



DATE: June 15, 2021

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt a Resolution Authorizing the City Manager to Continue Exclusive Negotiations with Waste Management of Alameda County through December 31, 2021 to Extend the Solid Waste and Recycling Franchise Agreement

RECOMMENDATION

That Council adopts a resolution (Attachment II) authorizing the City Manager to extend the end date of the current negotiating period to December 31, 2021 for exclusive negotiations with Waste Management of Alameda County, the City's current solid waste, recycling materials, and organics service franchisee.

SUMMARY

The City holds a franchise agreement with Waste Management of Alameda County (WMAC) to provide solid waste, recycling, and organic materials collection, and processing services. The current agreement commenced March 1, 2015 and is scheduled to expire March 1, 2022. The agreement includes the option to extend for three, 12-month periods. If the City opted to extend the contract the maximum numbers of times, the agreement would expire March 1, 2025. In June 2020, Council approved a period of exclusive negotiations with Waste Management of Alameda County through October 31, 2020. On October 27, 2020, staff requested from Council and was granted an extension of the exclusive negotiating period until June 30, 2021. While the discussions have been productive so far, scheduling challenges and the need for further research have slowed negotiations and staff is requesting to extend the negotiating period to December 31, 2021.

Review by Council Sustainability Committee – On May 10, 2021¹, the Council Sustainability Committee (CSC) considered a report that provided an update on solid waste franchise agreement negotiations. The CSC reiterated that staff seek to include more illegal dumping collections, increase bulky service usage, and increase the number of public litter cans in Hayward as part of the new agreement. The CSC requested more information on the use of the Main Street WMAC office in Downtown Hayward. The CSC also recommended that Council approve an extension in the negotiating period to December 31, 2021.

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=4938510&GUID=7ECEEDC9-95FC-4A5D-AE93-1EE4582B5884&Options=&Search=>

BACKGROUND

WMAC has been the City's solid waste and recycling services franchisee since at least the mid-1970s. WMAC provided the service under a different business name initially (Oakland Scavenger Company) and has, in the past thirty years, subcontracted with Tri-CED Community Recycling for residential recycling services.

At the March 9, 2020² CSC meeting, the CSC discussed possible approaches to the new solid waste franchise agreement, and recommended the City start exclusive negotiations with WMAC. The CSC also expressed a desire for the City to partner with Hayward schools, if possible, so that solid waste services and outreach would be consistent throughout Hayward. The CSC also directed staff to be innovative and sustainability-minded in negotiations.

At its June 23, 2020³ meeting, Council approved a period of exclusive negotiations with WMAC through October 31, 2020. At the November 10, 2020 meeting, Council extended the exclusive negotiating period until June 30, 2021.

At its November 9, 2020⁴ CSC meeting, staff presented an update on negotiations. The CSC expressed a desire for increasing the number of public litter cans, as well as increasing the number of illegal dumping collections performed by WMAC, and flexibility on the contract length.

At its March 8, 2021⁵ meeting, the CSC heard from Hayward recycling service providers, WMAC and Tri-CED, about the ongoing negative effects of the China National Sword policy on the recycling markets in California, and the importance of reducing contamination in collected recyclables.

DISCUSSION

Staff and WMAC continue to have productive meetings and discuss potential elements for consideration in a new franchise agreement. These elements include implementation of Senate Bill 1383, which aims to reduce short-lived climate pollutants (SLCP)⁶ by increasing organics diversion, and require monitoring for contamination. Staff and WMAC have also discussed the possibility of including the Hayward Unified School District (HUSD), CSU East Bay, and Chabot College in the agreement. Discussions have also included staff's request for WMAC to assess the feasibility of adding electric waste collection trucks to the fleet serving Hayward, exploring potential methods to reduce contamination in recycling and organics,

² <https://hayward.legistar.com/LegislationDetail.aspx?ID=4389835&GUID=EFF0E6BA-0F1F-4CA3-B275-1B18D86FF2EE&Options=&Search=>

³ <https://hayward.legistar.com/LegislationDetail.aspx?ID=4576643&GUID=060523BF-B23D-49D7-A78E-F40F4DB335C4&Options=&Search=>

⁴ <https://hayward.legistar.com/LegislationDetail.aspx?ID=4686767&GUID=7FE71371-C877-447E-993D-AFA9732B3526&Options=&Search=>

⁵ <https://hayward.legistar.com/LegislationDetail.aspx?ID=4816826&GUID=3FAFD9A3-6BEE-4BFE-B619-BB9C4A346E51&Options=&Search=>

⁶ http://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB1383

increasing participation in bulky collection services, reducing illegal dumping, and increasing the number of public litter cans in the City.

An overarching goal of a new agreement is to preserve and enhance the services that the community is currently receiving under the franchise agreement, while maintaining competitive and reasonable service fees. If exclusive negotiations are not successful, the City could prepare and issue a request for proposals (RFP) and call for new proposals from any qualified and interested service provider, including WMAC.

Timeline

If the request to extend negotiations to December 31, 2021 is approved by Council, the updated estimated schedule for completing negotiations would be as follows:

Negotiated Agreement Successful:

Request Council Approval to Begin Negotiating with WMAC	September 2020
Begin Negotiating Period	October 1, 2020
Council Authorization to Continue Negotiating with WMAC	June 15, 2021
End Negotiating Period and Report to Council	December 31, 2021
Potential Council Action to Extend Current Franchise	January 2022
Complete New Franchise Agreement and Schedule Council Action By:	Early-to-mid 2022

Negotiated Agreement Unsuccessful:

Conclude Negotiating Period and Report to Council	December 31, 2021
Prepare RFP for Consultant Services for Assistance with Selecting the Franchisee	Winter 2021-2022
Council Action to Extend Current Franchise	January 2022
Prepare RFP (with consultant's help) for Council issuance	Summer/Fall 2022
Receive Proposals	Winter 2022
Select a Franchisee and Negotiate a Contract	Spring 2023
Council Approval of New Franchise Agreement	Summer 2023
New Service Provider to Order Carts, Bins, Vehicles, etc.	Summer 2023
Receive equipment and distribute new collection carts	Summer 2024
Begin New Service	January 1, 2025

ECONOMIC IMPACT

Maintaining reasonable solid waste and recycling service fees and improving service levels would have a positive impact on the community.

FISCAL IMPACT

Regardless of the path chosen, the negotiation of a new franchise agreement is likely to require significant staff time, however, such staff time will be absorbed by already

budgeted positions. in consideration of grant of exclusive franchise and to defray the impact of its operation, WMAC will continue to pay fees at appropriate levels to the City's General Fund, Recycling Fund, Stormwater Fund, and Street System Improvement Fund.

STRATEGIC ROADMAP

This agenda item does not directly relate to any of the six priorities outlined in the Council's Strategic Roadmap. It is possible that a new franchise agreement could support the following project in the *Support Quality of Life* Strategic Priority:

Project 7: Implement targeted illegal dumping prevention program
Project 7, Part 7a: Pilot programs and analysis
Project 7, Part 7b: Roll out permanent program

SUSTAINABILITY FEATURES

Solid waste management involves the safe and responsible management of discarded material from generation through processing to disposal. Reducing waste landfilled by maximizing the reuse, recycling, and composting of materials increases diversion, conserves natural resources, and plays an important role in making a community sustainable.

PUBLIC CONTACT

No public contact has been conducted.

NEXT STEPS

Upon adoption of the attached resolution, staff will continue to negotiate with WMAC and update Council prior to December 31, 2021.

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Recommended by: Alex Ameri, Director of Public Works

Approved by:



Kelly McAdoo, City Manager