



Agenda Report

TO: CCCSWA BOARD OF DIRECTORS
FRANCHISE VENDOR SELECTION AD HOC COMMITTEE

FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR

DATE: OCTOBER 24, 2024

SUBJECT: AWARD OF POST-COLLECTION SERVICES AGREEMENTS

SUMMARY

On March 28, 2024, the Authority issued a Request for Proposals (RFP) for post-collection services for solid waste, recyclable materials, and organic materials. The requested services included transfer, disposal, recyclables processing, composting, and commercial food scraps pre-processing. The Authority received proposals from five respondents. An evaluation committee of staff and consultants, overseen by the Franchise Vendor Selection Ad Hoc Committee (Committee), reviewed and evaluated the proposals and negotiated service agreements. The Committee recommends awarding five post-collection services agreements per the Recommended Action section below. The services provided through these agreements will commence on March 1, 2027.

RECOMMENDED ACTION

1. Adopt Resolution 2024-03, in the form attached:
 - A. Determining that the award of the recommended post-collection services agreements is not subject to the California Environmental Quality Act (CEQA) under Section 15061(b)(3) (Common Sense Exemption), and is exempt from CEQA pursuant to Section 15301 (Class 1) (Existing Facilities) and Section 15308 (Class 8) (Actions by Regulatory Agencies for Protection of the Environment); and
 - B. Awarding and Authorizing the Board Chair to execute the following agreements between the Central Contra Costa Solid Waste Authority and:
 - i. Allied Waste Systems, Inc. for Commercial Food Scraps Pre-Processing, Transfer, and Transport Services;
 - ii. Contra Costa Waste Service, Inc. for Solid Waste and Commingled Organics Transfer and Transport Services;

- iii. Mt. Diablo Paper Stock, Inc. for Recyclable Materials Processing Services;
- iv. Keller Canyon Landfill Company for Solid Waste Disposal Services; and
- v. Recology Blossom Valley Organics – North for Commingled Organics Composting Services.

The above recommended post-collection services agreements can be found here [link](#).

Note that Contra Costa Waste Service and Mt. Diablo Paper Stock are Mt. Diablo Resource Recovery (MDRR). Allied Waste Systems, Inc. and Keller Canyon Landfill Company are Republic Services (Republic). Recology Blossom Valley Organics – North (RBVON) is Recology.

DISCUSSION

Background

MDRR currently provides recyclable materials processing and Reuse Day collection and diversion services. Republic provides all other collection and post-collection services. On February 28, 2027, the current service agreements with Republic and MDRR will expire.

On May 25, 2023, the CCCSWA Board (Board) approved the recommendation from the Franchise Design Ad Hoc Committee to “direct staff to conduct a two-step procurement process for the new franchise agreement(s) that will go into effect on March 1, 2027: Step One, a procurement process for post-collection services; and Step Two, a separate competitive Request for Proposals (RFP) process for collection services.” If approved, the Recommended Actions above would conclude Step One.

The Board approved a strategy to contract separately for post-collection and collection services, in order to promote more competition for collection services. The barriers to entry for post-collection services are higher than for collection. However, while this strategy requires separate contracts for collection and post-collection services, it does not preclude the Board from awarding collection services to the same company that is awarded one or more post-collection services. All three of the companies recommended for award of post-collection services, and all five post-collection proposers, are encouraged to submit proposals for collection services during Step Two of the procurement process.

On June 22, 2023, the Board adopted a procurement process integrity policy to establish procedures regarding communications, gifts, and campaign contributions between potential proposers and Authority staff, consultants and Board. The policy can be found here <https://www.recyclesmart.org/rfp-collection-services/>.

On September 23, 2023, the Board established the following non-negotiable business terms for the post-collection services agreements:

1. Agreements for all post-collection services must be signed and executed before the release of the collection RFP.

2. Post-collection service providers must agree to charge the same rates to accept any franchised materials from our service area, regardless of which company(ies) the Authority selects to collect and/or transfer those materials during the term of their post-collection agreement(s).

The Board also directed staff to “inform all potential proposers that the Board will not consider any new or revised proposals, pricing, services, or business terms from any proposer once its competitors’ pricing and proposals have been made public.”

The Board directed staff to conduct sole source negotiations with Republic for disposal services, and concurrent negotiations with Republic and MDRR for transfer station services. However, these negotiations were not successful before the March 28, 2024, deadline, so the Board directed staff to add disposal and transfer station services to the post-collection RFP.

Post-Collection RFP

On March 28, 2024, the Authority issued a Request for Proposals (RFP) for post-collection services after February 28, 2027. The RFP can be found here [link](#). Proposers were invited to propose on one or more of the following post-collection services:

- Transfer station services for solid waste, recyclable materials, and commingled organics;
- Pre-processing and transfer services for commercial food scraps;
- Landfill disposal services;
- Recyclable materials processing services;
- Commingled organic materials composting services; and
- Mixed waste processing services.

On May 31, 2024, the Authority received the following proposals:

Proposer	Transfer Station	Solid Waste Disposal	Organics Composting	Recyclables Processing	Commercial Food Scraps	Mixed Waste Processing
Mt. Diablo Resource Recovery	X		X	X		
Recology		X	X			
Republic Services		X	X		X	
Waste Connections		X				
Waste Management	X	X		X		

The Authority received two transfer station proposals, four landfill proposals, three composting proposals, two recyclables processing proposals, and one commercial food scraps proposal. The Authority did not receive any proposals for mixed waste processing.

MDRR proposed composting services utilizing Republic as a subcontractor, with essentially the same services and pricing that Republic proposed on its own. Therefore, with the agreement of the Committee, staff negotiated directly with Republic for composting services and did not pursue MDRR’s composting proposal.

The current transfer station contractor, Republic, did not propose to provide transfer station services, except for commercial food scraps.

An evaluation team made up of Authority staff and consultants evaluated all of the proposals received. All proposers met the minimum qualifications set forth in the RFP. The evaluation team considered the following criteria when evaluating the proposals: environment, cost, service quality, markets, and technical proposal. As there was little differentiation between the proposals on the other criteria, the discussion of the proposals below focuses primarily on cost. In all cases the recommended proposal is the lowest-cost proposal, when transfer and transport costs and the proposed annual cost adjustment method are considered.

Transfer Station Proposals

The Authority received two proposals for transfer station services. MDRR proposed to transfer solid waste and commingled organics utilizing their transfer station at 1300 Loveridge Road in Pittsburg. Waste Management proposed to transfer solid waste utilizing their transfer station at 2615 Davis Street in San Leandro. Waste Management’s proposal is exclusively to transfer solid waste to their Redwood Landfill in Novato. MDRR proposed to transfer solid waste to any landfill selected by the Authority.

