



CITY COUNCIL AGENDA REPORT

MEETING DATE: 11/15/2022

DEPARTMENT: Public Works

SUBJECT:

SOLID WASTE AD HOC COMMITTEE UPDATE

RECOMMENDED ACTION(S):

1. Direct staff to prepare an amendment to Memorandum of Understanding Regarding Solid Waste Procurement Services to extend the MOU to include the procurement and selection process of a new Solid Waste Services Agreement.
 2. Direct staff to present the amended Memorandum of Understanding the City Council in January 2023.
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EXECUTIVE SUMMARY:

On September 20, 2021, the City of Lake Forest and the City of Laguna Hills entered into the Memorandum of Understanding Regarding Solid Waste Procurement Services ("MOU"). Pursuant to the MOU, the cities of Lake Forest and Laguna Hills are working jointly to develop procurement documents for the provision of solid waste collection, processing, and disposal. An informal ad-hoc committee consisting of two City Councilmembers and staff from each city has been meeting to discuss policy recommendations that will be used in procurement documents.

The MOU is set to expire when the procurement documents are completed. The Ad-Hoc Committee recommends amending the MOU to extend the collaborative work effort to the next phase of the procurement process. This would include the joint selection and recommendation of a single solid waste hauler for the two cities, each with their own separate agreement for services. The Ad-Hoc Committee believes a larger combined area with higher potential contract revenue would attract more qualified proposers and foster greater competition. Staff is seeking direction to prepare an amendment to the MOU that would be brought back to the City Council for approval in January 2023.

BACKGROUND:

On March 4, 2014, the City Council awarded the Franchise Agreement to CR&R Environmental Services, Inc. for the Collection, Transportation, Processing, and Diversion of Recyclable Materials and Municipal Solid Waste (“Franchise Agreement”). The original term of the Franchise Agreement was May 1, 2014, through April 30, 2022. The Franchise Agreement includes two one-year extensions that CR&R could earn by meeting certain performance goals designed to increase the City’s waste diversion from landfills. The City Council awarded the first one-year extension on February 21, 2017. On April 20, 2021, the City Council extended the term of the Franchise Agreement to June 30, 2024. The City of Laguna Hill holds a franchise agreement for similar solid waste services that also expires on June 30, 2024.

On September 20, 2021, the Cities of Lake Forest and Laguna Hills entered into the MOU for the purpose of sharing costs while developing procurement documents (Attachment 1). After a joint selection process with Laguna Hills, the City Council awarded an agreement to EcoNomics, Inc. (“EcoNomics”) on February 1, 2022, to serve as the consulting firm during the franchise agreement procurement process. The City of Lake Forest is the lead agency for the project, as such, Lake Forest invoices the City of Laguna Hills for 50% of the consultant’s fees.

On April 19, 2022, the Lake Forest City Council created a Solid Waste Procurement Ad-Hoc Committee and appointed the Mayor and Mayor Pro Tem to serve on the committee. On April 26, 2022, the City of Laguna Hills appointed two City Council Members to also serve on a joint Ad-Hoc Committee alongside the Mayor and Mayor Pro Tem of Lake Forest.

DISCUSSION:

After jointly selecting a consulting firm for the project, staff recommended to their respective City Councils to create an ad-hoc committee consisting of two City Councilmembers from each agency and staff. In April 2022, the City Council appointed Mayor Robert Pequeño and Mayor Pro Tem Doug Cirbo to the Solid Waste Procurement Ad Hoc Committee (“Committee”), while the Laguna Hills City Council appointed City Councilmember Don Caskey and Council Member Erica Pezold. The Committee also includes the city managers and staff from both cities.

The Committee has met five times since July 2022. During these meetings, the Committee discussed numerous policy items such as:

- Length of contract

- Regulatory and franchise fees
- Recycling rate incentives for commercial and multifamily properties
- Residential 3-cart collection system
- Commercial and multi-family 3-container collection program
- Recycling coordinators
- Align with SB 1383 regulations such as contamination monitoring
- Special programs such as bulky item and household hazardous waste collection, compost giveaways, and workshops
- Lightweight and electric vehicles for commercial recycling
- Technology such as collision avoidance system, on-board scales, and cloud-based CRM
- Temporary roll-off service

The above is a sample of the many policy discussions that have occurred in the Committee meetings. The collaborative spirit of the Committee has proven successful thus far and there is agreement on all policies discussed to date. The Committee is planning additional meetings to finalize recommendations. Staff is planning to provide more details of these recommendations to the City Council in January 2023. Concurrently, the consultant is beginning to develop the procurement documents.

Under the terms of the MOU, there is no commitment for either City to proceed with the joint process beyond the development of the procurement documents. The MOU, unless amended, will expire when the procurement documents are completed.

To finalize the documents, the Consultant needs direction as to whether the cities will jointly select a single hauler or will proceed separately. Given the successful collaboration so far, the Committee sees continued benefits in sharing costs and resources throughout the procurement process and recommends the continuation of the arrangement after the procurement documents are finalized. This would include the joint selection and recommendation of a single solid waste hauler for the two cities, each with their own separate agreement. The Committee believes the larger combined area and potential higher contract revenue would attract an increased number of qualified proposers and foster greater competition. The Committee believes continued collaboration and exchange of ideas between both cities would result in a successful selection process.

Staff is seeking direction from the City Council to prepare an amendment to the MOU for continuation of the joint work effort to the procurement and selection phase of a new solid waste services agreement. Laguna Hills staff is also requesting similar direction. Should both City Councils give direction to prepare

the amendment, staff would return in January 2023 with the amendment for the City Council's consideration.

FISCAL IMPACT:

There is minimal fiscal impact for the recommended action.

ATTACHMENTS:

Memorandum of Understanding Regarding Solid Waste Procurement Process

Initiated By: Christine Groves, Senior Management Analyst

Submitted By: Thomas E. Wheeler, P.E., Director of Public Works/City Engineer

Approved By: Debra Rose, City Manager