

REVISED

1/16/18



Sunnyvale

City of Sunnyvale

Agenda Item

17-1207

Agenda Date: 2/16/2018

2018 COUNCIL STUDY ISSUE

NUMBER

ESD 18-02

TITLE Planning for Post-2021 Solid Waste & Recycling Collection Franchise**BACKGROUND**

Lead Department:	Environmental Services
Support Departments:	Office of the City Manager
	Office of the City Attorney
	Finance Department
Sponsor(s):	Councilmembers: Griffith, Melton
History:	New

SCOPE OF THE STUDY

What precipitated this study?

This Study Issue was sponsored by the City Council at the November 28, 2017 Council Meeting during the Non-Agenda Items section. The Council expressed a desire to better understand the implications of Article XVI of the City Charter on awarding a franchise for collection services beyond the current franchise term. Solid waste and recycling collection services are currently being provided to residents and businesses by Bay Counties Waste Services (BCWS), that has been granted an exclusive franchise by the City Council, as allowed by Article XVI of the City Charter and Sunnyvale Municipal Code Chapter 8.16. Section 1604 of the City Charter provides that the term of a franchise shall not exceed thirty years. The term of the current solid waste collection franchise began on July 1, 1991 and will expire on June 30, 2021, a period of thirty years. Charter Section 1601 empowers the Council to "grant by ordinance a franchise," the City Charter does not require a competitive process for the award of a new franchise and the Council could award a new franchise to the current franchisee.

Given the public and environmental health significance of the work performed under this franchise, it is important to plan for the continuation of these services in advance of expiration of the current franchise.

What are the key elements of the study?

The study would present Council with a discussion of the costs, implications and mechanics of the various options for addressing the expiration of the current franchise agreement.

Options would include:

- 1) Seeking voter approval of an amendment to the City Charter to remove or change the existing 30-year limit on franchises.
- 2) Implementing a competitive process to select a franchisee for collection services beyond

2021. The time required for such a process, including potential transition to a new franchisee is approximately 36 months.

- 3) Negotiating a new franchise agreement with the incumbent franchisee, including a work plan option that preserves the City's opportunity to implement a competitive process for the award of a new franchise if needed.

Estimated years to complete study: less than 1 year

FISCAL IMPACT

Cost to Conduct Study

Level of staff effort required (opportunity cost): Moderate

Funding Required for Non-Budgeted Costs: \$50,000

Funding Source: Will seek budget modification

Funding would pay for a study and recommendations to be prepared by a consulting firm with knowledge of solid waste franchising issues and experience conducting competitive and negotiation-based processes for franchise transitions. Funding for a budget modification would come from the Solid Waste Management Enterprise Fund reserves.

Cost to Implement Study Results

Unknown. Study would include assessment of potential costs of implementing each option for securing a future franchise. Costs would vary depending on the policy options(s) selected by Council. Actual service costs and revenue would be determined with the result of implementing the option(s) selected by Council, that is, conducting a competitive or direct negotiation process.

EXPECTED CITY COUNCIL, BOARD OR COMMISSION PARTICIPATION

Council-Approved Work Plan: No

Council Study Session: Yes

Reviewed by Boards/Commissions: None

STAFF RECOMMENDATION

Support. This policy issue merits discussion at the 2018 Study Issues Workshop.

Given the public and environmental health ramifications of the services provided by the collection franchisee, it is important that the City have a clear plan for addressing the expiration of the franchise on June 30, 2021.

Prepared by: Melody Tovar, Interim Director, Environmental Services

Reviewed by: Teri Silva, Interim Assistant City Manager

Approved by: Kent Steffens, City Manager