

Overview of Franchise Agreements and Procurements

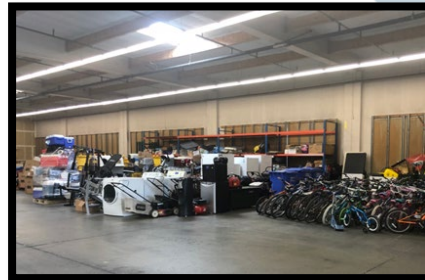
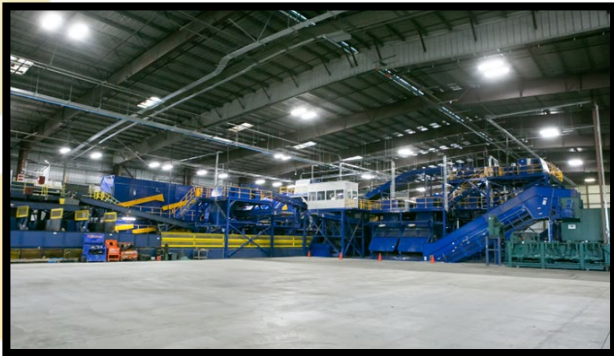
**February 23, 2023
Board of Directors Meeting**



Franchise Agreements

- **Current agreements = \$53M per year**
 - Republic = \$49M per year
 - MDR = \$4M per year
- **Services**
 - Collection
 - Post-Collection
 - Landfill
 - Recyclables processing
 - Organics processing
 - Transfer station

Post-Collection



Franchise Provisions

- **Term**
 - Collection 7 – 15 years
 - Post-Collection 15 – 30 years
- **Compensation Adjustment Method**
 - Cost-Based
 - Index-Based
- **Recyclables Revenue Share**
 - Processing payment
 - Revenue share



Franchise Provisions

- **Rate Structure**

- Volume-Based garbage
- Bundled organics and recycling



- **Vehicle Fuel**

- Current = Compressed Natural Gas (CNG)
- Future = Electric or hydrogen

Franchise Provisions

- **Vehicle age**
 - 10 year life
 - Require all new vehicles?

- **Collection containers**
 - Authority option to own
 - Require all new containers?



Franchise Procurement

Procurement Option		Estimated Months Needed	Tentative Start Date
1.	Request for Proposals (RFP)	30 months	September 2024
2.	Two-Step RFP (Step 1 = post-collection services, Step 2 = collection services)	36 months	March 2024
3.	Sole Source Negotiations with Republic and MDR for the services that each currently provides to RecycleSmart	6-9 months + 30 months contingency for an RFP process if negotiations are unsuccessful	December 2023
4.	Concurrent Negotiations with MDR and Republic for all services needed by RecycleSmart	9-12 months + 30 months contingency for an RFP process if negotiations are unsuccessful	September 2023

Sample RFP Timeline

Activity	Months	2024		2025				2026			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Develop RFP & Draft Franchise Agreement	6										
Vendors Prepare Proposals	3										
Proposal Evaluation & Negotiation	9										
Selected Proposer Obtains Vehicles	12										
Total	30										

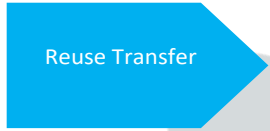
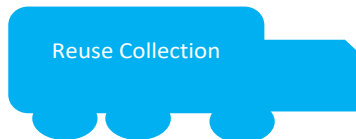
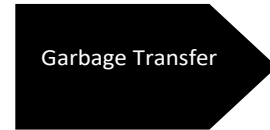
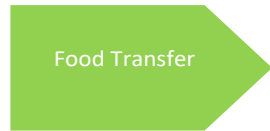
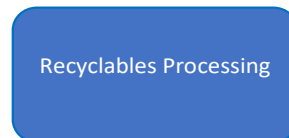
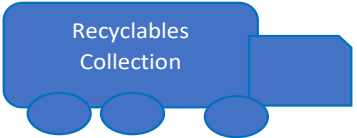
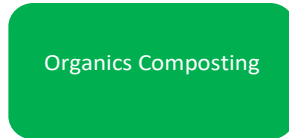
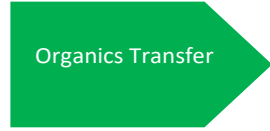
Sole Source Negotiations

