



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: December 8, 2015

DATE: December 1, 2015
TO: Board of County Commissioners
FROM: Kevin Schiller, Assistant County Manager
(775) 328-2008, kschiller@washoecounty.us
THROUGH: John Slaughter, County Manager
SUBJECT: Update and Presentation on Single Stream Recycling Proposed Models and other related matters with direction to staff on future changes to the current Garbage Franchise Agreement. (All Commission Districts.)

SUMMARY

Washoe County has had a Garbage Franchise Agreement with Waste Management and its subsidiaries since 1982. The agreement grants Waste Management an exclusive franchise to operate a garbage collection and disposal service in the unincorporated areas of Washoe County. The Sun Valley General Improvement District (SVGID) is included in this agreement through an Interlocal Cooperative Agreement. The Incline Village General Improvement District (IVGID) manages a separate agreement.

The current agreement was set to expire on December 12, 2015, with Waste Management exercising their option to extend for five years. In addition, the City of Reno and Waste Management instituted a new Single-Stream Recycling Program for Reno customers in 2013. The City of Sparks is considering a similar program.

Washoe County Strategic Objective: Safe, secure and healthy communities.

PREVIOUS ACTION

On November 29, 2000 the Board approved and authorized the Chairman to execute the second amended agreements with Independent Sanitation Company extending the term of the Franchise Agreement.

Washoe County Health District passed a new Ordinance mandating the County reach a 35% diversion rate within 5-years (2015).

On June 24, 2014 Board received an update and presentation from Waste Management on Single Stream Recycling and potential options and changes with direction to staff to present at the Citizen Advisory Board Meetings for constituent input towards potential models.

AGENDA ITEM # 11/19

On April 14 the Board received an update on Single Stream Recycling Proposed Models and gave direction to staff on future changes to the current Garbage Franchise Agreement.

BACKGROUND

The original agreement with Waste Management (formerly Independent Sanitation) began on December 31, 1982. Independent Sanitation brought forth the renewal and extension of the Franchise Agreement on November 29, 2000, approximately two years prior to the expiration of scheduled expiration of the agreement with the primary reason being the company wanted to renew the agreement at this time due to the need to construct two new transfer stations in order to increase the efficiency of operations, as well as helping to cut down on illegal dumping. The company wanted to insure a long-term agreement with the County before they made the capital investment in the new transfer stations.

The existing Garbage Franchise Agreement between Washoe County and Waste Management (Attachment A) was approved on November 29, 2000 and was set to expire on December 12, 2015, with an option to extend for five years in favor of Waste Management towards a final expiration date of December 12, 2020. Waste Management provided the required notice on June 2, 2015 to exercise their option to extend the agreement for five years. Since 2007 Sun Valley General Improvement District (SVGID) is included in this agreement through an Interlocal Cooperative Agreement for Garbage Collection between SVGID and Washoe County. The Incline Village General Improvement District (IVGID) manages the Solid Waste Franchise Agreement for the communities of Incline Village and Crystal Bay.

A single stream recycling program streamlines and simplifies the process of collecting and sorting recyclable materials, increasing rates by up to 50 percent. In a single-stream recycling system, residents and commercial customers place recyclables in a recycling cart and waste in waste cart for pickup, and no longer need to separate these materials in their homes or workplaces. This program modernizes curbside collection and helps the community exceed the 35% recycling mandate set forth by Washoe County Health District.

The source-separated program currently in use in Washoe County (green and yellow crates) requires customers to sort cans, bottles and paper into separate crates, which are then placed at the curb, open to theft and winds that often results in trash in our streets. While the source-separated crates used to be an effective method of collection, single-stream recycling is more convenient and efficient at diverting recyclable materials. This enhanced recycling method has been shown to increase the amount of recyclable material collected, which can decrease the amount of waste sent to the Lockwood Landfill.

