



**CITY OF PACIFICA  
COUNCIL AGENDA SUMMARY REPORT**

**10/24/2016**

**SUBJECT:**

Recology of the Coast Five Year Extension Request

**RECOMMENDED ACTION:** Move to adopt a resolution extending the First Amended Franchise agreement for Recology of the Coast for five additional years, ending December 31, 2022.

**STAFF CONTACT:**

Lorenzo Hines Jr., Assistant City Manager  
(650) 738 - 7301  
lhines@ci.pacifica.ca.us

**BACKGROUND/DISCUSSION:**

In February 2010, the City of Pacifica entered into a franchise agreement with Recology of the Coast (“Recology”) for Recyclable Materials, Organic Materials, and Solid Waste Collection Services. The entire agreement can be found at this link:

[http://www.cityofpacifica.org/depts/asd/finance/franchise\\_agreements.asp](http://www.cityofpacifica.org/depts/asd/finance/franchise_agreements.asp).

The Agreement expires on December 31, 2017 (Per Section 3.02, p. 6 of the agreement). The Agreement provides that the City has the option to extend it (per Section 3.03, p.6 of the agreement) for an additional five years, provided the City notifies Recology that it is exercising the extension option by December 31, 2016.

Recology is respectfully requesting our consideration of the five year extension (see Attachment 1). As part of the extension request, Recology offers that it will increase the frequency of recycling pick-ups for single family residential customers from every other week, as provided for in the Agreement, to a weekly schedule, at no additional cost, beginning January 1, 2017. Recology indicates that more frequent collections will make recycling more convenient for customers and improve the City's diversion rate. Recology has also committed to no rate increases for calendar year 2017.

Recology has requested City action at this time so that they may order the additional equipment needed for new recycling routes and increase their staffing to be in place by the January 2017 weekly recycling routes.

**Franchise History**

Recology is an employee owned company. Seventy-two percent (72%) of its employees are local Pacifica citizens consisting of drivers, mechanics, and recycling yard workers as well as their General Manager, recently retired Operations Manager, Office Manager, Lead Mechanic, and its entire clerical staff.

At the inception of the 2010 agreement Recology introduced a “three cart system” to cover all refuse needs. The system included the implementation of a new weekly 64 gallon composting cart program, a biweekly 96 gallon recycling cart, and the availability, at the customer's discretion, of a 20, 32, 48 or 64 gallon refuse removal cart. The majority of Recology's

customers (54%) currently use a 20 gallon cart for their weekly refuse collection.

### Franchise Rate History

The history of the increase/decrease in customer's monthly and annual costs for a 20 gallon cart is presented in the following chart:

Year		Monthly Rate	Increase/ Decrease % Chg
2010		\$19.28	
2011		\$20.24	4.98%
2012		\$22.95	13.39%
2013		\$23.38	1.87%
2014		\$23.38	0.00%
2015		\$23.82	1.88%
2016		\$21.59	-9.36%
2017		\$21.59	0.00%
	<b>Avg. Monthly Rate</b>	<b>\$22.03</b>	

Recology has submitted the following information comparing the monthly cost of 20 gallon carts in our neighboring cities (not served by Recology) with that charged in Pacifica:

2017 Costs/Services	20 Gallon Cart	Weekly Compost	Weekly Compost Cart	Weekly Recycling	Weekly Recycling Cart	Bulky Item Collection
Half Moon Bay	\$13.01	<i>Service not provided</i>		Yes	64 Gallon	2x annually
Daly City	<i>Service not provided</i>	Yes	32 Gallon	Yes	64 Gallon	1x annually
South San Francisco	\$24.52	Yes	Multiple sizes	Yes	64 Gallon split cart	2x annually
Colma	\$22.70	Yes		Yes	64 Gallon	2x annually
Pacifica	\$21.59	Yes		Proposed	96 Gallon	3x annually (by request)

### Community Support

During Recology's contract term they have been supporters of the following community efforts:

- Pacifica Fog Fest
- Pacifica Beach Coalition
- Pacifica Chamber of Commerce
- Pacifica Rotary
- Ocean Shore School
- Rockaway Beach merchants
- Pacificans Care

- Pacifica Resource Center
- Pedro Point Surf Club
- Pacifica Historical Society

In addition, Recology management has partnered with the City during major weather related situations when debris needed to be removed or recycled in a timely manner. The hometown employees were able to give timely assistance and this working relationship has been both positive and longstanding.

