Damages for failure to achieve and maintain the Diversion percentages specified in "Diversion Requirements" Items 3. and 4. above, shall be assessed by the City each calendar quarter. In addition:

Liquidated Damages shall be maintained in a segregated Recycling fund to be used by the City to promote Recycling programs.

The City shall not assess Liquidated Damages that exceed \$25,000 in any single calendar quarter. In the event that in any calendar quarter the City could assess Liquidated Damages under both "Diversion Requirement 3. and 4., the City shall assess and the Contractor shall owe only the larger of the two separate amounts that otherwise would be due under the two requirements

If in any calendar year Contractor achieves 42 percent diversion of all Collection Materials collected that year, the City shall reimburse the Contractor for Liquidated Damages assessed in any previous quarter of that year pursuant to "Diversion Requirement" 3. above.

If in any calendar year Contractor achieves 50 percent diversion of all materials collected by the Contractor within the City that year, the City shall reimburse the Contractor for the Liquidated Damages assessed in any previous quarter of that year pursuant to "Diversion Requirement" 4. above.

- a. Any City-retained Liquidated Damages remaining in any calendar year shall be used by the City to offset any fines assessed by the State pursuant to Article 9.2 assessed within that calendar year.

F. Traffic Changes and Collection Efficiency

1. ***Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?***

N/A

2. ***If so, could you share any studies conducted or methodologies used in preparing those estimates?***

N/A

G. Incentives to Exceed Contractual Requirements

1. ***Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.***

Yes. Exhibit J in the franchise agreement includes a long and detailed list service and diversion related requirements that are subject to liquidated damages, if the collector fails to meet standard.

E.5 above presents the liquidated damages associated with a hauler not meeting diversion targets. According to the City's Solid Waste Franchise Manager, damages were applied often during the first few years after the current agreements were established, but are not often applied today because the standards are typically achieved.

Exhibit J also spells out a number of service related expectations, where failure to the meet the standard results in liquidated damages. Examples included penalties for failure to commence a new service request within 7 days, failure to collect a missed collection within 24 hours, etc.

- 2. Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.**

No.

H. Implementation, Staffing, Customer Interface

- 1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)**

The City has six (6) staff in its Solid Waste Franchise administration unit; one manager, one other staff who assists with contract administration, one staff member who performs field inspections, and three other supporting staff.

- 2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?**

N/A.

- 3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?**

N/A.

- 4. How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)**

The haulers maintain web sites where customers can access service information, make certain service changes, etc. The haulers are also required to maintain a live call answering presence, where customers can report missed collections, register complaints, etc. These “call centers” must operate during normal business hours Monday-Friday.

The City has two different “hotlines” where customers can register (or elevate) complaints regarding hauler service provision. The City has a web-based system for all City services, (Ask Stockton) including garbage, recycling, and street sweeping inquiries or complaints. City staff coordinate responses to customers with representatives from the haulers.

Vancouver, Washington

Results of Document Review and Interview with:

Tanya Gray
Solid Waste Supervisor
City of Vancouver, WA.
360-619-4123
Tanya.Gray@cityofvancouver.us

A. Collection Zone (Franchise) Boundaries

1. *How many exclusive collection zones have you established?*

1 (with one hauler); prior to 2005 the City had two haulers (Waste Management and Waste Connections) collecting in two “exclusive” zones but each hauler was, in fact, providing services in both zones. In 2003, the City began rationalizing the delivery of services so that each hauler provided a full package of services in its primary zone. In 2004, Waste Management determined it was not profitable to continue operating in the City; the other hauler (Waste Connections) purchased the other hauler’s franchise (with the permission of the City) and is now the sole contractor for the City.

2. *Approximately how many accounts do you have per zone (SF, MF, and Commercial)?*

41k residential (single family)
2600 commercial
457 multifamily complexes (with a total of 23k units)

3. *Are those zone boundaries the same for multi-family and commercial collection?*

Yes. There is now only one collection zone.

4. *What criteria did you use to establish this number?*

N/A.

5. *Did you conduct any studies or analyses that helped inform your selection of the number of zones? If so, please describe.*

City staff indicates that a study may have been conducted in the 1990s but a copy is not available.

6. *What criteria or methodologies did you use to draw the boundaries for your collection zones (e.g., distance to the nearest transfer or disposal site)?*

See 5.

7. *Did you do any studies or modeling to establish the zone boundaries? If so, please describe. Would you provide us with a copy of that information?*

See 5.

8. *Did elected official districts impact the selection of district boundaries (i.e., alignment)?*

No.

9. What lessons did you learn or what would you do differently in the future?

Would probably have included a commercial recycling service in the current franchise when it was negotiated in 2004-2005; Waste Connections is now offering such a service and participation is continuing to grow; the service is a competitor to privately provided services.

B. Collection Zone (Franchise) Caps

1. What limitations exist, if any, on the number of areas a collection company may have exclusive rights to?

N/A.

2. What was the basis for the limitations you set on the number of zones (see question 1)? Were there specific criteria, or studies and analysis that helped inform how you set this limit? Would you send us a copy of these please?

