

CITY OF SUNNYVALE

*The Heart of Silicon Valley*SM

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Office of the City Manager

January 19, 2017

Mr. Thomas C. Williams
City Manager
City of Milpitas
455 East Calaveras Boulevard
Milpitas, California 95035

Dear Mr. Williams:

I am writing regarding the status of negotiations for a Memorandum of Understanding (MOU) between the City of Milpitas (Milpitas) and the City of Sunnyvale (Sunnyvale) for processing Milpitas' Recyclables, Yard Trimmings and Municipal Solid Waste at the City's SMaRT Station.

As we have agreed, the MOU provides the path for negotiating a post-collection processing contract. In my letter from October 13, 2016, I expressed concern about the lack of follow-up communication with Sunnyvale for this joint effort and outlined key steps for negotiating a post-collection processing contract especially since Milpitas stated that the MOU would have to be approved by early February by both the Milpitas and Sunnyvale City Councils. Since the January 6, 2017 meeting, Sunnyvale staff arranged three meetings that Milpitas' staff initially confirmed. Specifically, we were scheduled to meet on January 10, January 12, and January 17, 2017. For all three meetings, **Milpitas cancelled the meetings approximately one hour before the scheduled meeting times.**

The City of Sunnyvale has taken extraordinary efforts in a short time frame to support Milpitas' interest in the SMaRT Station. As part of these key steps, the Mayor of Sunnyvale called for a Special City Council meeting on November 29, 2016, for the City of Sunnyvale to consider the framework for negotiation for the MOU. If you will recall, this Special City Council meeting was scheduled to align to Milpitas' City Council action and to formalize commitment to take the necessary steps to meet your service transition deadlines. After receiving Council direction, I assigned additional resources from my office as well as the Environmental Services Department in support of the effort. For the following four weeks, Sunnyvale staff reviewed a draft MOU from Milpitas and substantially edited the MOU with final administrative review occurring over the holidays. On January 3, 2017, the MOU was sent to your staff. On January 6, 2017, staff met with you to start negotiations. As part of this meeting, Sunnyvale staff emphasized that both parties need to focus on negotiating the terms of the MOU since you specifically stated that the MOU must be approved by both parties by early February 2017. To ensure that both parties have the maximum amount of days to

negotiate the MOU and submit it within administrative timelines to their respective City Councils, I requested that our Mayor schedule another Special City Council Meeting on January 31, 2017. The Mayor approved this request and the City Council made arrangements to avail themselves to hold a meeting outside of its normal meeting schedule.

In order to support the timely approval of the MOU, my staff advanced related work efforts as outlined in my October 13, 2016 letter. My staff worked with our CEQA consultant to prepare an appropriate CEQA document to evaluate the impact of deliveries to the SMaRT Station from the City of Milpitas; established a fair and equitable pricing methodology based on actual cost and presented the costs at the January 6, 2017 meeting; confirmed with Bay Counties Waste Systems, the SMaRT Station operator, the pricing for processing Milpitas' waste streams and with Waste Management (WM), the landfill contractor for the SMaRT Station, that WM will accept the Milpitas waste at its landfill honoring SMaRT Station pricing; and, sought preliminary approval from the cities of Palo Alto and Mountain View so that the SMaRT Station can accept Milpitas' materials. The MOU as currently drafted is consistent with the Sunnyvale City Council direction. In order to keep to Milpitas' timeline and allowing for Sunnyvale's administrative review, I plan to bring forward the Sunnyvale version of the MOU for City Council consideration on January 31, 2017. With the Council approval, I will be authorized to execute the agreement and we can proceed on a delayed timeline that Milpitas may need. However, if Milpitas requests changes to the Council-approved MOU, due to many other urgent priorities and staffing changes, I will not be able to assign the same heightened staff support and will address them within our capacity. Additionally, because our City Council agendas are preplanned with some items requiring formal legal noticing, the earliest I can offer taking the revised MOU to my City Council is in late March 2017 or thereafter.

I will advise the Sunnyvale City Council regarding the status of negotiations for this MOU via an Information Memorandum for the January 24, 2017 City Council Agenda. For questions regarding this letter, please contact Walter C. Rossmann, Assistant City Manager, at 408-730-7910.

Sincerely,



Deanna J. Santana
City Manager

cc: John A. Nagel, Sunnyvale City Attorney
Walter C. Rossmann, Sunnyvale Assistant City Manager
John Stufflebean, Sunnyvale Director of Environmental Services