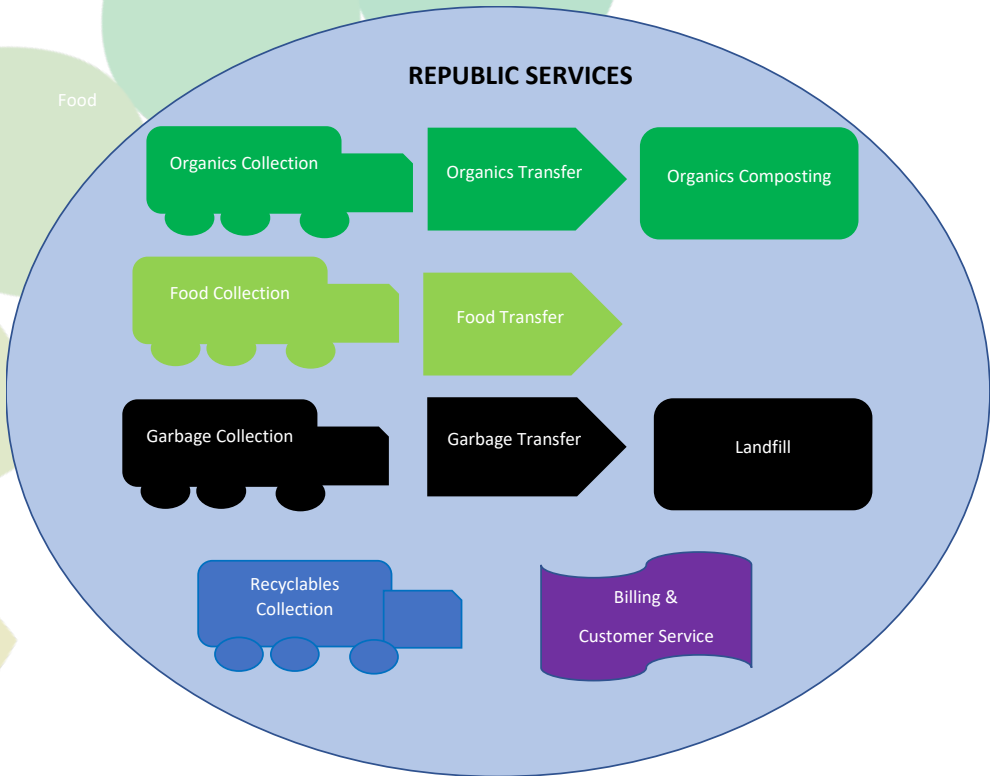
- Provide vendor with “mini-RFP” document, draft franchise agreement, and proposal forms
- Plan sufficient time to conduct an RFP process if sole source negotiations are not successful

When to Sole-Source

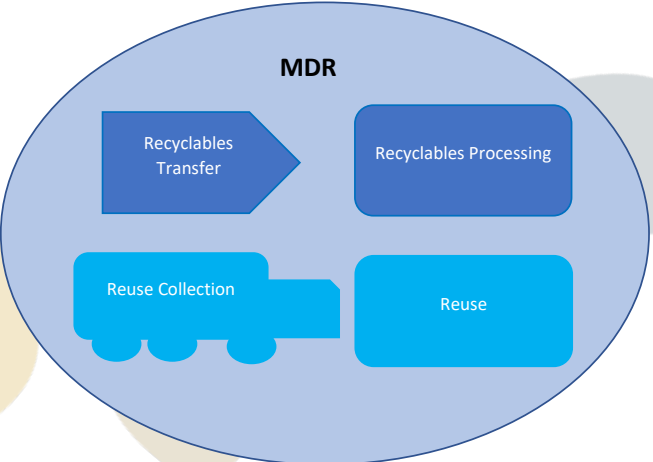
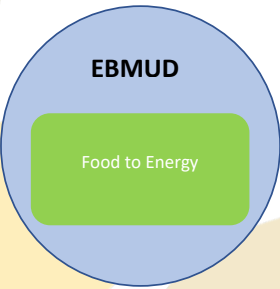
- Customers and the Authority are satisfied with the quality of service provided by the current vendor(s).
- The Authority is not seeking any significant new services or changes to existing services.
- Current garbage rates are reasonable when compared to neighboring jurisdictions.
- A large (10%+) rate increase is not anticipated at the beginning of the new agreement.
- There are few or no potential competitors for the current vendor(s).
- There is sufficient time to conduct a competitive RFP process if the sole source negotiations are not successful.