In 2014 Waste Management and the City of Reno implemented a single stream recycling program. The base service level increase to customers was \$2.25. Waste Management is in the process of discussion and design for implementation of a similar program within the City of Sparks to be implemented in the coming months. At the present time, Washoe County utilizes single stream recycling at County owned operational facilities located at 1 So. Sierra - Mills Lane; 350 So. Center - Liberty Center; and 301 So. Center - Reno Library with training provided to staff. Reports have been positive related to the use in comparison to the previously established bin system.

In conjunction with implementation in Reno, unincorporated constituents' contacts have included both support and opposition regarding implementation of single stream recycling within unincorporated Washoe County. Waste Management has requested consideration and evaluation of changes to the Franchise Agreement towards possible implementation of single stream recycling within Washoe County. A key tenant is related to maintaining the current level of service to minimize the impact of rates across all residential customers. A secondary issue is related to Board direction on implementation within the commercial industry which would include single stream usage within all Washoe County facilities.

The primary issue facing a change to the current franchise agreement to implement single stream recycling in unincorporated Washoe County is the potential impact to residential rates. Within Reno and in the City of Sparks the cost of a residential single stream recycling program is subsidized through revenue from commercial customers. The County does not have sufficient commercial revenue to support a similar model thus alternatives would be necessary to equalize and minimize rate increases on unincorporated residential customers. The following outlines the approximate subsidy differential between the County and the other two jurisdictions:

Agency	Commercial Customers/Revenue	Approximate Subsidy to Residential Recycling
Reno	4,210 customers/\$17.262 million revenue	\$1.7 million
Sparks	1,092 customers/\$6.87 million revenue	\$690 thousand
Washoe County*	384 customers/\$1.339 million revenue	\$134 thousand

*includes Sun Valley

An additional challenge is the issue of unincorporated County customers with large parcels. Within the City of Reno residential customers are allowed to dispose of one pickup truck load of waste four times a year. Within Washoe County options could be increased pick up times for fall and spring, and increased truck load disposal days. Additional options and the fiscal impacts are included in the attached presentation by Waste Management.

In follow up to the Board direction on April 14, 2015 and June 24, 2015, given the significant amount of constituent contacts related to the franchise agreement and single stream recycling, staff has presented jointly with Waste Management at the Citizen Advisory Board's throughout the region to elicit input in the development of the models and eventual recommendations to the Board. As of the writing of this report the following meetings have occurred or are pending:

Citizen Advisory Board	Date	# of attendees
All 6 active CABs Leadership Team Meeting/Training	3/19/2014	21
North Valleys Regular CAB Meeting	2/9/2015	35
Spanish Springs Regular CAB Meeting	1/14/2015	22
East Truckee Canyon Regular CAB Meeting	4/1/2015	15

South Truckee Meadows/ Washoe Valley Regular CAB Meeting	1/8/2015	54
West Truckee Meadows Regular CAB Meeting	3/9/2015	6
Sun Valley CAB meeting	10/5/15	19

Note: Incline Village CAB was not included as IVGID maintains a separate Garbage Franchise Agreement.

Through both constituent contacts and the Citizen Advisory Board process, key areas of feedback and concern include:

- Maintaining the ability to use your own receptacle vs the provided Waste Management Bin;
- Requests for options regarding sizes of the Waste Management receptacle;
- Increased pick up in the spring and fall due to increased debris within those intervals;
- Senior Citizen Discount provision to customers;
- Requests for a receptacle specific to yard waste (currently Waste Management does not provide this service throughout the region);
- Continued ability to place bags with the receptacle (currently Reno utilizes a tag system);
- Questions concerning any rate increases specific to implementation (projected increases within models included in presentation by Waste Management);
- Concerns that this is simply a means to increase profit by Waste Management
- Provision of Bear containers and increased service to include walk up assistance similar to that provided to those that are disabled.

In follow up to the last BCC meeting and direction, staff has continued to work with Waste Management options to be included within a new agreement to include single stream recycling and potential options. The following outlines proposed optional services to be included within the scope of the new agreement, however additions or further direction can be provided in moving forward with a proposed agreement.

