



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER: OFFICE OF SUSTAINABILITY

**File #:** 21-690

Board Meeting Date: 9/14/2021

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** Carolyn Bloede, Director, Office of Sustainability  
**Subject:** Adopt a Resolution approving Amendment One of the Amended and Restated Franchise Agreement between the County and Recology

**RECOMMENDATION:**

Adopt a resolution approving amendment one of the amended and restated franchise agreement between the County of San Mateo and Recology San Mateo County for recyclable materials, organic materials, and solid waste collection services for County Service Area No. 8 (North Fair Oaks), and the County Franchised Area.

**BACKGROUND:**

On October 20, 2009, this Board adopted Resolution No. 070423 which approved a franchise agreement with Recology San Mateo County ("Recology") to provide services for the collection of recyclable materials, organic materials, and garbage from January 1, 2011, through December 31, 2020. On June 4, 2019, this Board adopted Resolution 076641 approving the Amended and Restated Recology Franchise Agreement for an additional 15-year term expiring on December 31, 2035.

**DISCUSSION:**

The franchise agreement includes a Bulky Item Collection (BIC) (franchise agreement Section 5.05) and Abandoned Waste Collection (AWC) (franchise agreement Section 5.09) program that provides customers with at-curb collection on an appointment basis. All BIC/AWC program costs are included in the Recology annual contractor's compensation application review process.

Pursuant to the terms of the Member Agencies' franchise agreements, Recology is required to provide up to two BIC services annually without charge to each single-family residence and multi-family dwelling (MFD) (MFDs require advanced planning for delivery of roll-off containers for collection). This service is required to be provided within 10 business days of the owner's or occupant's request, unless Recology's BIC service capacity has been reached. Under the current term of the franchise agreement, Recology's service capacity is limited to 150 bulky item collections

system-wide per day. Recology currently makes approximately 140 bulky item collections per day, so the program is operating at above 90 percent capacity. Recology also collects abandoned waste with a cap of 30 pick-ups per day.

The BIC/AWC services are serviced by the same trucks and drivers/crews. Each route includes a box truck and driver for recyclables, and a rear-load truck and driver for the other items. There are currently three such routes. Historically, the BIC/AWC programs have been very popular, and they have been beneficial in reducing illegal dumping within our service areas. The SBWMA and Recology have been meeting since 2018 to consider ways to expand the programs to meet the increasing demand for the program; the proposed Amendment One has been brought forth to the SBWMA Technical Advisory Committee and the SBWMA Board.

Amendment One would add a fourth route and expand program capacity from the current daily cap of 150 BIC appointments to 200 BIC appointments; and AWC collection capacity would also expand from 30 to 40 pickups per day. The financial impact is projected to not exceed \$631,371 in year one for the Member Agencies (which represents the cost for the additional crew and vehicles), with contractually allowable adjustments to be applied during the annual Contactor's Compensation Application review process each rate year, beginning on January 1, 2022.

Amendment One also contains minor clarification and administrative modifications to the other sections within the Amended Restated Franchise Agreement. These changes are shown in italics in Amendment One to the Resolution. The sections that have been modified are: Attachment A Definitions, Collection of Excess Materials (Overages), Section 8.02.G, and Right of Agency to Make Changes in Services and Service Levels Section 15.12.A.

The SBWMA Board considered and recommended approval of the fourth route at its regularly scheduled meetings held on January 28, 2021 and March 25, 2021. To effectuate addition of a fourth route, two-thirds (eight) of the Member Agencies must approve Amendment One to their existing Franchise Agreements. If approved by eight Member Agencies, the program would be implemented on January 1, 2022. Approval of Amendment One by this Board approves the modification in the language associated with these changes in the Franchise Agreement.

County Counsel has reviewed and approved the resolution as to form.

**FISCAL IMPACT:**

Adding a fourth BIC/AWC route will cost approximately \$631,371 in the initial year to pay for the additional crew, and trucks required to provide this expanded service. Contractually allowable pass-through adjustments will be evaluated each rate year thereafter during the Recology compensation application review process. This is anticipated to be an ongoing base service expense through the end of the contract term in the Restated and Amended Franchise Agreement term (December 31, 2035).

BIC/AWC costs are allocated among the Member Agencies according to the number of single-family, and commercial accounts in the community. For example, if a Member Agency currently has 18 percent of the single-family accounts, then it will receive an allocation of 18 percent of the single-family BIC/AWC program costs. If a Member Agency has 10 percent of the commercial accounts, then it will receive 10 percent of the multi-family BIC/AWC program cost allocation. Figure 1, below, shows the projected cost allocation for BIC/AWC services based on historical program usage by member agency. It is recommended that costs be allocated in the same manner, given how closely

the BIC/AWC and residential percentages track each other.

**Figure 1. Estimated Cost Allocation for Additional Crew and Trucks for Bulky Item and Abandoned Waste Collection Services**

<b>Member Agency</b>	<b>Total Cost of 4<sup>th</sup> Route in Year One</b>	<b>Percentage of Allocation</b>
Belmont	\$45,517	7.2
Burlingame	\$43,894	7.0
<b>County of San Mateo</b>	<b>\$50,639</b>	<b>8.0</b>
East Palo Alto	\$35,830	5.7
Foster City	\$41,491	6.6
Hillsborough	\$17,238	2.7
Menlo Park	\$45,799	7.3
Redwood City	\$118,521	18.8
San Carlos	\$54,682	8.7
City of San Mateo	\$165,639	26.2
West Bay Sanitary District	\$12,121	1.9
<b>Total</b>	<b>\$631,371</b>	<b>100.0</b>

Under this allocation (Figure 1. above), the costs to the County are estimated at \$50,639 for both service areas for the first-rate year. For North Fair Oaks, the estimated annual cost increase would be \$20,202 and for the County Franchised Area (which contains more single-family dwellings) the cost increase is estimated to be \$30,437 for the first-rate year. These additional costs will be reflected in the annual Recology compensation rate application process. Please note, costs will increase only when a fourth route is added (proposed for January 1, 2022). The first-year financial impact of \$631,371 for the SBWMA member agencies includes the cost for an additional annual route (one new truck and driver for recyclables, and one rear-loader truck, and driver for all other items).

Attachments:

- Attachment A - For Reference, Amended Restated Franchise Agreement Between County of San Mateo and Recology San Mateo County for Recyclable Materials, Organic Materials, and Solid Waste Collection Services with Definitions.
- Exhibit A- Amendment One to The County of San Mateo Amended Restated Franchise Agreement Between County of San Mateo and Recology San Mateo County for Recyclable Materials, Organic Materials, and Solid Waste Collection Services.