



CITY OF
ROLLING HILLS ESTATES

CITY MANAGER'S CORNER

August 30, 2017

UPDATE ON TRASH FRANCHISE NEGOTIATIONS

One of the most basic services any city provides is the disposal of residential waste. Some cities have dedicated employees on staff to perform this task, while many utilize contract waste haulers.

The business of residential waste disposal has evolved over the past two decades to meet state mandates to reduce the amount of waste entering our landfills through recycling; intercept hazardous waste so it can be properly handled through household hazardous waste collection; develop opportunities for large scale composting of organic material; and eliminate various sources of waste through limits on single use non-biodegradable disposable items such as fast food containers and plastic grocery bags.

With all of the changes and challenges facing cities and waste haulers, the cost of disposal continues to increase. As a municipality, the City of Rolling Hills Estates is an agency responsible for meeting state mandates on waste reduction and diversion. The City is also responsible, as the representative of its residents, to assure that the cost of providing waste disposal is reasonable and fairly reflects the true cost of providing this service.

To accomplish its dual responsibilities, for more than a decade the City of Rolling Hills Estates has had in place an exclusive franchise agreement with Waste Management for trash, recycling, greenwaste, household hazardous waste, and manure collection and disposal services. It is common for a city the size of Rolling Hills Estates to have only one hauler provide disposal services for ease of collection, scheduling, billing, administration and reporting state requirements to various oversight agencies.

The City's current franchise agreement with Waste Management, which began in 2005, was the result of a very thorough and competitive selection process which included extensive community outreach. While the agreement was set to expire in March 2017, an extension was recently granted through September 2018. This extension will allow the City to either negotiate a new agreement with Waste Management or solicit proposals for a new service provider.

The extension was granted because, as the City entered into initial negotiations with Waste Management in 2016, it became apparent that specialized consultant help would be needed as the industry has changed substantially in the decade since the original franchise was negotiated.

The first step involved conducting a franchise fee audit, which resulted in the City making recovery of some franchise fees not previously collected. The second step in the review was to conduct a performance audit which was undertaken by R3 Consulting, a firm intimately familiar with industry best practices and emerging trends who specializes in analysis of waste hauling operations. R3's audit found that Waste Management provides safe and effective hauling and disposal with a particularly high-level of customer service.

Waste diversion is of vital importance to meeting the City's mandated responsibilities. R3 found that the diversion rate, which is the amount of waste that would have gone to a landfill had it not been recycled or otherwise handled, is more than 55% of total volume of material collected. Waste Management's fleet of trucks also received satisfactory ratings from the California Highway Patrol, which is critical to public safety and proper maintenance of the City's roads given the size and weight of the trucks in use.

Overall, R3 found that Waste Management is and has been in compliance with most of the 150 contract terms. All non-compliance items were of a minor nature. A full report of the findings of the contract audit was presented to the City Council on May 10, 2016. A video of that meeting is available at www.rollinghillsestatesca.gov under "Agendas & Minutes."

Based on the positive results of the performance audit, the City Council appointed a Council committee to work with staff and R3 in an effort to negotiate a new contract with Waste Management. Those lengthy and complex negotiations are on-going, but nearing completion. The City's intent is to negotiate a new contract with Waste Management that offers a competitive pricing structure while maintaining a high-level of service.

Many issues are currently under consideration, including rate structure; variable bin rates and limitations; changes to service delivery options; and other items such as recycling, greenwaste collection, manure disposal, household hazardous waste processing and bulky item pick-up.

Residents are invited to a community meeting scheduled on Tuesday, September 19 at 7:00 p.m. at the City Council Chambers, 4045 Palos Verdes Drive North, to discuss proposed elements of a new franchise agreement.

Talking trash may not be the most glamorous way to spend an evening, but proper disposal of waste is an important part of maintaining the quality of life enjoyed here in Rolling Hills Estates and protecting the environment in all of California.

Additional information about Waste Management's services is available on the City's website, and can be found at www.rollinghillsestatesca.gov under "Services" then "Trash & Recycling."

You may also contact Assistant to the City Manager Alexa Davis at (310) 377-1577 x 111 or via email at alexad@rollinghillsestatesca.gov with any questions about services or the negotiation process.