Optional services: A list of additional services that are available to residential customers that are paid for on an optional basis will be provided in the franchise:

Side yard service	\$ 10.50
Side yard service-disabled customer	\$ 0
Service of animal resistant container or bear shed	\$ 10.50
Extra sticker	\$ 2.45
Spring/summer sticker package (20 stickers)	\$ 45.00
Additional 96 gallon waste cart	\$ 7.37
Additional 96 Gallon recycling cart	\$ 5.37
Cart switch out fee	\$ 53.00
Recycling contamination fee	TBD
Cart replacement fee as a result of customer damage	\$ 88.00
Residential bin service (includes initial delivery & pick up)	
4 yard container	\$ 98.65
6 yard container	\$120.85
Residential roll off service (includes initial delivery & pick up)	
14 yard open top container	\$219.13
20 yard open top container	\$239.03
30 yard open top container	\$333.52
closed top containers are an additional	\$25.00

Proposed rate changes at the current 5 % franchise fee:

	Current Rate	Proposed Service level	Proposed Flat
Residential Trash Options			
32 GAL CUSTOMER OWNED + 7 BAGS TRASH	\$19.41	1-64 GAL MSW, 1-96G RCY	\$15.12
96 GAL TOTEY FEL + 7 BAGS TRASH	\$22.21	1-96 GAL MSW, 1-96G RCY	\$23.93
ONE 32 GAL CUSTOMER PROVIDED - NO EXTRAS	\$12.14	1-64 GAL MSW, 1-96G RCY	\$15.12
ONE 64 GAL WMI PROVIDED - NO EXTRAS	\$17.50	1-64 GAL MSW, 1-96G RCY	\$22.35
ONE 64 GAL (includes one 96G Fty) - grandfathered customers	\$14.29		\$15.12
Senior Rates (Existing Senior Customers Only)			
32 GAL CUSTOMER OWNED SR RATE +7 BAGS	\$14.24		
64 GAL FEL TOTEY SENIOR FLAT	\$14.29	1-64 GAL MSW, 1-96G RCY	\$15.12
96 GAL FEL TOTEY SENIOR FLAT	\$17.04	1-64 GAL MSW, 1-96G RCY	\$19.00

A secondary option is to increase the current franchise fee, at the present rate of 5% the approximate revenue is \$523,000.00, each percent of increase equates to about \$100,000 in revenue. An increase would allow for establishment of a fund to support waste management related initiatives. Examples include services to alleviate illegal dumping, bear containers and services, subsidies for seniors and or disabled, or to support other related programs within Washoe County. Based on the proposed rate structure above, at a rate of 8% the overall impact would be an additional .26 cents to the majority of the customer base and would generate approximately \$500,000.00 annually. At the present time the City of Reno and the City of Sparks currently have their franchise fee set at 8%.

Continued concerns have been brought forward regarding bears and trash service within specific areas of Washoe County. Within the current franchise agreement Waste

Management will service bear containers owned by current customers, but will not currently provide them as they are cost prohibitive. Waste Management indicates that servicing the containers can be problematic given many that are purchased are not suitable for long term use with the Waste Management service equipment. The average cost for a suitable container is approximately \$230.00. Services currently being requested through the respective homeowners associations in these areas include the addition of walk up service to move and empty the containers and providing of the appropriate containers by which is also supported by the State of Nevada, Division of Wildlife. Waste Management is willing to assist in ways to remedy this issue; however the primary barrier is the overall cost and impact to customers throughout the County. An initiative to address this within specific regions of Washoe County to include education and possible financial assistance to residents could be facilitated through an increase in the franchise fee above the current rate set at 5 percent.

FISCAL IMPACT

The current agreement sets the franchise fee at 5% and provides for approximate revenue of \$523,000.00 annually. For each increase of 1% above the current rate this equates to an increase of approximately \$100,000.00 in annual revenue.

RECOMMENDATION

It is recommended that the Board of County Commissioners acknowledge update and presentation on Single Stream Recycling Proposed Models and other related matters with direction to staff on future changes to the current Garbage Franchise Agreement.