The table below compares MDRR and Waste Management’s transfer cost proposals. The table assumes Waste Management’s Redwood Landfill as the destination.

Solid Waste Transfer Cost Proposals		
Proposer	MDRR	Waste Management
Transfer Station	Pittsburg	Davis St.
Miles from Routes	20	24
Transfer \$/ton	\$62.42	\$86.00

Based on these cost proposals, as well as the cost of the Redwood Landfill versus other proposed landfills, the Committee recommends MDRR as the transfer station services provider for solid waste.

Neither MDRR nor Waste Management proposed to transfer recyclables. Both proposed to process recyclables: MDRR at 1300 Loveridge Road in Pittsburg, and Waste Management at 2615 Davis Street in San Leandro. Both recyclables processing proposals assumed that the Authority’s collection contractor would direct haul the recyclables to the processing facility in route vehicles, without using a transfer station. Currently, the Authority’s collection contractor (Republic) delivers recyclables to MDRR’s transfer station located at 4080 Mallard Dr. in Concord. MDRR did not propose to continue using their Concord facility for the new service agreements.

MDRR proposed to transfer commingled organic materials as well as solid waste. Staff negotiated the following transfer rates below with MDRR for each of the proposed landfills and composting facilities:

MDRR Cost to Transfer Materials to the Proposed Destination Facilities							
Facility Name	Keller Canyon	Potrero Hills	Hay Road	Redwood	West County	Forward	RBVON
Facility Type	Landfill	Landfill	Landfill	Landfill	Compost	Compost	Compost
Facility Owner	Republic Services	Waste Connections	Recology	Waste Management	Republic Services	Republic Services	Recology
Facility Location	Pittsburg	Suisun City	Vacaville	Novato	Richmond	Manteca	Vernalis
Miles from Transfer Station	6.3	41.7	39.1	56.2	32.2	51.3	50.8
Receive, Store, and Load (\$/ton)	\$35.47	\$35.47	\$35.47	\$35.47	\$35.47	\$35.47	\$35.47
Transport (\$/ton)	\$9.71	\$25.53	\$23.71	\$26.95	\$15.95	\$20.45	\$22.53
Total (\$/ton)	\$45.18	\$61.00	\$59.18	\$62.42	\$51.42	\$55.92	\$58.00

The dollar per ton cost to transport materials to each facility was calculated based on MDRR's proposed transport cost of \$134.17 per hour, the projected roundtrip travel time to each facility and back, and each facility's proposed vehicle turnaround time (time to weigh in, unload, and exit) at that facility.

Staff also obtained cost proposals from the compost facilities to pick up the commingled organics from MDRR's transfer station. The proposals received for pick up were higher than the cost for MDRR to deliver the commingled organics.

MDRR's proposed costs are reasonable when compared to industry benchmarks. Accordingly, the Committee recommends that the Board award to Contra Costa Waste Services, Inc. (MDRR) the agreement for solid waste and commingled organics transfer and transport services in the form that is linked above and in Attachment B.

Landfill Proposals

The Authority received four proposals for landfill disposal of solid waste. The proposals are summarized in the table below:

Cost Proposals for Disposal					
Proposer	Republic Services - A	Republic Services - B	Waste Connections	Recology	Waste Management
Landfill	Keller Canyon	Keller Canyon	Potrero Hills	Hay Road	Redwood
Miles from Transfer Station	6.3	6.3	41.7	39.1	56.2
Disposal \$/ton	\$48.03	\$45.00	\$37.62	\$46.00	\$70.00
Transfer \$/ton	\$45.18	\$45.18	\$61.00	\$59.18	\$62.42
Total \$/ton	\$93.21	\$90.18	\$98.62	\$105.18	\$132.42

While Waste Connections proposed the lowest cost per ton for disposal, the additional cost to transfer the Authority's solid waste to Waste Connection's Potrero Hills landfill in Suisun City makes the overall cost to use that landfill higher than to use Republic's Keller Canyon Landfill outside of Pittsburg.

In response to staff's request, Republic provided two disposal options: Option A has a higher initial disposal cost (\$48.03 / ton), but a longer initial term (15 years) and the cost escalates only by changes to the Consumer Price Index (CPI) each year. Option B has a lower initial disposal cost (\$45/ton), but a shorter initial term (10 years) and the cost is escalated by CPI with a 3.5% floor. This means that each year the rate would increase by at least 3.5%, even if CPI were less than 3.5%. Option B also has a 6% ceiling such that no annual increase can be more than 6% per year. If CPI were more than 6% per year, the excess percentage would roll over to the following year. The Committee considered both options, and recommends Option A. Based on analysis conducted by HF&H Consultants (HF&H), it is likely that Option A will be the most cost effective over the term of the agreement, due to the lack of a floor on the annual CPI adjustment.

Accordingly, the Committee recommends that the Board award to Keller Canyon Landfill Company (Republic) the agreement for solid waste disposal services in the form linked, utilizing Republic's cost proposal Option A.

Composting Proposals

The Authority received three proposals for organics composting. As stated above, MDRR's proposal utilized Republic as a subcontractor, and Republic submitted a separate, nearly identical composting proposal, so staff chose to negotiate directly with Republic instead of MDRR for composting. The other composting proposal received was from Recology.

Recology proposed to compost the Authority's commingled organics at their RBVON facility in Vernalis, which is 50.8 miles from MDRR's transfer station in Pittsburg. Republic proposed to compost 20,000 tons per year of the Authority's commingled organics at their West County facility in Richmond, which is 32.2 miles from MDRR's transfer station. Republic proposed to compost the remainder of the Authority's commingled organics (approximately 48,000 tons per year) at their Forward facility outside of Manteca, which is 51.3 miles from MDRR's transfer station. The Republic proposal below shows blended rates and distances based on the tons of organics that would be sent to each facility:

Cost Proposals for Composting		
Proposer	Recology	Republic
Composting Facility	RBVON	30% West County / 70% Forward
Miles from Transfer Station	50.8	45.68
Composting \$/ton	\$67.00	\$92.29
Transfer \$/ton	\$58.00	\$54.60
Total \$/ton	\$125.00	\$146.89

The RFP also asked composting proposers to assist the Authority's Member Agencies in achieving compliance with the SB 1383 requirement to procure compost or other products made from recovered organics. Republic currently provides this compliance at no charge to the Authority. Neither proposer was willing to provide SB 1383 compost procurement compliance at no charge in the new agreement. Republic proposed to sell finished compost to the Authority for \$12 per ton. Recology proposed \$6 per ton. As a group, the Authority's Member Agencies currently are required by SB 1383 to purchase 10,829 tons of compost per year. The Member Agencies do not have to directly use all of the compost, but can provide it to farmers and other large compost users.

