



County Executive Office

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Memorandum

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CLERK OF THE BOARD  
ORANGE COUNTY  
BOARD OF SUPERVISORS

May 13, 2021

To: Clerk of the Board of Supervisors  
From: Frank Kim, County Executive Officer  
Subject: Exception to Rule 21

Digitally signed by Frank Kim  
DN: cn=Frank Kim, o=County of  
Orange, ou=CEO,  
email=frank.kim@ocgov.com,  
c=US  
Date: 2021.05.13 11:25:02 -0700

The County Executive Office is requesting a Supplemental Agenda Staff Report for the May 25, 2021, Board Hearing.

Agency: OC Waste & Recycling  
Subject: Approve Exclusive Franchise Agreements  
Districts: All Districts

**Reason for supplemental:** This item must be heard on May 25, 2021, in order to ensure adequate time to execute the new agreements prior to the current agreements' expiration dates of June 30, 2021. This Agenda Staff Report and attachments were finalized after the filing deadline to the Clerk of the Board.

Concur:

Andrew Do, Chairman of the Board of Supervisors

cc: Board of Supervisors  
County Executive Office  
County Counsel



**SUPPLEMENTAL AGENDA ITEM  
AGENDA STAFF REPORT**

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ORANGE COUNTY  
BOARD OF SUPERVISORS

**MEETING DATE:** 05/25/21  
**LEGAL ENTITY TAKING ACTION:** Board of Supervisors  
**BOARD OF SUPERVISORS DISTRICT(S):** All Districts  
**SUBMITTING AGENCY/DEPARTMENT:** OC Waste & Recycling  
**DEPARTMENT HEAD REVIEW:** *Thomas Koutroulis*  
*Department Head Signature*  
**DEPARTMENT CONTACT PERSON(S):** Tom Koutroulis (714)834-4122  
Lisa Smith (714)834-4357

**SUBJECT:** Approve Exclusive Franchise Agreements

<b>CEO CONCUR</b> <i>Frank Kim</i> <small>Digitally signed by Frank Kim DN: cn=Frank Kim, ou=County of Orange, ou=CEO, email=frank.kim@ocgov.com, c=US Date: 2021.05.13 11:24:39 -0700</small>	<b>COUNTY COUNSEL REVIEW</b> <i>Approved for Form</i> <i>Patricia</i> <i>Action</i>	<b>CLERK OF THE BOARD</b> Discussion 3 Votes Board Majority
<i>CEO Signature</i>	<i>County Counsel Signature</i>	

**Budgeted:** N/A      **Current Year Cost:** N/A      **Annual Cost:** N/A

**Staffing Impact:** No      **# of Positions:**      **Sole Source:** No

**Current Fiscal Year Revenue:** N/A

**Funding Source:** N/A      **County Audit in last 3 years:** No

**Prior Board Action:** 6/23/2020 #19, 12/08/2009 #48, 02/27/2007 #21, 12/19/2006 #30

**RECOMMENDED ACTION(S):**

1. Find that the project is categorically exempt from CEQA, Class 1 (Existing Facilities) and Class 8 (Actions by Regulatory Agencies for Protection of the Environment), pursuant to CEQA Guidelines Section 15301 and Section 15308.
2. Select recommended proposers to provide Exclusive Discarded Material Management in the County's eleven exclusive Franchise Areas.
3. Approve and authorize the OC Waste & Recycling Director or designee to execute the Exclusive Franchise Agreements.

## **SUMMARY:**

Approval of the Exclusive Franchise Agreements will provide discarded materials management services for residents and businesses, within the nine Franchise Areas located throughout unincorporated areas of Orange County, allowing OC Waste & Recycling to maintain compliance with state regulations and stabilize rates for residents and businesses in the unincorporated areas.

## **BACKGROUND INFORMATION:**

As the responsible entity for managing Orange County's solid waste disposal system that is currently comprised of three active regional landfill operations, 20 closed solid waste disposal sites and four Household Hazardous Waste Collection Centers, OC Waste & Recycling (OCWR) is required to comply with legislation including, but not limited to, The California Integrated Waste Management Act of 1989 (AB 939), which mandated that cities and counties reduce the amount of waste disposed in landfills by 50 percent by the year 2000 or potentially incur fines of up to \$10,000 per day.

In September 2016, Senate Bill (SB) 1383 (Lara, Chapter 395, Statutes of 2016) was signed into law, establishing methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants in various sectors of California's economy. SB 1383 establishes targets to achieve a 50 percent reduction in the level of statewide disposal of organic waste from the 2014 level by 2020 and a 75 percent reduction by 2025. It also establishes an additional target that not less than 20 percent of currently disposed edible food is recovered for human consumption by 2025. Jurisdiction's across the state must implement several new programs, increase education and outreach, enact enforcement mechanisms and make several changes to the way discarded materials are handled in order to comply with the Regulations of SB 1383. If a jurisdiction fails to comply with these provisions, CalRecycle will begin enforcement action and penalties beginning in 2022.