POSSIBLE MOTION

Should the Board agree with the recommendation, a possible motion would be to “acknowledge .” acknowledge update and presentation on Single Stream Recycling Proposed Models and other related matters with direction to staff on future changes to the current Garbage Franchise Agreement.”

**SECOND AMENDED
WASHOE COUNTY GARBAGE FRANCHISE AGREEMENT**

This Amendment, made and entered into effective this 12th day of December, 2000, by and between THE COUNTY OF WASHOE, a political subdivision of the State of Nevada, hereinafter referred to as "Washoe County", and INDEPENDENT SANITATION COMPANY, a Nevada corporation, hereinafter referred to as "Independent Sanitation",

WITNESSETH:

WHEREAS, The Board of County Commissioners of Washoe County, pursuant to the power granted by NRS 244.187, has authorized the granting of an exclusive franchise for the right and privilege of operating a garbage collection and disposal service in the unincorporated areas of Washoe County; and,

WHEREAS, by Resolution adopted June 22, 1982, the Board of County Commissioners authorized the necessary procedures be implemented to request proposals and bids for an exclusive franchise, and

WHEREAS, at a regular meeting of the Board of County Commissioners of Washoe County, Nevada, on December 28, 1982, Independent Sanitation was declared the successful bidder and awarded an exclusive franchise for the operation of a garbage collection and disposal service for the unincorporated areas of Washoe County, Nevada, and,

WHEREAS, Washoe County and Independent Sanitation set forth the terms and conditions of said exclusive franchise in a written agreement dated December 31, 1982, which agreement was amended by written agreement dated April 14, 1992;

WHEREAS, at a regular meeting of the Board of County Commissioners on December 12, 2000, the Board approved a further amendment to extend the term of the franchise agreement and to set a procedure for adjusting rates charged to customers;

NOW, THEREFORE, for and in consideration of the covenants and agreements herein contained, and for other valuable consideration the receipt of which is hereby specifically acknowledged, the parties hereto do hereby agree as follows:

I.

DEFINITIONS

As used in this Agreement the following definitions apply:

1.1 "Solid Waste" or the "Solid Waste Stream" has the meaning ascribed to it in NRS 444.490 which definition includes all putrescible and nonputrescible refuse in solid or semisolid form, including, but not limited to, garbage, rubbish, junk vehicles, ashes or incinerator residue, street refuse, dead animals, demolition waste, construction waste, solid or semisolid commercial and industrial waste. The term does not include "hazardous" waste as defined by NRS 459.400 to 459.600, inclusive.

1.2 "Garbage" means putrescible animal and vegetable waste resulting from the handling, storage, preparation, cooking, and sale and serving of food and beverage. This includes, but is not limited to:

(a) Offal, swill, kitchen and table waste, and other organic animal and vegetable waste.

(b) Bottles, cans, cups, plates, utensils, containers, and/or covering of any construction or material that has been in intimate contact with food, confection, and/or beverage, and;

(c) Any component used in the preparation or manufacture of matter intended for animal or human consumption, and;

(d) Such matter and/or materials listed in (a) through (c) above that have been discarded without first being sanitized.

1.3 The mixing, addition, or commingling of garbage with rubbish, trash, or other waste matter exclusive of group 1 wastes (as defined by Washoe County Health Department regulations governing solid waste management), renders the entire resulting mixture as garbage and requires the mixture to be handled as garbage.

The District Board of Health may authorize a different treatment of the solid waste stream by the recycling of materials under regulations adopted by the District.

1.4 "Rubbish" as used in this Agreement includes and means non-putrescible solid waste, exclusive of those unsanitized materials that have been in contact with garbage. These wastes include, but are not limited to, ashes, paper, cardboard, wood, glass, crockery, plastics and rubbish.

1.5 "Waste Matter" as used in this Agreement means unwanted or discarded materials resulting from any activity.

1.6 "District Board of Health" as used in this Agreement means the District Board of Health of the Washoe County Health District created pursuant to Chapter 439 of the Nevada Revised Statutes by the interlocal agreement of the City of Reno, City of Sparks and the County of Washoe, Nevada.