At Republic's price of \$12/ton, such compost purchases would cost the Authority \$129,948 per year. At Recology's price of \$6/ton, it would cost \$64,974 per year.

Currently, the Authority's commingled organics are composted at Republic's Forward facility. A group of Authority representatives comprised of staff, consultants, and Board members toured both Republic's Forward composting facility and Recology's RBVON composting facility.

All proposed composting facilities can accept the commingled organic materials (yard trimmings, food scraps, uncoated food-soiled paper, clean wood) currently collected by the Authority. None of the composting facilities proposed to accept additional materials such as coated paper (e.g., coffee cups) or compostable plastics. The Authority currently allows customers to place their food scraps in BPI-certified compostable plastic bags, and the RFP required composting proposers to accept such bags. While both proposers agreed to accept BPI-certified compostable plastic bags, they stated that such bags do not completely break down in their composting process and are removed and disposed of as contaminants. The proposers agreed to compost the food scraps contained in the bags but could not compost the bags themselves.

The proposers reported the following diversion rates for commingled organics:

- Recology – RBVON = 74%
- Republic – Forward Compost = 68%
- Republic – West County Compost = 64%

Diversion is stated as a percentage of inbound tons, with any materials not being sent to landfill considered diverted. For all three facilities, most of the organics that weren't diverted were used as Alternative Daily Cover (ADC) or for other beneficial uses at a landfill. At all three facilities, finished compost is screened to standardize particle size and to remove larger, woody materials that have not completely broken down yet. Ideally, the woody materials that pass over the screen ("overs") can be incorporated back into the compost piles to decompose further. However, often the overs contain too much plastic and other contaminants to put them back into the compost piles, so they are sent to landfills as ADC instead. RBVON is able to re-incorporate some of its overs into their compost piles, which may be why their reported diversion rate is higher. During the tours both proposers discussed future plans to increase diversion of the overs.

The RBVON and West County compost facilities utilize the aerated static pile composting method. The Forward compost facility uses the open windrow method and is in the process of expanding to add aerated static piles in addition to the windrows.

Both proposers demonstrated adequate and appropriate markets for their finished compost. Compost from Republic's compost facilities is OMRI certified for use on organic crops, while compost from Recology's compost facility is not.

The Authority obtained pricing for MDRR to pre-process (sort to remove contaminants, grind) commingled organics before transferring them to the compost facilities. The Authority requested price discounts from the composting facilities if the organics were pre-processed at MDRR's transfer station. Both Recology and Republic offered price discounts for pre-processed organics that were less than the cost to have MDRR pre-process them, so that option is not recommended.

However, an itemized price for optional organics pre-processing will be included in the MDRR transfer agreement in case that service is ever needed in the future.

The Committee recommends that the Board award to Recology Blossom Valley Organics – North (Recology) the agreement for commingled organics composting services in the form linked.

Recyclable Materials Processing

The Authority received proposals for recyclables processing from MDRR and Waste Management. The RFP asked for base bids assuming that the proposer would accept and recover the minimum list of materials that the State (SB 54) will require all jurisdictions to recycle. The State list includes all of the recyclables currently accepted in the Authority’s recycling program, except for plastic bags and plastic containers #3, #4, #6, and #7. The RFP also encouraged proposers to submit alternative bids including additional materials. The base bid also assumed that the recyclables processor would remit 75% of the revenue from the sale of recyclables to the Authority. This 75% revenue share would include revenue from California Redemption Value (CRV) bottle bill payments in addition to scrap value. The table below summarizes the proposals received:

Recyclable Materials Processing Cost Proposals				
Proposer	MDRR - A	MDRR - B	Waste Management - A	Waste Management - B
Recycling Facility	Pittsburg	Pittsburg	Davis St.	Davis St.
Miles from Routes	20	20	24	24
Processing \$/ton	\$109.28	\$109.28	\$207.90	\$232.90
Estimated Revenue \$/ton	\$119.41	\$119.41	\$119.41	\$119.41
% of Revenue to Authority	75%	60%	75%	100%
Authority's Revenue \$/ton	\$89.56	\$71.65	\$89.56	\$119.41
Net cost to Authority	\$19.72	\$37.63	\$118.34	\$113.49

It is important to note that the revenue per inbound ton listed above is only an estimate, and that actual recyclables revenue will fluctuate over the term of the agreement.

MDRR proposed an alternative bid (MDRR Option B, above) in which they would conduct pilot programs to recycle film plastic (including plastic bags), multilayer plastic, polystyrene, textiles, milk cartons and aseptic packaging. To fund the pilot programs, MDRR proposed an alternative revenue sharing plan in which MDRR would provide 50% of the California Redemption Value (CRV) sales revenue and 90% of scrap value to the Authority. Staff calculated this to be equivalent to 60% of the recyclables revenue going to the Authority instead of the 75% specified in the base bid. MDRR’s proposed pilot programs would use a combination of curbside collection, drop-off, special collection and mail-back methods. Given the small quantity (tons per year) of additional materials to be recycled, and the reduced revenue share, staff and the Committee do not recommend MDRR’s alternative bid. There will be other opportunities over the term of the agreement to pilot new materials, and SB 54 may provide the necessary funding.

Waste Management offered an alternative bid (Waste Management Option B, above) in which they would provide the Authority with 100% of the revenue from the sale of recyclables. Both of Waste Management’s proposals include milk cartons, aseptic packaging, mixed rigid plastics, and plastic

containers #4 in addition to the minimum list of recyclables required by the State. These materials would all be recycled curbside in the blue containers. Note that Waste Management’s proposed recyclables processing facility at Davis Street would be a new facility and it is currently being constructed.

As stated above in the transfer station proposal section, both recyclables processing proposals assumed that the Authority’s collection contractor would deliver recyclable materials to the recycling facility directly from the collection routes, without the use of a transfer station. MDRR currently utilizes a transfer station in Concord to accept recyclables from Republic and transfer them to their processing facility in Pittsburg. MDRR did not propose to transfer recyclables in either their transfer station proposal or their recyclables processing facility proposal. In the RFP, proposers were only required to propose a transfer station if their destination facility were 25 miles or more from the Authority’s service area boundary. Neither proposed facility is located 25 miles or more from the Authority’s service area boundary. The Authority conducted an air quality, GHG, and VMT analysis (see CEQA Determination below) which concluded that the award of recommended post-collection services agreements will not create environmental impacts that exceed any significance thresholds. For reference, prior to 2015 the Authority’s organics were direct-hauled to Waste Management’s Davis Street Transfer Station in San Leandro (24 miles from Walnut Creek) and its recyclable materials were direct-hauled to Pacific Rim Recycling in Benicia (15 miles from Walnut Creek).