N/A.

3. How many collection companies were licensed in your City before and after you implemented exclusive franchises? If the number went down, do you have concerns about the future competitiveness for you collection contracts?

N/A.

4. If you had had a chance to revisit your decisions related to number of collection areas, boundaries and caps, would you have made the same decisions?

The City is currently satisfied with a single hauler system.

5. In your RFP for collection services, how many collection areas were proposers allowed to submit bids for?

N/A.

6. Did you place any requirements on the minimum number of zones proposers were required to bid on? If so, please elaborate?

N/A.

7. Would you be willing to provide us copies of your RFP, franchise agreements, and any supporting staff reports?

CH2MHILL has a copy of Waste Connection's franchise agreement. The City has also provided CH2 with a copy of a 1994 RFP for garbage and yard waste service that may be of interest to LA.

C. Rate Structure

1. Please describe the basic approach you use to compensate collection firms? Would you be willing to share a copy of a document that describes that formula, and a copy of the compensation section of your most recent request for proposals?

The City's franchise collection agreement with Waste Connections establishes a first year monthly compensation amount by type of service (garbage and yard waste, and recycling). The amounts are derived based on the sum of collection and disposal payments by level of service (e.g. 1 yard once a week, 1.5 yards twice a week, etc.). The recycling component of rates is flat fee per household (residential) and per unit (residential). Waste Connections does all billing and collecting of payments

from customers, keeps the collection and disposal monthly payment amount per the franchise agreement with the City, and remits the balance to the City, which covers the City's solid waste program costs, and the City's utility tax. The collector is responsible for paying the City's disposal contractors. Payments to the haulers escalate from year to year at 80% of a weighted price index (the components include the local CPI and a west coast fuel cost index).

The City establishes the rates for each level of service using an in house developed model and methodology. The collector does not have discretion to establish the proportional differences in rates between different levels of services. The City process for updating the number of accounts and service levels by account is very thorough, and utilizes a combination of in house and contract resources.

The City's franchise agreement requires Waste Connections to contribute \$10k over the life of the contract to pilot programs. The City does not compensate the collector for attending public meetings with City staff, collecting from multi-family properties with difficult to access container locations, special services required by Handicapped, Elderly and Low-Income qualified residents (e.g. back yard or carry out service), and several other service related activities. The contractor is required to provide "spring clean event" cleanup services (drop box services) up to a dollar amount of \$55k per year (additional services are compensated). The City does not compensate the collector or assistance with special studies (for example, waste composition analyses). Compensation with assistance with pilot programs is negotiated between the haulers and the City.

The hauler did not receive any compensation for initial contract mobilization.

2. *What "extra services" do you require that collection firms provide that might be outside what many jurisdictions require of their franchise/contract service providers? (e.g., recycling requirements, education, moderate risk waste)? If so, how do you compensate them for providing those services?*

See 1. The City requires that the hauler provide 4.5 staff, at its own expense, to support recycling education and public information.

3. *Please describe the basic approach you use to set customer rates? For example, do you have common rates throughout the City/County or do your rates differ by zone? Do you set the rates, are they set by the service provider, or some combination of the two approaches? Would you be willing to share a copy of a document that describes the rates that are charged to multi-family and commercial customers?*

See 1. CH2MHILL has a copy of Vancouver's rate model and rate ordinance.

Note that Vancouver has a rate stabilization fund (RSF) that can be used from time to time to mitigate rate increases. The RSF is built into the fee that the City includes in the hauler's rates.

4. *Did you explore the implications of different contract term lengths on rates and/or costs during your RFP process?*

No. The City does have a practice of extending the agreement's length by 1.5 years for every annexation of 5,000 or more homes (as specified in section 2.1.2 of the comprehensive contract).

5. *Did you have any "phase-in" period to the new rate structure?*

N/A.

6. Does your rate structure provide any discounts for low income multi-family households, and if so, could you provide us with documentation that describes how they function?

See 1. The discount is for the disabled and elderly only, who meet certain income requirements. VMC 6.12.201 (D) and contract section 2.1.7 of the comprehensive contract.

7. Did you have to address potential rate increases on rent-controlled housing, and if so, was there a mechanism for allowing owners to pass on any increased garbage/recyclable/organic collection cost increases?

N/A.

8. What franchise fee or other payment do you receive from your franchised haulers and how is it assessed? (i.e., x% of revenues or y% annually)

A franchise fee is built into the rates charged by the hauler (the hauler bills and collects customer payments). The fee is a fixed amount per year that the City can change, which covers City solid waste program administration and programs. Also included in rates is a 20% City utility tax (a gross receipt tax), proceeds from which go to the City's general fund.

9. What escalation clauses are in effect in your franchise compensation agreement?

See 1.

D. Waste Exemptions

10. Are there any waste types or generator types that are excluded from your franchise/contract system? (e.g., construction and demolition waste, hazardous waste, recyclables, electronic waste or movie studios, hospitals, universities). If so, could you send us documentation about how you define and administer this exemption?

