



A Public Agency

MEMORANDUM

Date: December 19, 2016
To: SBWMA TAC and FAX Committee Members
From: Joe La Mariana
Copy to: Hilary Gans, Cyndi Urman, Bob Hilton, Tracy Swanborn, Marva Sheehan, Ron Proto, Tracie Bills
Subject: **TAC/FAX January 5, 2017 Franchise Workshop – Goals, Background, and Recommended Preparation**

On January 5, 2017, the SBWMA's Technical Advisory Committee (TAC) and Franchise Agreement Extension ad hoc committee (FAX) are invited to provide input to the SBWMA on their future goals for the franchise agreement and specific service and contract modifications desired. It is important that TAC/FAX members come well prepared to this Franchise Workshop as the SBWMA's franchise negotiations process is moving at a fast pace (as further described below) and Member Agency input needs to be received in a timely manner. In anticipation of this January 5 FAX/TAC Franchise Workshop, this memorandum is being provided with the goal of making the meeting most productive. The memorandum includes the following:

- Overview of the franchise negotiations process and timeline;
- Identification of opportunities for Member Agency input;
- Description of the January 5 FAX/TAC Franchise Workshop; and,
- Suggestions for FAX/TAC member preparation for the January 5 workshop.

Overview of the Franchise Negotiations Process

Each Member Agency's franchise agreement with Recology San Mateo County (Recology) expires December 31, 2020. In preparation for this, the SBWMA Board of Director's (Board) authorized the SBWMA staff to negotiate with Recology for amendment to and extension of the franchises with the objective of completing negotiations by December 31, 2017. The SBWMA developed a negotiating plan that involves two phases. The first phase is the negotiation of a draft Model Franchise Agreement (Model Agreement) for presentation to the TAC and Board in April 2017. If the Model Agreement is approved by the Board, the second phase of negotiations will be initiated. It involves further consideration and approval by each of the 12 Member Agencies. At that time, each Member Agency may negotiate agency-specific franchise provisions with Recology using the Model Agreement as the starting point. The Model Agreement will include collection services, performance standards, and other contract terms and conditions that will serve as the "base agreement" for all Member Agencies. Different needs of individual Member Agencies will then be incorporated by each Member Agency through its separate negotiations of the Final Franchise Agreement. **A timeline for the negotiations process is presented in Attachment A. The first phase of the process is underway and moving quickly. An**

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initial scoping meeting between the SBWMA and Recology occurred on November 2 and 3, 2016, and is summarized in Attachment B.

The SBWMA has assembled a negotiating team that includes: SBWMA staff, legal counsel, and consultants; the FAX committee (an ad hoc committee of staff members from six Member Agencies), and Recology staff. A list of the negotiating participants is contained in Attachment A.

Opportunities for Member Agencies to Provide Input

The input provided by Member Agencies regarding their franchise goals, service changes, and contract modifications for the Model Agreement is essential to the success of the negotiations process. **Given that the SBWMA negotiations effort is moving swiftly, it is critical that Member Agencies provide input to the SBWMA negotiating team in early January.** Two primary opportunities are available for Member Agency input: (1) FAX/TAC Franchise Workshop on January 5, 2017; and, (2) an on-line survey for Member Agency Elected Officials in late December for completion by January 4, 2017. Following these initial input opportunities, Board meetings will serve as a forum for Member Agencies to provide additional input. A TAC meeting is scheduled on April 13, 2017, at which time, the TAC will receive a report on results of the results of the negotiations efforts and will be presented with the Model Agreement. In addition to these input opportunities, six Member Agencies have representatives on the FAX committee. They will receive status reports every few weeks from now through April and will assist in guiding the negotiations process.

FAX/TAC January 5 Franchise Workshop

HF&H Consultants, LLC (HF&H), the financial and contracting consultant the SBWMA retained to assist with the franchise negotiations process, will facilitate the Franchise Workshop. The workshop will be structured as an interactive process to hear from FAX/TAC members. The initial focus will be on development of a "Context Map" to understand the context in which the future franchise agreements are being negotiated and changing conditions and trends that need to be contemplated in development of the Model Agreement. FAX/TAC members will be asked to identify political, economic, and technology factors; legal, regulatory, and social trends; stakeholder needs; and uncertainties.

