



WASHOE COUNTY

"Dedicated To Excellence in Public Service"

www.washoecounty.us

CM/ACM _____
Finance _____
DA _____
Risk Mgt. _____
HR _____
Other _____

STAFF REPORT

BOARD MEETING DATE: March 22, 2016

DATE: March 16, 2016
TO: Board of County Commissioners
FROM: Kevin Schiller, Assistant County Manager
(775) 328-2008, kschiller@washoecounty.us
THROUGH: John Slaughter, County Manager

SUBJECT: Presentation and discussion on Single Stream Recycling Proposed Models, Services and other related matters; and provide 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 remains in effect with Waste Management exercising their option to extend for five years in December of 2015. 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.

On April 14, 2014 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.

On June 24, 2014 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.

On December 8, 2015 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 recycling 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 ongoing 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, and December 8, 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. The following summarizes the meetings which have occurred to date as of the writing of this report 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 constituent contacts, Commissioner District Forums, 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; and,
- Request to be exempted from the Single Stream Recycling Program within certain areas of Washoe County

In follow up to the last BCC meeting and direction, staff has continued to work with Waste Management options 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 RATE
RESIDENTIAL TRASH OPTIONS			
32 GAL CUSTOMER OWNED W 7 BAGS TRASH	\$15.12	1-64 GAL MSW, 1-96G RCY	\$19.41
96 GAL Toter REL W 7 BAGS TRASH BAGS	\$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 WM PROVIDED- NO EXTRAS	\$17.50	1-64 GAL MSW, 1-96G RCY	\$22.35
ONE 64 GAL (Includes one 96G Rcy)-grandfathered customers	\$14.29		\$15.12
SENIOR RATES (EXISTING SENIOR CUSTOMERS ONLY)			
32 GAL CUSTOMER OWNED SR RATE W 7 BAGS	\$14.24		
64 GAL REL Toter SENIOR FLAT	\$14.29	1-64 GAL MSW, 1-96G RCY	\$15.12
96 REL Toter SENIOR FLAT	\$17.04	1-64 GAL MSW,	\$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, subsidies for seniors and or disabled, support of community initiatives such as Keep Truckee Meadows Beautiful, or to support other regionally 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%.

Bears and Trash Containment

In follow up to the meeting of December 8, 2015, 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. Staff has worked with Waste Management over the past 60 days to address this and include a bear receptacle option along with service within the proposed franchise agreement. In meeting with several Home Owners Associations in which bears are an ongoing issue, staff has attempted to identify the need for residents within subdivisions to insure an accurate estimate of those needing containers. The following is summary of the details identified:

- The demand of anticipated bear resistant containers in the Galena area down Mt. Rose Highway to Virginia Street and Caughlin Ranch is 744. This is based on a 10% participation (Outside of Mt. Rosa HOA which is anticipated at 25% as suggested by the HOA manager). Participation rate was determined based on the number of annual wildlife/human/trash interactions. Rate was suggested by the individual HOA Managers.
- The number of calls for service to Nevada Department of Wildlife (NDOW) was 244 in 2015 in Washoe County. This included 92 in unincorporated Washoe County. Incidents occur along the Sierra Range primarily with clusters in the Juniper Hills/Caughlin Ranch and Galena areas. Of the 92, 35% were related specifically to trash waste. Additional auxiliary incidents could be related to bears sustained access to food. Other attractants in unincorporated Washoe County include: chickens, bird feeders, apples, compost piles and outdoor barbeques. NDOW reports include capture areas outside of the HOA's including Washoe Valley and South East Truckee Meadows (Thomas Creek areas).
- The District Health Department noted limited interactions addressing with human/trash issues in Washoe County in 2015. There have been no reports in 2016.

- There are between 13,160 and 16,945 people and 6,698 residential units in the identified affected area.

Per discussion at the last meeting of December 8, 2015, the average cost for a suitable container is approximately \$230.00, in working with Waste Management, Waste Management can provide the bear resistant container at an approximate increase of \$7.00 to 9.00 a month, as noted the service of the container already is included within the current agreement. This rate will fluctuate dependent on the actual numbers of those confirmed to receive a receptacle; staff will continue to work with the Homeowners Associations and Waste Management to identify initial volume and build the program as the need continues to be identified to prevent ordering and storage of excess containers. In addition, the associations have indicated that they will be implementing requirements for residents to obtain the bear resistant containers following any initial incident involving a bear; in addition communication with all homeowners initially should assist in identifying an initial order of the containers to be utilized.

A draft of a proposed agreement is attached simply for reference which will be updated following Board direction and in conjunction with legal for approval at a future Board meeting. The draft reflects the majority of the rates and service levels discussed, additional areas not previously presented for BCC direction include:

- With regard to the Consumer Price Index adjustment to rates, Waste Management has proposed an increase from 8% to 10% based on a rolling three year average with no adjustment for the immediate succeeding year, currently averages are approximately 9.3%.
- Contamination Policy-Waste Management may refuse to collect materials placed in the Recyclable Materials container which do not conform to the specifications set forth in Exhibit B, and may charge recycling contamination fees or other charges for improperly separated, mixed or placed materials, including without limitation charging the Rate applicable to Solid Waste for collection of any materials placed for collection which contain more than 10% non-Recyclable Materials. No such charge shall be imposed until the third instance after customer has been notified by the placement of a tag (Exhibit C) on their recycling container that they are improperly using the recycling container. After five (5) offenses in a 12-month period of improper use of the recycling container, the container may be removed by Franchisee.

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 the presentation and discussion on Single Stream Recycling Proposed Models, Services and other related matters; and provide 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 update and presentation on Single Stream Recycling Proposed Models, Services and other related matters with direction to staff on future changes to the current Garbage Franchise Agreement.”

The attached document was submitted to the **Washoe County Board of Commissioners** during the meeting

held on March 22, 2016

by Kevin Schiller

for Agenda Item No. 16

and included here pursuant to NRS 241.020(7) as amended by AB65 of the 2013 Legislative Session.

