



MEMORANDUM

To: Programs & Administration and Planning & Organization Committees

From: Gary Wolff, Executive Director

By: Meghan Starkey, Senior Program Manager

Re: Franchise Task Force Recommendations

Date: October 6, 2011

**BACKGROUND**

As part of the Strategic Workplan adopted in July, 2010, the WMA and Recycling Boards directed staff to convene a Franchise Task Force to examine member agency hauling, disposal, and processing agreements. The objective is to provide recommendations to member agencies that will enable Alameda County to reach the highest diversion rate without significant adverse consequences (e.g., harm to public health, cost, etc.). This memo contains those recommendations, which each committee will discuss at their October 13<sup>th</sup> meeting.

A Steering Committee, consisting of representatives from Emeryville, Fremont, Hayward, Livermore, and Oakland, has met 24 times since May of 2010 to discuss how to meet regional objectives, share experiences with administering contracts and implementing programs, and ultimately formulate the recommendations in this memo. The Technical Advisory Committee has discussed Franchise Task Force topics and interim recommendations each month in the same time period. In addition, Agency staff members have met with various service providers and other stakeholders to discuss franchise related issues.

The starting point for the Steering Committee was the list of “key issues” presented to the Boards in the Fall of 2010. For the sake of clarity, the Steering Committee has refined the original list of nine to the following, since some of the key issues needed to be considered together.

1. Business Models. In addition to revenue and compensation issues for the service providers, this area now includes customer rates and adequate resources for government agencies.
2. Investment in New or Expanded Facilities.
3. Varying Services Across the County.
4. Enforcement of Franchises, Contracts, Codes and Ordinances.

## 5. Reporting Standards.<sup>1</sup>

Subsequent to the discussion of key issues with the Boards, the Steering Committee developed the goals of an ideal franchise system and evaluation criteria under each goal. These were presented to both the Boards in April 2011, and the WMA approved them for use in future recommendations. As the goals below demonstrate, franchise systems are enormously complex, with many interrelated issues and challenges.

### **Goals of an Ideal Franchise System**

1. Achieves high diversion with minimal contamination and maximum quality of recovered commodities.
2. Provides cost efficient services with stable rates for customers.
3. Minimizes risk.
4. Includes provisions for ease of contract administration and transparency.
5. Provides adequate and stable financial resources for government and service providers.
6. Provides flexibility and discretion.
7. Promotes multiple benefits.
8. Enjoys customer and public support.
9. Protects the public and meets regulatory requirements.

During the course of the Task Force, the spirited and detailed discussions consistently revolved around not just how to achieve the goals above, but to do so in a way that would not lead to adverse consequences, and that could be implemented in the current challenging environment. One of the intangible outcomes of the Task Force has been the in-depth discussions and learning with and between the member agencies and StopWaste, and a greater understanding of our individual and shared issues. We hope to develop a follow-up process that can both build on this intense collaboration and expand the participation to all member agencies.

The recommendations here are presented at a policy level. Technical details, including the specifics of rates, services, and compensation mechanisms, can most appropriately be developed by member agency staff based on the policy choices of their elected officials.

## **DISCUSSION**

### **POLICY RECOMMENDATIONS**

#### **A. Business Models**

The recommendation in this section responds to a number of challenges discussed with the Boards last fall. A broader and integrated approach to these challenges is needed to achieve the year 2020 discard management objective in an adequate and stable financial environment.

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<sup>1</sup> Recommendations in this area, as well as the goals of an ideal franchise system, were developed separately and approved by the WMA in April, 2011. <http://www.stopwaste.org/docs/04-27-11-fff.pdf>. Reporting recommendations are included as Appendix C, and detailed descriptions of the Goals are included as Appendix D.

1. It appears that rate incentives alone are not enough. Other incentives or actions will be needed.
2. Technical assistance alone is not enough either.
3. There may be a revenue shortfall for service providers and/or government when generators reduce waste.
4. Despite decades of efforts to create hauler incentives, it is difficult to know if or when they work.

This Business Model recommendation is the most complex. We recommend that each member agency use the policy options outlined in Figure 2 on the next page to guide an annual decision process by member agencies, in which each agency shares lessons learned and then adapts their choices to achieve greater diversion with fewer (or no) negative consequences.

