



SOLID WASTE FRANCHISE RENEWAL

JULY 22, 2014

MOTIVATIONS FOR CONTRACT REVISIONS

- 75% Statewide Recycling Goal
- Newly developing regulations – banning organic materials from landfills
- Capital improvements necessary to meet changing regulations and growing city

CURRENT AGREEMENT

- Negotiated and Approved in 1999
- In the first eight year extension, which expires June 30, 2015
- Two, eight year remaining extensions - would carry through to 2031

FRANCHISE RENEWAL AGREEMENT

Term has been restructured:

- New initial term would begin September 2014 and ends June 30, 2024
- Republic has the first option to extend the contract for seven more years to 2031
- City has the option to request a further extension for an additional eight years to June 30, 2039

FRANCHISE RENEWAL AGREEMENT

City Benefits and Impacts

- Increased franchise fee from 10% to 20%
 - \$1.2M in the first year
 - \$2M in future years
 - Approximate impact to the ratepayer:
 - \$2.00 per month for cart service customers
 - \$4.25 per month for commercial bin customers - 3 c.y. serviced once a week
- Option to increase to 25% later

FRANCHISE RENEWAL AGREEMENT

Why Increase the Franchise Fee?

- The Franchise Fee has not been increased since 1999
- The trash trucks have a significant impact on the residential streets

FRANCHISE RENEWAL AGREEMENT

- Increase to Recycling Education Program from \$69,000 annually to \$110,000; with 1% escalator in future years
- Free Disposal increased for City Business 5% of the total solid waste tonnage (trash, recycling and yardwaste) generated as free disposal

City may designate non-profit educational, medical, or sports facility construction projects as part of the free tonnage program

FRANCHISE RENEWAL AGREEMENT

Ratepayer Benefits and Impacts:

- Retained High Quality Services from the current agreement
 - Variable Rate based on the volume of trash generated
 - Automated collection service
 - Free bulky item pick up
 - Unlimited recycling
 - Up to 10 32-gallons cans of yard waste collected free
 - 2 free landfill passes per year
 - 2 free yard waste passes per year

FRANCHISE RENEWAL AGREEMENT

- Residents will be able to call-in the day before their service day to schedule free bulky item pick-up

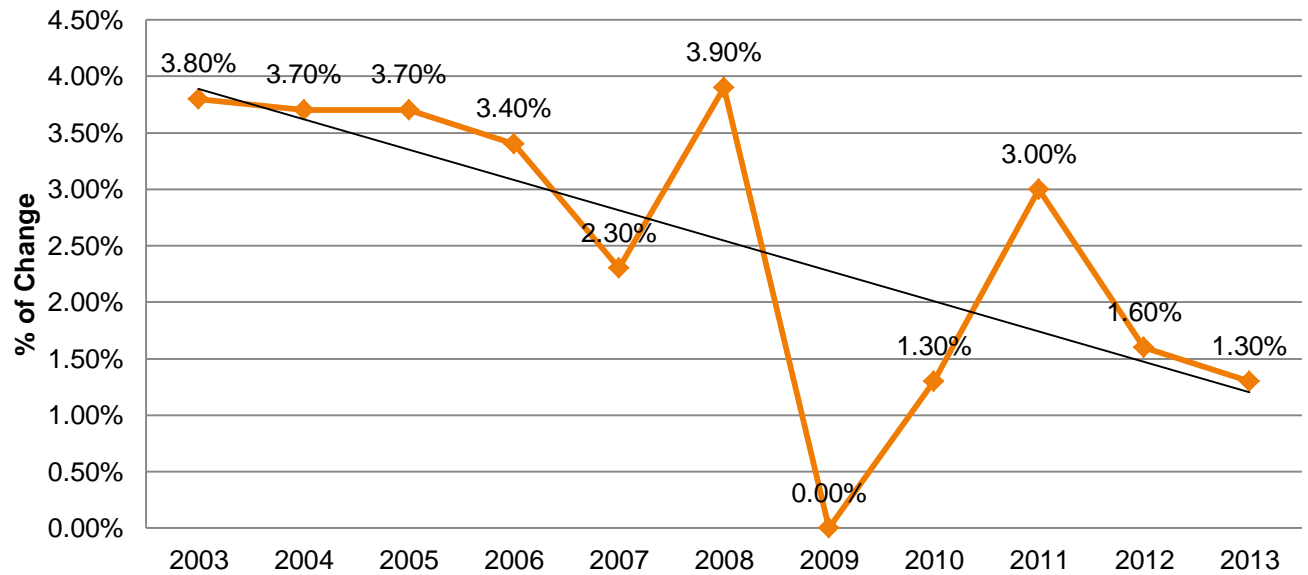
- Republic Customer Service – 619 421-9400
 - The customer service center will be attended by live customer service representatives Monday through Friday 8:00 am to 6:00 pm
 - Saturdays 8:00 am to noon

FRANCHISE RENEWAL AGREEMENT

Rate Adjustment Formula – was 66.66% of the Consumer Price Index for San Diego County (CPI)

Now 100% of the CPI
Percent of Change

Consumer Price Index	
	Annual %
2003	3.80%
2004	3.70%
2005	3.70%
2006	3.40%
2007	2.30%
2008	3.90%
2009	0.00%
2010	1.30%
2011	3.00%
2012	1.60%
2013	1.30%