The Committee recommends the Board award to Mt. Diablo Paper Stock, Inc. (MDRR) the agreement for recyclables processing in the form linked, utilizing MDRR’s base bid, Option A.

Commercial Food Scraps Pre-Processing and Transfer to EBMUD

The Authority only received one proposal to pre-process commercial food scraps and transfer them to EBMUD’s wastewater treatment plant for anaerobic digestion. Republic currently provides this service and was the only proposer. Republic would continue to receive the commercial food scraps at their transfer station at 951 Waterbird Way in unincorporated Martinez. Republic uses a depackager (a Scott turbo separator or “Thor”) to remove the food scraps from plastic bags, separate them from the plastic and other contaminants, and reduce the food scraps to a slurry that is suitable for EBMUD’s digesters. Republic’s proposal is reasonable when compared to current costs and to benchmarks from other jurisdictions.

Commercial Food Scraps Cost Proposal	
Proposer	Republic Services
Facility	Martinez
Miles from Routes	14
Pre-Process - \$/Inbound ton	\$33.32
Transport to EBMUD - \$/Outbound ton	\$60.96

The costs above do not include the \$85 per ton to compensate EBMUD for digesting the food scraps. The Board approved a separate contract with EBMUD for that service at the September 26 Board meeting. The Authority will pay EBMUD directly.

Republic also proposed to compost commercial food scraps as a short-term contingency in the event that either EBMUD is temporarily unable to accept the Authority’s food scraps or Republic’s “Thor” depackager is down for repairs. Republic proposed \$159.33 per ton to compost processed commercial food scraps at their West County facility or \$204.17 per ton to compost unprocessed commercial food scraps at

their Forward facility. These rates are based on inbound tons at Republic's transfer station in Martinez and include the cost of transferring the organics from the Martinez transfer station to the composting facilities. Republic offered discounted contingency commercial food scrap pricing if they are also awarded the commingled organics composting agreement. This discount was not sufficient to offset the difference between the commingled organics composting cost proposals submitted by Republic and Recology.

The Committee recommends the Board award to Allied Waste Systems, Inc. (Republic) the agreement for commercial food scraps pre-processing, transfer, and transport services in the form linked.

Agreement Terms

The recommended agreements have the following terms and compensation adjustment methods:

Recommended Agreement Terms			
Agreement	Initial Term	Extensions	Annual Rate Adjustments
Transfer	20 years, 4 months	Until 5-year notice	Multi-index, Cost-based every 5 years
Disposal	15 years, 4 months	Until 5-year notice	CPI
Composting	10 years, 4 months	1 year sole option + 1 year mutual	CPI
Recyclable Materials Processing	15 years, 4 months	1 year sole option + 4 years mutual	Multi-index, Cost-based every 5 years
Commercial Food Scraps	15 years, 4 months	Until 5-year notice	CPI

All of the recommended initial agreement terms contain an additional 4 months so that the Authority can match its rate year to its fiscal year. Currently the rate year is March 1 – February 28 and the fiscal year is July 1 – June 30. The rate year in new agreements will be July 1- June 30. This will facilitate the budget process for the Authority and its Member Agencies. The transition to fiscal years will be accomplished by an initial rate year that is 16 months long (March 1, 2027 – June 30, 2028).

The RFP specified a 15-year initial term for transfer services and a 10-year initial term for recyclable materials processing. MDRR proposed a 2.5% discount if the initial terms were 20 years for transfer and 15 years for recyclable materials processing. The Committee recommends accepting this proposal, and the 2.5% discount was factored into the cost proposal analyses for transfer and recyclable materials processing. In addition to the discount, there is value to the Authority in having a 20-year initial term for transfer services. The planned term of the next collection agreement is 15 years. When the next collection agreement ends, the Authority will still have at least 5 years left on the transfer agreement, assuring that all proposers for the subsequent collection agreement will have a local transfer station for their solid waste and commingled organics that must contractually accept those materials from the Authority at the same price regardless of who the collector is. This will ensure continued competition for collection services.

Having agreements that expire at different times has the advantage of simplifying the next procurement process. Future RFPs for post-collection services can be issued individually for each service as they expire.

In the table above, “sole option” indicates the amount of time the term could be extended by the Authority at its sole option, without negotiation, while “mutual” indicates an extension by mutual agreement of both parties, which could be subject to negotiation. The Authority always has the option to negotiate extensions beyond those provided for in the agreement.

The extension method for the recommended transfer, disposal, and commercial food scraps agreements is this: after the initial term, the agreement would continue until either party provides a 5-year notice to end the agreement. The agreement would end 5 years after the notice, but no earlier than the end of the initial term. Either party could give notice during the initial term, but that would not shorten the initial term. As an example, the Authority could give notice in first year of the disposal agreement, and the agreement would end at the expiration date of that initial term (15 years and 4 months). The Authority could give notice in the last year of the initial term of the disposal agreement, and the agreement would end 5 years after the notice date (15 years and 4 months + 5 years).

It is advantageous to the Authority to have long-term (15+ year) transfer and disposal agreements, and shorter (10-15 year) collection agreements. This aligns the services with their depreciation schedules (vehicles depreciated over 10 years, facilities over 15+ years) and ensures that the Authority has post-collection agreements in place whenever a collection agreement ends. The extension method described above facilitates long-term post-collection services agreements but also gives both parties the ability to cancel (after the end of the initial term) with notice if the agreement is no longer beneficial.

The compensation rates for all of the recommended agreements would be adjusted annually by CPI, except for the transfer and recyclable materials processing agreements. For those agreements, staff and MDRR negotiated a cost-based rate adjustment every 5 years, with multi-index adjustments for each of the other years. A multi-index adjustment is like a CPI adjustment except with different indices used for different types of costs (fuel, labor, vehicle maintenance, etc.) The cost-based adjustment aligns compensation with actual, audited costs. The Authority has historically used this same method (periodic cost-based adjustments with multi-index adjustments in each of the other years) for its collection agreements. The current collection agreement utilizes this method, and the proposed future collection agreement will utilize it as well. The main difference between the proposed MDRR adjustment method and the method for the collection agreement is that the collection agreement requires a cost-based adjustment every 3 years while the transfer and recyclables processing agreements would have a cost-based adjustment every 5 years. This recommended compensation adjustment method also mirrors MDRR’s existing practice for the other jurisdictions that utilize its transfer and recycling facility at 1300 Loveridge Road in Pittsburgh.

