



## Legislation Text

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**File #:** 23-253, **Version:** 1

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Adopt a Resolution to Approve and Authorize the City Manager to Execute a Fifteenth Letter Amendment to the Franchise Agreement for Solid Waste, Recyclables, and Green Waste Services between the City of San Leandro and Alameda County Industries, Inc.

### **COUNCIL PRIORITY**

- Sustainability & Resiliency
- Fiscal Sustainability and Transparency

### **SUMMARY**

The Franchise Agreement for Solid Waste, Recyclables, and Green Waste Services between the City of San Leandro and Alameda County Industries, Inc. is scheduled to expire on January 31, 2025. The Fifteenth Letter Amendment to the Franchise provides for a two-step procurement process in which sole source negotiations are initiated with ACI, followed by a competitive procurement process if the sole source negotiations are not successful. It also provides the City Manager with the sole discretion to extend the term of the current Agreement during the process, to January 31, 2027, if needed.

### **RECOMMENDATIONS**

Staff recommends that the City Council approve and authorize the City Manager to execute a letter amendment to the Franchise Agreement for Solid Waste, Recyclables, and Green Waste Services between the City of San Leandro and Alameda County Industries, Inc.

### **BACKGROUND**

The City of San Leandro Municipal Code Section 3-6-300 *et seq.*, empowers the City Council to, at its sole discretion and upon such terms as it may prescribe, award an exclusive franchise or contract to any qualified entity to provide collection of solid waste, recyclables, and green waste for commercial and industrial establishments and residential properties in the City. Such franchise or contract may include collection, processing, and/or disposal of solid waste, recyclables, and organics as defined in Chapter No. 2021-001 of the Alameda County Waste Management Authority, titled "Organics Reduction and Recycling Ordinance," and adopted in Chapter 3-24 of the San Leandro Municipal Code.

The City established the Franchise Agreement for Solid Waste, Recyclables, and Green Waste Services ("Franchise") with Alameda County Industries ("ACI") on February 1, 2000. The Franchise had an initial term of ten years with an automatic extension of ten additional years. On July 20, 2009, the City Council approved Resolution No. 2009-117 to execute Amendment No. 10 to the Franchise. The amendment included a provision to extend the term of the agreement to January 31, 2025 in conjunction with the transition to a natural gas-powered collection services fleet.

In December 2022 the City's Procurement Team in the Public Works Department began discussions with representatives from ACI for a short-term extension of the Franchise for the purpose of providing sufficient time to conduct a procurement process for a new franchise agreement once the current contract expires. The proposed Fifteenth Letter Amendment to the Franchise is the result of those discussions and provides for a procurement pathway for potentially a new agreement.

### **Analysis**

Per the amendment, the City will initiate a two-step procurement process in which sole source negotiations are initiated with ACI, followed by a competitive procurement process if the sole source negotiations are not successful.

The City and ACI will proceed to negotiate a new franchise agreement having a minimum term of ten (10) years, with the mutual intent of presenting the agreement to the City Council for approval no later than May 15, 2024. If the City Manager determines that more time is required to continue such negotiations or if an agreement cannot be reached, the City Manager has the sole option to extend the expiration date of the agreement to midnight on January 31, 2027. The City must give ACI written notice to exercise the extension option no later than August 31, 2024.

On February 6, 2023, the City Council approved Resolution No. 2023-011 for a Communication and Integrity Policy that established procedures for interactions among stakeholders during the procurement process to ensure that the process is fair and transparent. ACI will be a party to the policy when the Fifteenth Letter Amendment is approved and executed.

As part of the discussions with ACI, the Procurement Team communicated the City's intent to explore options for post-collection material processing and disposal services that may result in contracts apart from the future franchise agreement. Representatives from ACI have acknowledged that the City may explore contracting these post-collection services with other parties. The terms of the Fifteenth Letter Amendment do not preclude the City from exploring such options.

### **Previous Actions**

- Resolution No. 2023-011 for a Communication and Integrity Policy for Solid Waste Contract Procurement

### **ATTACHMENTS**

**Attachment A:** Resolution for Amendment 15 to Franchise Agreement

**Attachment B:** Amendment 15 to Franchise Agreement

**Attachment C:** Communication and Integrity Policy for Solid Waste Contract Procurement

**PREPARED BY:** Jennifer Auletta, Deputy Public Works Director, Public Works Department