1.7 "District Health Officer" as used in this Agreement means the person appointed by the District Board of Health of the Washoe County Health District who is responsible for the enforcement of state and local health, sanitation and nuisance laws and the enforcement of regulations as approved by the Washoe County District Board of Health, created pursuant to NRS 439 and the interlocal agreement of the City of Reno, City of Sparks, and Washoe County, Nevada, and his designated or authorized representatives.

II.

GRANT OF EXCLUSIVE FRANCHISE

2.1 Franchise. Washoe County does hereby grant to Independent Sanitation the exclusive right, privilege, obligation and franchise to operate all garbage collection and disposal services in the unincorporated areas of the County of Washoe, State of Nevada. Independent Sanitation shall be required, however, to provide garbage collection and disposal services for those areas of Washoe County for which a rate has been established as set forth in paragraph V below. It is understood and agreed that rates have not been established for outlying and sparsely populated areas of Washoe County and for that reason no service is being provided; in the event service is requested or required for such areas, Independent Sanitation shall be required to provide garbage collection and disposal services at such time as a rate shall be established for such areas in accordance with paragraph V below.

2.2 Term. This exclusive franchise shall commence December 12, 2000, and continue in full force and effect for a period of fifteen (15) years. Upon expiration of the 15 year primary term, Independent Sanitation shall have the right to extend the term of the franchise for an additional five (5) year term. Said right and option to extend the term for an additional 5 years shall be exercised by Independent Sanitation by giving written notice to Washoe County at least 6 months prior to the expiration of the primary term.

2.3 Garbage Only. It is understood and agreed that this exclusive franchise is limited to the collection and disposal of "garbage" as the same is defined herein and defined by Washoe County Code.

2.4 County Facilities. Washoe County expressly reserves the right to collect and dispose of garbage from Washoe County facilities located within the unincorporated areas of Washoe County provided that Washoe County equipment and employees are utilized.

2.5 Title To The Solid Waste Stream. The title to all of the solid waste stream and the property rights associated therewith for the collection and disposal of solid waste under this Agreement shall be the sole property of Independent Sanitation:

For purposes of this Agreement, the collection process includes that portion of the Independent Sanitation operation from the time that garbage or any solid waste is picked up from the customers until it is deposited at the transfer station or landfill described in paragraph III.

III.

OBLIGATIONS OF FRANCHISE HOLDER

3.1 Equipment. Independent Sanitation shall at its cost and expense, furnish a sufficient number of trucks and other equipment, including all drivers and workers required for the service, operation, and maintenance of said trucks and other equipment for the purposes of providing a regular and satisfactory garbage collection and disposal service in the areas covered hereby.

3.2 Sanitary Operation. Independent Sanitation shall at all times exercise diligence in the supervision of its personnel to the end that care is taken to deposit all garbage inside collection

vehicles, leaving no evidence, bits or pieces of garbage or other waste matter upon any street, alley, walkway or other public place within the County, or upon any private property used for the collection of garbage and other waste matter. Collection vehicles shall be safe, adequate and clean, constructed in such a manner to be completely covered so as to prevent the sifting, spilling, dripping or blowing of any contents from the vehicle. Independent Sanitation's collection equipment shall be modern, up-to-date, maintained in good repair, and reasonably water tight. The exterior of the equipment shall be kept clean and presentable and the interior shall be thoroughly cleaned after dumping each load.

3.3 Public Relations. Independent Sanitation shall diligently exercise supervision and training of its personnel to the end that the public coming into contact with such personnel shall be treated decently and courteously at all times. All workers employed by Independent Sanitation shall be prohibited from the use of profanity with the public and no drinking of alcoholic beverages shall be allowed, nor shall any employee be allowed to work while under the influence of alcohol, drugs, or other stimulants.

3.4 County Sanitary Landfill. Independent Sanitation shall be required to deposit all solid waste collected pursuant to this Franchise Agreement at an approved landfill site. For purposes of this Franchise Agreement, an approved landfill site is one holding a valid permit to permanently deposit municipal solid waste in accordance with all applicable laws and regulations of the United States, the State of Nevada, the Nevada Environmental Commission, and the Washoe District Board of Health.