For all of the recommended post-collection agreements, the Authority would pay the contractors directly. The collection contractor will bill the customers and collect the revenue. The collection contractor will then remit a portion of the rate revenue to the Authority, and the Authority would use this revenue to pay the post-collection contractors. The post-collection contractors would invoice the Authority monthly. This is the same payment methodology that the Authority currently uses to compensate MDRR for recyclables processing and Reuse Day services.

Financial Impact

The table below summarizes the financial impact (in 2024 dollars) of awarding the recommended agreements:

Post Collection Service	Tons / Year	Current		Recommended		Change			% of
		\$/Ton	\$/Year	\$/Ton	\$/Year	\$/Ton	\$/Year	%	Total Rate
Solid Waste Transfer and Disposal	80,900	\$83.19	\$6,730,052	\$93.21	\$7,540,663	\$10.02	\$810,611	12%	1%
Commingled Organics Transfer and Composting	68,314	\$85.36	\$5,831,295	\$125.00	\$8,539,540	\$39.64	\$2,708,245	46%	4%
Recyclables Processing Cost	34,366	\$74.96	\$2,576,100	\$109.28	\$3,755,553	\$34.32	\$1,179,452	46%	2%
Recyclables Revenue Share	34,366	-\$25.46	-\$875,000	-\$89.56	-\$3,077,763	-\$64.10	-\$2,202,763	-252%	-3%
Commercial Food Scraps Pre-processing and Transfer	4,788	\$100.87	\$482,944	\$63.80	\$305,461	-\$37.07	-\$177,483	-37%	0%
Total	188,368	\$78.28	\$14,745,391	\$90.59	\$17,063,454	\$12.31	\$2,318,063	16%	3%

Total RY 11 Rate Revenue Requirement: \$73,204,501.

Combined, the recommended new agreements represent a 16% increase in post-collection costs compared to current costs. This 16% increase compares the costs of the recommended post-collection proposals, in 2024 dollars, to the current cost of post-collection services. Both will increase by CPI or multi-index adjustment prior to 2027. As a percentage of the \$73M in total revenue to be raised by solid waste rates this rate year, this a 3% increase. Therefore, staff estimates a 3% average rate increase in 2027 as a result of the recommended post-collection agreements. That 3% would be in addition to any rate increase attributable to the new collection contract. Staff and HF&H believe that this is a reasonable increase because solid waste rates tend to re-set upwards to market rates at the end of a long contract. The post-collection cost increase is also understandable given the current shortage of composting capacity due to SB 1383.

CEQA Determination

The Authority examined under CEQA the potential environmental impacts of the recommended award of the post-collection services agreements.

At this time the Authority has not yet released the RFP for collection services, and the future collection services provider and the terms of collection services are not yet known with certainty. However, because the Authority anticipates awarding a collection services agreement, the Authority conservatively evaluated the potential environmental impacts of both the collection and post-collection actions. There are several variables of the existing collection process that could change once a recommended collection services provider is identified. In order to complete a comprehensive assessment, the Authority needed to make assumptions about a future collection scenario. For the purposes of the analysis, the Authority assumed that the existing variables for collections generally will remain as is. This assumption does not presume who the future collections service provider may be, but is a reasonable and conservative approach until further details are known. To the extent that the future collection agreement is different than the assumptions in the Authority's analysis here, the Authority will consider those differences under CEQA at the time the collection agreement is recommended for Board action.

The main environmental issues related to the post-collection services agreements are the emissions generated by trucks used to collect and transport materials to the transfer station(s), from the transfer station(s) to the landfill, food waste facility, organics facility, or recycling facility, and an assessment of the different locations of facilities and the different travel distances to reach them. To complete a thorough analysis of these issues, the Authority engaged technical consultants to analyze the air quality impacts, greenhouse gas emissions (GHG), and vehicle miles travelled (VMT) that are expected to result under the collection and post-collection services agreements. The analysis examined the change in existing (baseline) conditions as compared to anticipated conditions under the collection and post-collection services agreements.

The air quality, GHG, and VMT analysis concludes that the award of recommended post-collection services agreements will not create environmental impacts that exceed any significance thresholds. Based on a review of the facts, circumstances, and the technical analysis prepared, staff determined that the award of post-collection services agreements is not subject to further CEQA action. This determination is made pursuant to CEQA Guidelines section 15061(b)(3) (common sense exemption), because it can be seen with certainty that there is no possibility that the award of the post-collection services agreements may have a significant effect on the environment. Staff has also concluded that the award of the post-collection services agreements is exempt from CEQA pursuant to CEQA Guidelines section 15301 (Class 1) (existing facilities) which applies to “the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.” Lastly, staff has concluded that the proposed award of the post-collection services agreements is exempt from CEQA pursuant to CEQA Guidelines section 15308 (Class 8) (actions by regulatory agencies for protection of the environment) which applies to “actions taken by regulatory agencies, as authorized by state or local ordinance, to assure the maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for protection of the environment.”

Accordingly, staff recommends that the Board determine that award of the recommended post-collection services agreements is not subject to CEQA under Section 15061(b)(3) (common sense exemption), and is exempt from CEQA pursuant to Section 15301 (Class 1) (existing facilities) and Section 15308 (Class 8) (actions by regulatory agencies for protection of the environment), based on the findings described herein.

ATTACHMENTS

- A. Resolution No. 2024-03
- B. Post-Collection Services Agreements can be found here [link](#)

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY

RESOLUTION NO. 2024-03

**RESOLUTION APPROVING AWARD OF POST-COLLECTION
SERVICES AGREEMENTS**

**THE CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
("AUTHORITY") HEREBY FINDS, DETERMINES, AND RESOLVES AS
FOLLOWS:**

WHEREAS, the State of California, by enactment of the California Integrated Waste Management Act of 1989 ("AB 939") and subsequent modifications thereto, established a solid waste management process that requires cities and other local jurisdictions to implement source reduction, reuse, and recycling as integrated waste management practices; and

WHEREAS, the State of California has found and declared that the amount of refuse generated in California, coupled with diminishing disposal capacity and potential adverse environmental impacts from landfilling and the need to conserve natural resources, has created an urgent need for State and local agencies to enact and implement an aggressive integrated waste management program, and directed the responsible State agency, and all local agencies, to promote diversion and to maximize the use of feasible waste reduction, re-use, recycling, and composting options in order to reduce the amount of refuse that must be disposed; and

WHEREAS, the Authority has the authority to assume municipal solid waste and materials Diversion management responsibilities such as acquiring services, entering agreements, negotiating contracts, granting franchises, planning facilities, reviewing rates and Tipping Fees, and other related matters on behalf of the constituents of the Cities and Towns of Danville, Lafayette, Moraga, Orinda, and Walnut Creek, and the County of Contra Costa ("Member Agencies"); and