The second focus will be on identify goals of the FAX/TAC members for the Model Agreement through an interactive process that will focus on eight topic areas listed below. Goals are to include the types of changes Member Agencies desire in terms of changes in services, performance standards, and other contract terms.

1. Customer satisfaction (including collection quality, complaints, call center performance)
2. Residential and commercial collection service
3. Special services (bulky item collection, agency services, abandoned waste pick-up, etc.)
4. Diversion activities
5. Compensation and rate setting
6. Contract management
7. Contract terms and conditions
8. Other

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As part of the goal assessment process, the FAX/TAC members will assist the SBWMA in distinguishing between goals that are desired by the majority of Member Agencies and goals that are unique to one Member Agency or a small group of Member Agencies. This is critical because the Model Agreement will focus on common goals to serve as a base agreement that is then tailored through each Member Agency's subsequent negotiations with Recology to incorporate agency-specific goals.

Suggested Meeting Preparation for FAX/TAC Members

FAX/TAC members are encouraged to invest time before the January 5 Franchise Workshop to prepare themselves to provide meaningful input during the workshop. Specific suggestions include:

1. Reviewing the summary of the SBWMA's Initial Scoping meeting with Recology (Attachment B);
2. Meeting with other staff in their organization that are engaged with the franchise agreement in some manner and seeking their input. This could include meeting with the City Manager to learn about their priorities; meeting with the Finance Department Director that processes the franchise fee payments; etc.
3. Summarizing their agency's goals and desired service changes and contract terms using the eight categories listed above as focus areas; and, identifying those items that are likely to be relevant to the Model Agreement and those more applicable to your agency's individual franchise agreement;
4. Reviewing customer complaints to identify future goals; and,
5. Sending an alternate staff person to the TAC meeting in the event the regular TAC member is unavailable.

	Activity	Planned Completion
1.	Commence negotiations with Recology	December 1, 2016
2.	Conduct on-line survey of Member Agency Elected Officials	January 4, 2017
3.	Hold Franchise Workshop with FAX/TAC members	January 5, 2017
4.	Complete negotiations with Recology including the Model Agreement	April 10, 2017
5.	Present negotiations results and Model Agreement to the TAC	April 13, 2017
6.	Present negotiations results and Model Agreement to the SBWMA Board	April 27, 2017
7.	Consider and negotiate individual franchise agreements by Member Agencies	May – November, 2017
8.	Execute individual Member Agency franchise agreements	December 1, 2017

Attachment B (cont.)

Name	Title	Agency/Company
FAX AD HOC COMMITTEE		
Afshin Oskoui	Public Works Director	Belmont
Jim Porter	Director of Public Works	County of San Mateo
Brenda Olwin	Finance Director	East Palo Alto
Heather Abrams	Environmental Programs Manager	Menlo Park
Melissa Stevenson Diaz	City Manager	Redwood City
Larry Patterson	City Manager	San Mateo
SBWMA STAFF AND CONTRACTORS		
Joe La Mariana	Executive Director	SBWMA
Hilary Gans	Facility Operations Contract Manager	SBWMA
Cyndi Urman	Board Secretary/Office Manager	SBWMA
Tracie Bills	Staff Support Consultant	SCS Engineers
Ron Proto	Subject Matter Expert Consultant	RJ Proto Consultants
RECOLOGY TEAM		
Mario Puccinelli	General Manager	Recology
Gino Gasparini	Public Affairs Manager	Recology
Tammy Del Bene	Waste Zero Manager	Recology
Mike Kelly	Senior Administrative Manager	Recology
Carl Mennie	South Bay Group Controller	Recology
HF&H TEAM		
Bob Hilton	President	HF&H
Marva Sheehan	Vice President	HF&H
Tracy Swanborn	Senior Manager	HF&H