FRANCHISE RENEWAL AGREEMENT

Significant Ratepayer Protections Remain

- **Small Quantity Generator (SQG)** rates are to never exceed 90% of the average for San Diego County
- **Most Favored Nation Rate** - If Republic gives another jurisdiction lower rates for the same services, CV rates will be lowered

FRANCHISE RENEWAL AGREEMENT

Examples

September 1, 2014

Jurisdiction	SQG Rate
County	\$ -
San Diego	\$ -
National City	\$ 17.47
Coronado	\$ 17.67
Chula Vista 2014	\$ 17.83
Escondido	\$ 18.13
La Mesa	\$ 18.42
Del Mar	\$ 19.23
Santee	\$ 19.51
Encinitas	\$ 19.59
Vista	\$ 19.85
Oceanside	\$ 19.87
Carlsbad	\$ 20.20
Lemon Grove	\$ 20.44
San Marcos	\$ 20.88
Poway	\$ 20.91
El Cajon	\$ 21.61
Solana Beach	\$ 23.72
Imperial Beach	\$ 26.90

Average Rate \$ 20.13

November 1, 2014

Jurisdiction	SQG Rate
County	\$ -
San Diego	\$ -
National City	\$ 17.47
Coronado	\$ 17.67
Escondido	\$ 18.13
La Mesa	\$ 18.42
Del Mar	\$ 19.23
Santee	\$ 19.51
Encinitas	\$ 19.59
Chula Vista 2015	\$ 19.73
Vista	\$ 19.85
Oceanside	\$ 19.87
Carlsbad	\$ 20.20
Lemon Grove	\$ 20.44
San Marcos	\$ 20.88
Poway	\$ 20.91
El Cajon	\$ 21.61
Solana Beach	\$ 23.72
Imperial Beach	\$ 26.90

Average Rate \$20.24

September 1, 2015

Jurisdiction	SQG Rate
County	\$ -
San Diego	\$ -
National City	\$ 17.47
Coronado	\$ 17.67
Escondido	\$ 18.13
La Mesa	\$ 18.42
Del Mar	\$ 19.23
Santee	\$ 19.51
Encinitas	\$ 19.59
Vista	\$ 19.85
Oceanside	\$ 19.87
Chula Vista 2016	\$ 20.12
Carlsbad	\$ 20.20
Lemon Grove	\$ 20.44
San Marcos	\$ 20.88
Poway	\$ 20.91
El Cajon	\$ 21.61
Solana Beach	\$ 23.72
Imperial Beach	\$ 26.90

Average Rate \$20.27

If other cities' rates remained the same, Chula Vista rates would still be below the countywide average

FRANCHISE RENEWAL AGREEMENT

Example: Large Quantity Generator Projected
Maximum Rate 3 cy bin service

	July 1 , 2014	Nov. 1, 2014	July 1, 2015
	Current	New with FF	Next Year's Rate
3 cy 1 X wk.	\$99.49	\$110.05	\$112.25

2015 assumed 2% CPI increase

AMENDED AND RESTATED OTAY LANDFILL AGREEMENT

In tandem with the Franchise Renewal Agreement

- Otay will design the landfill and city commits to no future residential development within 1,000 feet of the active area of the Otay Landfill



AMENDED AND RESTATED OTAY LANDFILL AGREEMENT

Free Compost for Chula Vista Residents

- 3 Events will be held per year for Small Quantity Generators (cart service)



AMENDED AND RESTATED OTAY LANDFILL AGREEMENT

Landfill Capacity for Chula Vista

- Republic/Otay Landfill will hold back space to guarantee Chula Vistans will have sufficient landfill space to accommodate their needs until year 2028
- When the landfill closes, Chula Vista trash may be shipped to the Sycamore Landfill in San Diego

AMENDED AND RESTATED OTAY LANDFILL AGREEMENT

Resource Recovery Park

- Between now and the closure of the landfill Otay Landfill/Republic will plan and design components of a 20-30 acre Resource Recovery Park
 - Co-locating reuse, recycling, compost processing and related manufacturing/retail businesses in a central location
 - Designed to put reuse first, recycling second, composting third and wasting last – maximizing resources, minimizing waste for disposal

ZERO WASTE

“There will always be discards, but whether or not they become waste is a matter of choice.”

StopTrashingtheClimate.org

AMENDED AND RESTATED OTAY LANDFILL AGREEMENT

Otay Landfill landscape plan

- Upon closure, the landfill will be 662.5 feet tall and contoured to resemble the surrounding mountains
- The slopes of the landfill will be re-vegetated with the goal of creating a habitat for native, sensitive plants and wildlife



FRANCHISE RENEWAL AGREEMENT AND AMENDED AND RESTATED OTAY LANDFILL AGREEMENT

Next Steps:

- City Council conduct the public hearing and place the ordinance on first reading**
- City Council adopt the Resolution approving the Amended and Restated Otay Landfill Agreement**
- If passed by City Council, staff will begin the Prop 218 process with notices going out by Friday, July 25, 2014; reporting results to City Council on September 9, 2014**
- If supported by the public, the franchise fee increase will go into effect on November 1, 2014**