WHEREAS, the Authority has the authority to enter into exclusive service agreements for handling recyclable materials, organic materials, and solid waste, and to prescribe the terms and conditions of such agreements; and

WHEREAS, the Authority has found that collection, transfer, transport, processing, diversion, and disposal programs can most cost-effectively be carried out on a multi-jurisdictional basis; and

WHEREAS, the Authority currently has two agreements that work together to provide the collection, transfer, transport, processing, diversion, and disposal services in the service area, which expire February 28, 2025; and

WHEREAS, the Authority Board of Directors finds that the public health, safety, and well-being of the Authority, its Member Agencies, and their constituents requires the highest quality

collection, transfer, transport, processing, diversion, and disposal services from thorough, competent, and qualified companies pursuant to a long-term commitment; and

WHEREAS, the Authority conducted a competitive procurement process to solicit proposals for post-collection services for solid waste, recyclable materials, and organics materials; and

WHEREAS, an evaluation committee of staff and consultants, overseen by the Authority Board of Director's Franchise Vendor Selection Ad Hoc Committee, reviewed and evaluated the post-collections services proposals, identified preferred proposals for the services, and negotiated post-collection services agreements based on the preferred proposals; and

WHEREAS, the recommended post-collection services agreements were presented herewith to the Authority Board of Directors; and

WHEREAS, Authority staff and consultants examined under the California Environmental Quality Act (CEQA) the potential environmental impacts of the recommended award of the post-collection services agreements, and determined there is no substantial evidence that the award of the post-collection services agreements will have a significant effect on the environment, and, the award of the post-collection services agreements is not subject to the CEQA under Section 15061(b)(3) (Common Sense Exemption), and is exempt from CEQA pursuant to Section 15301 (Class 1) (Existing Facilities) and Section 15308 (Class 8) (Actions by Regulatory Agencies for Protection of the Environment).

NOW, THEREFORE, BE IT RESOLVED by the Authority Board of Directors:

RESOLVED, That the foregoing recitals are true and correct and made a part of this Resolution; and

FURTHER RESOLVED, That the Authority Board of Directors finds, on the basis of the whole record before it, that the recommended post-collection services agreements are in the best interests of the public health, safety, and well-being of the Authority, its Member Agencies, and their constituents, and are a fiscally prudent approach to securing the post-collection services; and

FURTHER RESOLVED, That the Authority Board of Directors finds, on the basis of the whole record before it, that there is no substantial evidence that the award of the post-collection services agreements will have a significant effect on the environment and the award of the post-collection services agreements is not subject to the California Environmental Quality Act (CEQA) under Section 15061(b)(3) (Common Sense Exemption), and is exempt from CEQA pursuant to Section 15301 (Class 1) (Existing Facilities) and Section 15308 (Class 8) (Actions by Regulatory Agencies for Protection of the Environment); and

FURTHER RESOLVED, That the Authority Board of Directs awards and authorizes the Board Chair to execute the following agreements, in the form presented to the Authority Board

and on file with the Authority Board Secretary, between the Central Contra Costa Solid Waste Authority and:

- 1. Allied Waste Systems , Inc. for Commercial Food Scraps Pre-Processing, Transfer, and Transport Services;
- 2. Contra Costa Waste Service, Inc. for Solid Waste and Commingled Organics Transfer and Transport Services;
- 3. Mt. Diablo Paper Stock, Inc. for Recyclable Materials Processing Services;
- 4. Keller Canyon Landfill Company for Solid Waste Disposal Services; and
- 5. Recology Blossom Valley Organics – North for Commingled Organics Composting Services.

APPROVED AND ADOPTED by the Authority Board of Directors this 24th day of October 2024 by the following vote:

AYES:	Members:	_____
NOES:	Members:	_____
ABSENT:	Members:	_____
ABSTAIN:	Members:	_____

Gina Dawson, Chair
Central Contra Costa Solid Waste Authority,
County of Contra Costa, State of California

COUNTER-SIGNED:

APPROVED AS TO FORM:

Janna McKay, Secretary of the Board,
Central Contra Costa Solid Waste Authority,
County of Contra Costa, State of California

Deborah L. Miller, Counsel for the Central
Contra Costa Solid Waste Authority,
County of Contra Costa, State of California

Agenda Report

TO: CCCSWA BOARD OF DIRECTORS
FROM: DAVID KRUEGER, EXECUTIVE DIRECTOR
DATE: OCTOBER 24, 2024
SUBJECT: ISSUE RFP FOR COLLECTION SERVICES

SUMMARY

Per Board direction, staff and consultants have prepared a draft Request for Proposals (RFP) for collection services and a draft collection services franchise agreement. (These drafts are provided in full on the [RecycleSmart website](#). The drafts incorporate the business terms that were approved by the Board at the September meeting. Under this Board's franchise procurement process, the collection RFP may be released once the post-collection agreements have been signed by both parties. If staff's recommendations are approved by the Board on October 24th, and the post-collection agreements are fully executed, then the collection RFP will be released on October 25, 2024; the proposals will be due on February 7, 2025; and the collection agreement will be awarded in August, 2025. The services provided under the draft collection agreement will commence on March 1, 2027.

This report highlights the key aspects of the RFP, including the schedule, proposal evaluation criteria, hiring of any displaced Republic Services (Republic) employees by any new collector, and an approach to the development of the truck yard parcel.

RECOMMENDED ACTION

1. Release the Collection Services RFP (Attachment A) and draft agreement (Attachment B) as soon as the post-collection agreements have been fully executed and signed by both parties.

BACKGROUND

The current franchise agreements with Republic Services (Republic) for collection, transfer, transport, processing, diversion, and disposal services, and, separately, with Mt. Diablo Resource Recovery (MDRR) for recyclable materials transfer, transport, processing, and diversion services (including reusable item and household battery collection and processing) will expire on February 28, 2027.

On March 23, 2023, the CCCSWA Board of Directors (Board) created the Franchise Design Ad Hoc Committee to recommend the scope of requested services and the drafting of Request for Proposals (RFP) documents and franchise agreements. On January 25, 2024, the Board created the Franchise Vendor Selection Ad Hoc Committee to oversee the selection of the vendor(s) for the new franchise agreements, including proposal evaluation, contract negotiations, and recommendations to the full Board to award franchise agreements. These two Ad Hoc Committees have been working concurrently during this multi-step procurement process, with different areas of responsibility.