Recology also provides no-cost service to a number of locations in Pacifica and has submitted the attached list of addresses (Attachment 2).

Recology's General Manager will attend the Council meeting to provide more information and answer Council's questions.

### **ALTERNATE ACTION:**

Alternatively, the City Council could choose to direct staff to consider other service providers in addition to Recology of the Coast. Doing so would require the City to notify Recology of this action prior to December 2016. While the contract does not require us to notice Recology regarding our intent, as a courtesy, we will notice them in the event we move in another direction. In the coming months, City staff would initiate a Request for Proposal process to solicit proposals from other waste management companies that would likely entail engaging a consultant to advise on the received proposals, and a public hearing process to examine/approve the new franchise agreement and rate service structure. Pricing and service delivery would be determined during this process.

### **FISCAL IMPACT:**

The franchise agreement stipulates that Recology pay a franchise fee to the City totaling \$805,000 annually.

Additionally, Recology pays a Frontierland Park Remediation Fee totaling \$75,000 annually. The City has an on-going obligation to remediate Frontierland Park for matters related to the closed landfill site at this location. Remediation efforts focus on minimizing or resolving health, safety, and public nuisance problems that may adversely affect the quality of life for citizens of the City. The remediation fee also provides funding for improvements to Frontierland Park facilities. The Frontierland Park remediation fee monies are used by the City to fund the remediation efforts.

Lastly, the agreement requires Recology to pay \$30,000 annually to assist the City in the implementation of AB939. AB 939 requires the City to plan, implement, and monitor programs that will reduce the amount of Solid Waste Disposed by residents and businesses and report annually to the State. Programs include recycling and organics programs, public education and outreach efforts, franchise monitoring, etc. The AB 939 fee is used to fund these mandated efforts.

### **ORIGINATED BY:**

City Manager's Office

**ATTACHMENT LIST:**

ROTC Request for Consideration of Five Year Franchise Extension (PDF)  
Attacment 2\_Addresses of No Cost Service Locations (PDF)

**RESOLUTION NO. 67-2016**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFICA EXTENDING THE FIRST AMENDED FRANCHISE AGREEMENT WITH RECOLOGY OF THE COAST FOR SOLID WASTE COLLECTION SERVICES UNTIL DECEMBER 31, 2022**

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**WHEREAS**, The City of Pacifica ("City") entered into the First Amended Franchise Agreement ("Agreement") with Recology of the Coast ("Recology") pursuant to which Recology provides services regarding recyclable materials, organic materials, and solid waste collection ("Services");

**WHEREAS**, pursuant to the Agreement, the City has the option to extend the Agreement for an additional five years, provided the City notifies Recology that it is exercising the extension option by December 31, 2016.;

**WHEREAS**, Recology has respectfully requested the City's consideration of the five year extension.

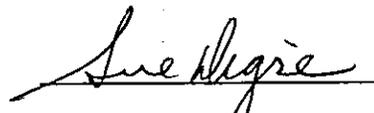
**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Pacifica that:

1) The City extends the term of the Agreement with Recology of the Coast until December 31, 2022 on the condition that (1) Recology not seek a rate increase for calendar year 2017, and (2) Recology provide weekly pick-up of recyclable materials for single family residential customers beginning January 1, 2017, at no additional cost to said residential customers or the City, nor shall Recology pass on the cost of said increased service to any customers covered by the agreement.

2) The City Manager is authorized to take all steps necessary and appropriate and to execute and enter into all agreements required to effectuate the extension of the agreement consistent with this resolution.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Pacifica, California, held on October 24, 2016 by the following vote of the members thereof:

AYES, Councilmembers:	Keener, Nihart, Ervin, O'Neill, Digre
NOES, Councilmembers:	None
ABSENT, Councilmembers:	None
ABSTAIN, Councilmembers:	None

  
Sue Digre, Mayor

ATTEST:

Kathy O'Connell

Kathy O'Connell, City Clerk

APPROVED AS TO FORM:

[Signature]

For: Michelle Marchetta Kenyon, City Attorney