OCWR has administered the Exclusive Franchise Agreements with four haulers. The Exclusive Franchise Agreements provide ongoing commercial and residential discarded material management services.

The initial Exclusive Franchise Agreements were approved by the Board of Supervisors (Board) on December 15, 1998, each for a 10-year term. On December 19, 2006, the Board extended the Franchise Agreements for three years, effective July 1, 2007, through June 30, 2010, with the exception of Franchise Area 5. The Board divided this area into two parts: CA-1 (Orange Park Acres and the Canyons) and CA-2 (El Modena). El Modena was assigned to Waste Disposal as approved by the Board on February 27, 2007. OCWR issued a Request for Proposal (RFP) for Orange Park Acres and the Canyons and Waste Management was awarded the assignment, effective June 26, 2007, through June 30, 2010. On December 8, 2009, the Board approved a 10-year extension for the Exclusive and Non-Exclusive Franchise Agreements, effective July 1, 2010, through June 30, 2020. On June 23, 2020 the Board approved a one-year extension to the Agreements, effective July 1, 2020 through June 30, 2021.

An RFP for the new Exclusive Franchise Agreements was released on BidSync on February 1, 2021. The RFP closed on March 12, 2021. Six bids were received. All six bids were responsive. A panel of five industry experts reviewed and scored the proposals and scored each one based on previously established scoring criteria. A Final Report that summarizes the bids, scoring criteria, and the scoring results, is included as Attachment A. As shown in the summary, each of the recommended first place proposers are the

incumbent for that area, except for Franchise Area 5 CA-2 where the recommended proposal is not the current contract hauler.

OCWR recommends to award the Exclusive Franchise Agreements to the following companies:

<b>Area</b>	<b>Company</b>
Franchise Area 1	CR&R Incorporated (CR&R)
Franchise Area 2	Republic Waste Services of Southern California, LLC. (Republic Waste Services)
Franchise Area 3	CR&R, Inc.
Franchise Area 4	Rainbow Disposal Co., Inc
Franchise Area 5 CA-1	Waste Management Collection and Recycling, Inc. dba Waste Management of Orange County (Waste Management)
Franchise Area 5 CA-2	CR&R
Franchise Area 6	Waste Management
Franchise Area 7A	Rainbow Disposal Co., Inc
Franchise Area 7B	Waste Management
Franchise Area 8	Waste Management
Franchise Area 9	CR&R

Approval of the Exclusive Franchise Agreements will allow services to continue uninterrupted for the Franchise Areas located in the unincorporated parts of Orange County. The terms of these Agreements will ensure the County's compliance with state legislation and regulations created by Senate Bill (SB) 1383 (Lara, Chapter 395, Statutes of 2016) which was signed into law in September 2016. SB1383 established methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants (SLCP) in various sectors of California's economy. SB 1383 identified targets to achieve a 50 percent reduction in the level of statewide disposal of organic waste from the 2014 level by 2020 and a 75 percent reduction by 2025. It also provided an additional target that not less than 20 percent of currently disposed edible food be recovered for human consumption by 2025. Jurisdiction's across the state must implement several new programs, increase education and outreach, enact enforcement mechanisms, and make several changes to the way discarded materials are handled in order to comply with the Regulations of SB 1383. If a jurisdiction fails to comply with these provision CalRecycle will begin enforcement action and penalties beginning in 2022. Orange County's unincorporated areas are not exempt from these requirements and these new contracts include key programs to meet the SB1383 mandates.

**Compliance with CEQA:**

The proposed project is Categorical Exempt (Class 1) from the provisions of CEQA pursuant to Section 15301, because it consists of the operation, repair, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures and facilities and involves negligible or no expansion of existing or former use beyond that existing at the time of the lead agency's determination. The proposed project is also Categorical Exempt (Class 8) from the provisions of CEQA pursuant to Section 15308, because it consists of actions taken by a public agency, as authorized by state or local ordinance, for protection of the environment. The approval of the Exclusive Franchise Agreements will allow for the continuation of waste management services for County unincorporated areas, which is consistent with a Class 1 and Class 8 Categorical Exemption determination.

**FINANCIAL IMPACT:**

N/A

**STAFFING IMPACT:**

N/A

**ATTACHMENT(S):**

- Attachment A – Request for Proposals Summary
- Attachment B – Franchise Agreement – Area 1 – CR&R
- Attachment C – Franchise Agreement – Area 2 – Republic Services
- Attachment D – Franchise Agreement – Area 3 – CR&R
- Attachment E – Franchise Agreement – Area 4 – Republic Services
- Attachment F – Franchise Agreement – Area 5 CA-1 – Waste Management
- Attachment G – Franchise Agreement – Area 5 CA-2 – CR&R
- Attachment H – Franchise Agreement – Area 6 – Waste Management
- Attachment I – Franchise Agreement – Area 7A – Republic Services
- Attachment J – Franchise Agreement – Area 7B – Waste Management
- Attachment K – Franchise Agreement – Area 8 – Waste Management
- Attachment L – Franchise Agreement – Area 9 – CR&R