On May 25, 2023, the Board approved a recommendation from the Franchise Design Ad Hoc Committee to “direct staff to conduct a two-step procurement process for the new franchise agreement(s) that will go into effect on March 1, 2027: Step One, a procurement process for post-collection services; and Step Two, a separate competitive Request for Proposals (RFP) process for collection services.”

On June 22, 2023, the Board adopted the Franchise Procurement Process Integrity Policy, which can be found here <https://www.recyclesmart.org/rfp-collection-services/>. All communications regarding the collection RFP may only be made through the authorized channels described in the policy. Any potential proposers are asked to email any questions or comments about the collection RFP process to RFP2024@recyclesmart.org. Potential proposers are free to address the Board at public Board meetings.

On September 28, 2023, the Board directed staff to inform all potential proposers that the Board will not consider any new or revised proposals, pricing, services, or business terms from any proposer once its competitors’ pricing and proposals have been made public, and adopted a non-negotiable business term that agreements for all post-collection services must be signed and executed before the release of the collection RFP. Recommended awards for post-collection service agreements are discussed as Agenda Item 4.a. The post-collection agreements have been signed by the recommended proposers and will be signed by the Authority if the recommendation for Agenda Item 4.a. is approved.

At the September 26, 2024 Board meeting, the Board approved recommendations from the Franchise Design Ad Hoc Committee regarding the collection RFP and the draft franchise agreement. Key recommendations included:

- Contractor must meet State requirements to utilize Zero Emissions Vehicles (ZEV’s) but the Authority’s ratepayers should not incur additional costs to exceed those requirements
- The Authority will pay for no more than the Contractor’s statewide milestone percentage of ZEV’s during each rate year for the fleet operating in our service area (e.g. if the Contractor’s statewide fleet must be 25% ZEV’s then no more than 25% of the vehicles used to collect from the Authority’s service area should be ZEV’s)
- Phase in actual ZEV transition costs as they are incurred
- No requirement for all new vehicles
- No preference for vehicle fuel
- Continue to use the existing carts and bins that are currently in service
- 15-year term
- Cost-based rate adjustment in year four, then every three years, with multi-index rate adjustments in the years between

- Keep “bundled” rates for all sectors: Recyclables and organics services are provided at no additional costs, and rates are based on the level of solid waste service
- Obtain alternative bids on unlimited overages for single-family recyclables and organics services
- Contractor to provide five full-time Sustainability Advisors (recycling coordinators) dedicated to the Authority’s service area

DISCUSSION

Collection RFP

The draft collection RFP and collection franchise agreement and background information can be viewed on the [draft RFP webpage](#). If the Board approves the recommendation to issue the RFP, the webpage will be no longer marked as a draft, and the webpage address will be sent to a list of potential proposers.

The draft RFP contains the following schedule

ACTIVITY	COMPLETION DATE
Authority releases RFP for Collection and Processing Services	October 25, 2024
Deadline for submittal of written questions before the pre-proposal meeting	November 8, 2024
Mandatory in-person pre-proposal meeting Walnut Creek City Hall 1666 North Main Blvd., 3 rd Floor Conference Room Walnut Creek, CA 94596	November 15, 2024 10 a.m. – 11 a.m. PT
Deadline to submit additional written questions	December 6, 2024
Proposers submit proposals	February 7, 2025 3:00 p.m. PT
Authority conducts preliminary evaluation, clarifies proposal questions	February – March 2025
Authority conducts in-person interviews with one or more proposers	March 10-14, 2025
Authority completes negotiations with one or more proposers	April – August 2025
Authority Board approves selected contractor	August 2025
Selected contractor begins providing service	March 1, 2027

Evaluation Criteria

The draft RFP establishes the following evaluation criteria for collection proposals which will be evaluated by the Franchise Vendor Selection Ad Hoc Committee that, in turn, will make recommendations to the Board:

- **Environment.** Factors include, but are not limited to, ability to divert solid waste from disposal; expected improvements (or reductions) in air quality, greenhouse gas emissions, water quality, soil quality, and traffic impacts.
- **Service Quality.** Factors include, but are not limited to, demonstrated experience successfully providing similar services; ability to provide high-quality on-time collection services; demonstrated positive customer and public agency relations; demonstrated strength of management approach to deliver services; track record of disruptions due to operational issues, labor relations issues, litigation (initiated by or defended by company), regulatory action, or other factors; demonstrated adherence to contract terms; and demonstrated compliance with applicable law.
- **Cost.** Factors include, but are not limited to, proposed costs; estimated monetary value of requested exceptions to the draft Agreement; and demonstrated adherence to negotiated contract pricing and cost terms over the life of the contract.
- **Technical Proposal.** Factors include, but are not limited to, reasonableness and credibility of operating plans; sufficient resources (vehicles, drivers, mechanics, CSR's etc.) proposed to provide quality service; demonstrated culture of and commitment to health and safety; demonstrated ability to operate efficiently and employ innovation and technology; credibility, accuracy, and transparency in reporting systems; quality and condition of vehicles, and equipment, and commitment to maintain them in a state of good repair.

Note that cost is not the only evaluation criterion, and that the Authority is not obligated to select the lowest-cost proposal. The Authority is seeking to obtain the highest value for its rate-payers – namely, cost relative to the value of the services provided. For example, the Authority may select a proposal that is not the lowest cost but provides materially superior environmental and performance quality benefits with anticipated strong contractor adherence to contract terms and commitments. The Authority seeks to avoid entering into an agreement with an irresponsibly low bidder that has not proposed sufficient resources to provide on-time high quality collection services.

Hiring of Displaced Employees

At the September 26, 2024 Board Meeting, David Rodriguez, Business Agent for the Teamsters Union Local 315, provided public comment asking for employee retention language to be included in the collection RFP, so that if Republic was not awarded the collection agreement, the new collection contractor would be required to offer employment to any Republic drivers, mechanics or other union employees who were displaced. The Section 3.3 of draft RFP contains the following language related to employee retention:

Labor Policy. The Authority is aware of AB 1669 regarding bidding preferences for companies proposing to hire the displaced employees of the previous contractor. As described in Article 8.11.G of the Draft Franchise Agreement, the Authority will require all proposers to make such offers of employment. Therefore, no preference will be awarded based on this condition. Compensation data for the current service provider has been

included at the RFP website. Labor agreements and MOUs must be included with proposals as attachments to the final Franchise Agreement and future modifications shall be submitted to the Authority. The Authority believes that, in general, it is beneficial to its customers to retain route drivers from who are familiar with the routes in the Authority's service area.