Services

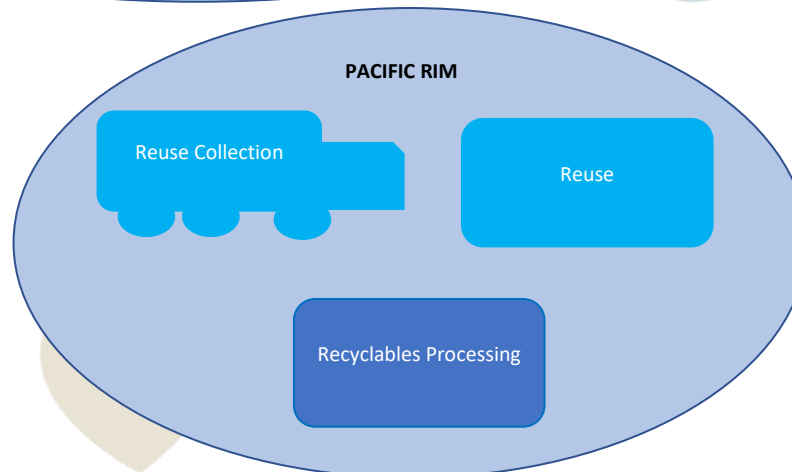
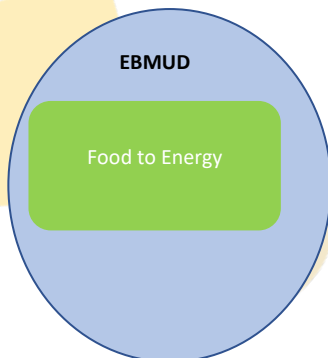
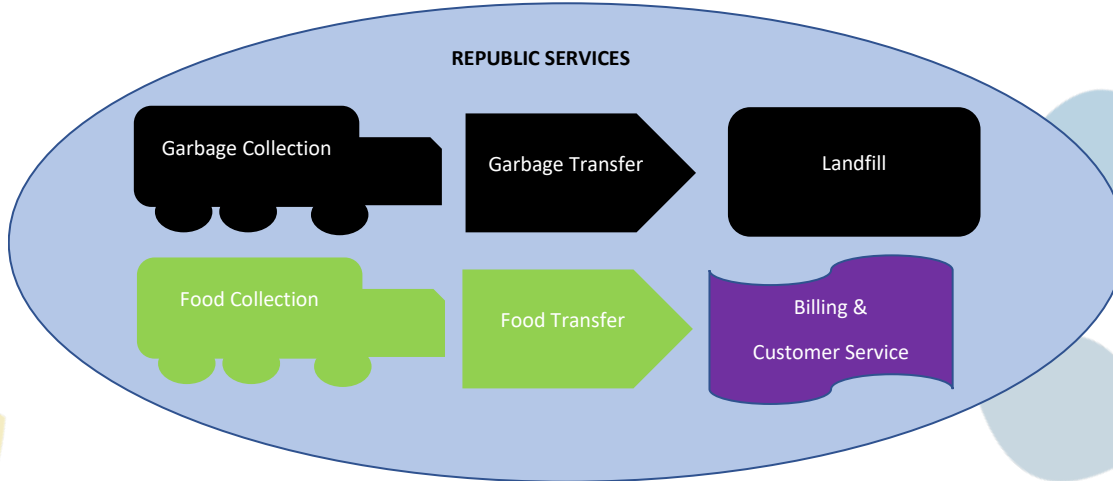
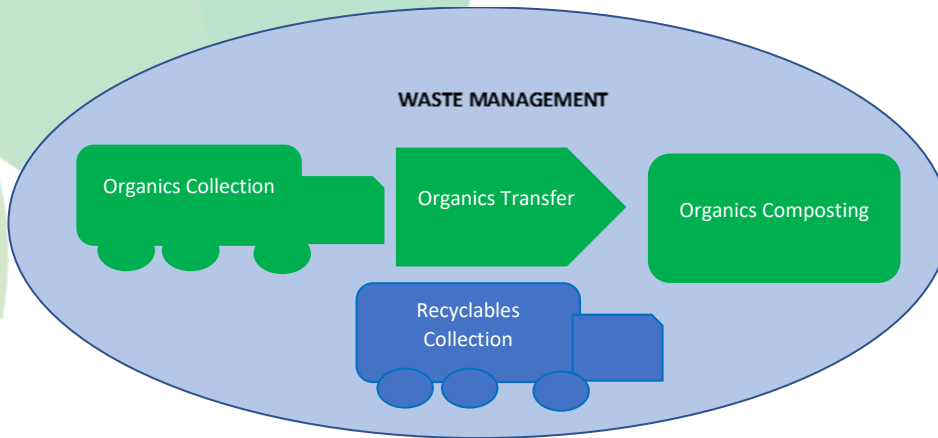




Service Bundles - Current



Service Bundles - Last Franchise



Two-Step RFP

STEP ONE

Organics Transfer

Organics Composting

Recyclables Transfer

Recyclables Processing

Food Transfer

Food to Energy

Garbage Transfer

Landfill

STEP TWO

Organics Collection

Recyclables Collection

Food Collection

Garbage Collection

Reuse Collection

Billing &
Customer Service

Reuse

Recycle
Smart

Central Contra Costa Solid Waste Authority

Potential Next Steps

- Form ad hoc committee(s)
- Hire franchise consultant
- Obtain stakeholder input
- Draft process integrity guidelines
- Select procurement option / timeline