The approved landfill must be one open to the public to the end that residents of Washoe County shall have a disposal site for trash and other items of solid waste not collected pursuant to this Franchise Agreement.

It shall be the sole responsibility of Independent Sanitation to provide for the permanent deposit of solid waste collected pursuant to this agreement, in accordance with all applicable Federal, State and Local laws and regulations. Independent Sanitation shall comply with this requirement by operating its own landfill or by entering into an agreement with the operator of a landfill which meets the requirements of this agreement.

Independent Sanitation agrees that the landfill will be open for public dumping at no cost of the following household appliances: refrigerators, hot water heaters, stoves, washers, dryers, dishwashers; and the following items of household furniture: sofa, sofa chair, mattress and box springs.

It shall be a requirement of the designated landfill site to conspicuously post the rates to be charged for public dumping, the hours of operation and the method of determining how rates shall apply to the amount of material delivered for dumping.

3.5 Transfer Station. Independent Sanitation shall be required to utilize an approved transfer station. The transfer station shall provide for the temporary collection and compaction of solid waste so that an economical method of transportation of solid waste to an approved landfill is utilized by Independent Sanitation.

During the term of this franchise agreement, Independent Sanitation shall determine whether it would be in the best interests of the community and financially feasible to construct two satellite

transfer stations, one located in the general vicinity of the Mt. Rose Highway/Highway 395 intersection and one located in the area of the County generally referred to as Spanish Springs. Independent shall, in its sole judgment determine the feasibility of the location and construction of new satellite transfer stations. The new transfer stations shall meet all requirements of an approved transfer station as further defined herein.

For purposes of this Franchise Agreement, an approved transfer station is one holding a valid permit for the temporary storage of municipal solid waste in accordance with all applicable laws and regulations of the United States, the State of Nevada, the Nevada Environmental Commission, and the Washoe District Board of Health.

The transfer station to be considered approved under this agreement must be open to the public, with rates for public dumping conspicuously posted, along with the hours of operation and the method of determining how rates will apply to the amount of material delivered for dumping.

It shall be the sole responsibility of Independent Sanitation to provide for a transfer station meeting the requirements of this agreement. Independent Sanitation may comply with this requirement by operating its own transfer station or by entering into an agreement with the operator of a transfer station which meets the requirements of this agreement.

Independent Sanitation agrees that the transfer station will allow the public to dump, free of charge, the following household appliances: refrigerators, hot water heaters, stoves, washers, dryers, dishwashers; and to dump, the following items of household furniture: sofa, sofa chairs, mattresses and box springs. Free public dumping of the foregoing items will be permitted on the first weekend of the months of January, April, July, and October.

IV.

FRANCHISE FEE

4.1 Franchise Fee. Independent Sanitation, its successors and assigns, shall pay to Washoe County, in monthly installments during the term hereof, in an amount equal to five (5%) percent of the "gross receipts" collected by Independent Sanitation under this agreement.

All franchise fees paid by Independent Sanitation to Washoe County under this Agreement shall be considered as a reasonable cost of operation for purposes of determining collection rates under paragraph V hereof.

4.2 Definition of "Gross Receipts". The term "gross receipts" as used in this agreement includes all money, cash, receipts, property, or other thing of value collected by Independent Sanitation from both residential and commercial customers who use the service of Independent Sanitation under this agreement. Included in gross receipts is all sums collected by any companies operating within Washoe County which have cooperating agreements with Independent Sanitation including, Capital Sanitation, or any other of its assignees, licensees or permittees rendering services for and on behalf of Independent Sanitation under this exclusive franchise agreement. Gross receipts shall not include any sums received by Independent Sanitation, its assignees, licensees or permittees from any general improvement district that has been granted the authority by Washoe County to provide for the collection and hauling of garbage and which has entered into a separate agreement with Independent Sanitation for such services.