CDL that includes MSW is included in the contract; any CDL that is substantially recyclable (diminimus amounts of garbage) may be collected as a recyclable material outside the franchise scope. Hazardous waste is outside the contract scope. Certain E-Waste (televisions, monitors, computers, laptops and tablets) are banned from disposal and may be recycled at several convenient recycling drop off locations or a handful of community events held each year. The e-waste program is funded by the electronics industry with the program overseen by the State. The City does not exempt specific industries from having to use the City's hauler.

E. Diversion Requirements

1. Does the contract include requirements for diversion programs?

The collector is required to provide garbage, yard waste and recycling service to all single family customers, garbage and recycling services to all multifamily customers, and may offer yard waste service to multifamily and commercial customers. The City has a limited food waste collection pilot program for non-residential source separated food waste. The pilot has been in place since 2006.

The collector is also required to install recycling signage in all new multifamily dwelling units at no cost to the City, and decals on containers indicating what can/can't go in the container. The collector is required to provide 4.5 FTEs dedicated to recycling outreach at no extra cost to the City.

The County does require Waste Connections to perform a minimum amount of recycling (source separation) at its stations. The minimum is 10% as described in Article 9 of the Contract Regarding Solid Waste Recycling, Transfer, Transport and Out-of-County Disposal between Clark County and Columbia

Resource Company (a Waste Connections company). The City indicates that there is a penalty for not meeting this target, but doesn't believe the penalty has been applied any time recently. Article 9 of this contract describes how to calculate the Minimum Annual Recycling Requirement (MARR) and how to determine if the contractor qualifies for a bonus (exceeding the MARR) or liquidated damages (not meeting the MARR). I confirmed with Mike Davis at Clark County that the contractor has never been penalized due to missing the MARR. They have also not received a bonus to his recollection.

2. *What are the benchmarks or diversion targets established for your diversion programs?*

50%, with no established year to hit the target by. The City met the target in 2012.

3. *How is the performance of your diversion programs measured?*

Data are provided by the haulers that allow the City to estimate total diversion, but the State also estimates total diversion using the same and additional data.

One week per quarter (now once a year), the collector is required to collect residential and multifamily recycling and deposit the material in designated bays separate from other incoming recyclables, in order to estimate the share of non commercial recycling attributable to each sector. This data is used to calculate recycling revenue sharing amounts (between the City and Waste Connections and Clark County).

4. *Does your program include disposal caps that decrease over time?*

No.

5. *What penalties of incentives do you enforce for missing or exceeding diversion targets?*

See 1 above.

F. Traffic Changes and Collection Efficiency

1. *Have you made any attempt to estimate changes in collection vehicle miles traveled that occurred as a result of the change from a "free market" system to your current exclusive collection area system?*

N/A.

2. *If so, could you share any studies conducted or methodologies used in preparing those estimates?*

Not available.

G. Incentives to Exceed Contractual Requirements

1. *Has the City/County included any other liquidated damages for non-compliance? If yes, please explain.*

Yes. Examples include failure to notify the customer of reasons for not collecting the customer's container, failure to maintain a clean and sanitary vehicle, failure to notify the City when a recycling vehicle is used for a non-recycling purpose, land filling or incineration of recyclables, and failure to perform other collection and customer service related activities. The franchise agreement has a 2.5 page list of events that trigger liquidated damages and the penalty amount per incident.

2. *Has the City/County included any incentive provisions to exceed environmental or sustainability requirements? If yes, please explain.*

No. However, the County does require transfer stations to become ISO 1400 certificated.

H. Implementation, Staffing, Customer Interface

1. How many of your staff members are engaged in administering contracts, auditing, enforcement, or other related functions? (Please provide a breakdown by function)

Administering contracts	.5 FTE
Auditing (contract compliance)	.25 FTE
Enforcement	.5 FTE
Customer Service/Program support	.25 FTE

2. Do you have an old implementation schedule you could share that outlines your primary tasks and timelines as you planned the system, went through the RFP process, and implemented/phased in the system?

Not available.

3. Do you have any readily available information about staff/consultant/legal resources that were required as you progressed through these implementation steps?

N/A. The City has not conducted an RFP in the recent past.

4. How do customers interact with you and/or the haulers for service issues, new programs? (e.g., phone, web-system, personal contact)

City maintains a web site and phone line, which are primarily intended to provide answers to questions about recycling and waste reductions programs. The City and Company make joint presentations at community events regarding recycling programs, etc., at no extra cost to the City.

www.cityofvancouver.us/solidwaste

Waste Connections also maintains a web site where customers can get service related information, register complaints, pay bills, and make service changes. The company also maintains a 24/7 phone line (call center) allowing the customer to get live service. Waste Connections is now able to send targeted phone messages to customers (for example to notify customers in an area that may not be collectable due to bad weather) and is planning to implement a “notification of collection day” messaging service for customer who want a reminder (e.g. one day prior to collection day. Waste Connections uses the telephone number on the customer’s account record to support “push” phone messaging.

www.wcnorthwest.com