Note that this language goes beyond State law (AB 1669) by requiring all proposers to offer employment to displaced employees, as opposed to merely providing a bidding preference for any proposers who choose to make such offers. Article 8.11.G of the draft collection franchise agreement contains the following language:

Hiring Displaced Employees. The Contractor shall offer employment to existing employees working under the Authority's current agreements that include the services being provided under this Agreement who become unemployed by reason of the change in contractors up until six (6) months after the Commencement Date; provided, however, that:

1. This requirement shall not be applicable to management or supervisory personnel.
2. The Contractor shall not be obligated to offer employment to more existing employees than the Contractor needs to perform the services required under this Agreement.
3. The Contractor shall not be obligated to offer employment to existing employees that are not working prior to the Commencement Date due to a leave of absence related to disability or workers' compensation claim.
4. The Contractor shall not be obligated to displace any of its current employees or modify its current job performance requirements or employee selection standards.
5. Additional employees, if needed by the Contractor, shall be obtained pursuant to procedures currently in effect under the collective bargaining agreement for covered employees.
6. Wages and benefits applicable to employees performing work under this Agreement shall be commensurate with current compensation or in accordance with existing agreements with represented labor groups.
7. Unless prohibited by law or denied by the affected bargaining unit, the Contractor shall honor the existing seniority of any displaced workers for all applicable purposes under the bargaining agreement.
8. The Contractor may enter into agreement(s) with subcontractors to provide services covered during the Implementation Period, subject to the prior written consent of the Authority and subcontractors shall be required to comply with the obligations stated in Sections 8.11.G.1 through 8.11.G.7, above.
9. The Contractor shall provide monthly reports during the Implementation Period in each of the three (3) months prior to the Commencement Date documenting the status of their offers to displaced employees, acceptance by those employees, and all applicable dates for training and start of work under this Agreement. Following the Commencement Date, the Contractor shall provide monthly reports documenting their retention status (still employed, resigned, terminated, on leave,

etc.) of each employee that was hired described herein and as further described in Exhibit D.

Development of the Truck Yard Parcel

At the August 29, 2024 Board Meeting, the Board approved a lease option agreement (Option to Ground Lease) with the owner of the South Parcel property adjacent to the Acme Landfill at 950 Waterbird Way in unincorporated Martinez. The Authority will make this property available to all collection RFP proposers to develop a truck yard (called a “Maintenance Yard” in the draft RFP and agreement) to store and maintain vehicles and containers. Proposers are not required to utilize the site. If the Authority selects a collection proposer who did propose to use the site, the Authority would then exercise its option to lease the site, and would sublease the site to the selected proposer.

The following approach to the development of the truck yard has been incorporated in the draft RFP. The principal question – which has to date not been considered by the Franchise Design Ad Hoc Committee or the full Board – is who would develop the truck yard if a proposer who proposed to use the site was awarded the collection agreement. The truck yard could be developed by either the Authority or by the selected collection contractor. HF&H Consultants estimates that developing the truck yard will cost between \$5 - \$15 million.

Staff and consultants recommend that the selected collection contractor develop the truck yard, for the following reasons:

- The collection contractor can design and build the truck yard to suit their needs.
- Competition through the collection RFP process will limit the development cost: Proposing an excessively expensive truck yard could cause a proposer’s overall collection proposal to be non-competitive.
- The collection contractor could most likely develop the truck yard more cost-effectively and expeditiously than the Authority.

There are two potential disadvantages to having the collection contractor, as opposed to the Authority, develop the site: The contractor will expect a return on the development capital, and the contractor would most likely depreciate the development cost over the 15-year term of the collection agreement as opposed to depreciating it over the 30-year useful live of the facility, increasing the annual cost to the Authority’s rate payers.

Staff and consultants recommend the following strategy to mitigate these disadvantages:

- The proposers will be required to propose a separate, lower profit margin on their truck yard development cost (e.g. 4% - 6%) than the profit margin that they will propose on their other costs related to the agreement (e.g. 10% - 20%).
- The proposers will be required to depreciate the truck yard development cost over 30 years, and the Authority would agree to buy out the undepreciated amount of the development cost at the end of the 15-year term of the collection agreement. This would essentially divide the cost of developing the truck yard between the Authority and the collection contractor, in roughly equal portions.

Approving this recommendation would not obligate the Authority to any expenditure at this time. It is possible that no proposers will propose to utilize the site, or that those who do so will not be selected. If any such proposals are received, they will be subject to negotiation. Once the proposals are received and negotiated, and the development cost of the truck yard is known, staff would return to the Board for direction on whether to continue pursuing the related proposal(s).

Another question that needs to be answered is whether the Authority would charge a collection contractor rent to utilize the site. Staff and consultants recommend that any rent charged to the collection contractor would be considered a pass-through cost, not subject to profit: If the South Parcel site is used as a truck yard, the Authority would pay rent to the owner of the site, and the collection contractor would collect from the rate-payers the funds necessary for the Authority to pay the rent, and the collection contractor would not realize a profit on those funds.

Section 3.6 of the draft RFP states the following about the truck yard (maintenance yard):

Maintenance Yard: The Authority requires that all proposers identify a site or potential sites to be used for staging equipment (vehicles, containers) and personnel and for performing equipment maintenance. The Authority is not requiring that such site(s) be located within the Authority's service area. Proposers may propose to sublease a site from the Authority for a maintenance yard. The Authority has an option to lease the South Parcel property (APN 380-030-044-8) adjacent to the Acme Landfill at 950 Waterbird Way in unincorporated Martinez. The property is appropriately zoned and is undeveloped, with no existing buildings, pavement, utilities, or improvements. The Authority may lease from 12 – 55 acres (as requested by the proposer) for a term of at least 15 years. The rent would be \$2,500 per acre per month, and would increase each year by CPI. The rent would be a "Direct Lease" pass-through cost (not subject to profit). Development of a maintenance yard at the South Parcel site would be performed by the collection contractor at its sole cost, and depreciated over 30 years, with the Authority's obligation to buy out the undepreciated amount of the initial development cost at the end of the 15-year base term. The development cost would be eligible for depreciation and interest expense recovery through the rate adjustment process described in Exhibit E of the Draft Franchise Agreement, but the depreciation and interest would not be eligible for the operating ratio calculation. Instead, the contractor may be entitled to a return on equity calculation in the rate adjustment model. All such compensation provisions shall be negotiated with any shortlisted proposer(s) that intends to use this site. The South Parcel is available to all proposers, but proposers are not required to utilize it and may propose to provide their own maintenance yard locations. Additional information about the South Parcel site and the lease option agreement between the Authority and the property owner are provided on the RFP webpage.

ATTACHMENTS

- A. Draft Collection RFP ([Available on RecycleSmart RFP webpage](#))
- B. Draft Collection Agreement ([Available on RecycleSmart RFP webpage](#))
- C. Draft Collection [RFP webpage](#)