The background for this approach is that there are three types of policy decisions that must be considered together, as decisions in one area enable and/or constrain decisions in the others. Figure 1 illustrates this relationship.

**Figure 1: Business Model Components**



One example of how these decisions interrelate is the following. A typical franchise system relies on source separation (Customer Behavior); single stream collection services and a single stream Material Recovery Facility or MRF for dry recyclables and separate collection of organics for composting (Services and Facilities); a financial structure which entitles the service provider to gross rate revenue minus government franchise fees, and with rates that reward customers for producing less waste with lower bills (Money). However, none of these decisions can be made in isolation: which services are available will affect how customers behave; how customers behave will affect what services and facilities are most efficient and successful; whether customers take advantage of conservation rates affects the pool of money to pay for the overall system, and so on.

In discussions with the Steering Committee, it quickly became apparent that there was no one business model would work for all cities and all types of customers, and that some existing policies may not contain everything needed for success.

In order to guide these interrelated decisions, we have developed the policy options which are in Figure 2 below, and explained in more detail in Appendix A.

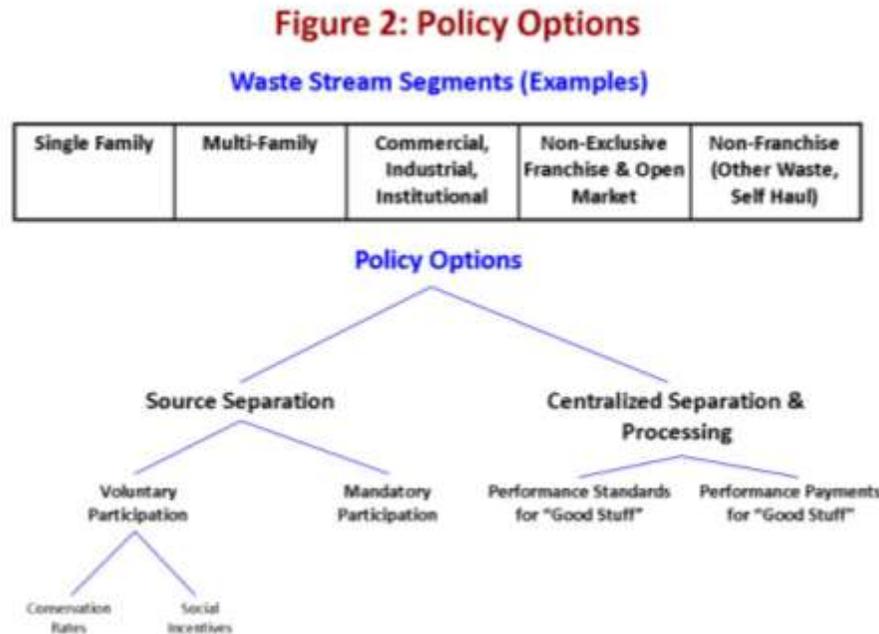


Figure 2 is a description of a set of “pure” options (the five items at the bottom of the figure)<sup>2</sup> for achieving high diversion, based on member agency policy preferences and all interrelated business model components. It asks member agencies to select options based on collection types and infrastructure, and then incentives for participation or performance. We recommend that member agencies consider each segment of the waste stream separately in this process.

Each policy option at the bottom of the figure has “essential elements” to success. These elements compensate for possible shortcomings of that option, in particular, the financial challenges outlined above. Examples of essential elements include provisions to control contamination, adequate enforcement budget, diversifying revenue for service providers and government agencies, and mechanisms to control rate volatility. (See Appendix A for the essential elements under each option.)

(It should be noted that “hybrid” options are possible, such as in C&D ordinances, which can use either source separation or centralized separation and processing. In hybrid options, the essential elements from *all relevant* “pure” options should be incorporated in order for the hybrid approach to succeed.)

The keys to success no later than 2020 are: 1) when choosing among options, carefully consider individual characteristics of the member agency and its waste stream segments, 2) implement the

<sup>2</sup> “Conservation Rates” means strong financial incentives to reduce waste, including significantly discounted rates for lower volumes of refuse service, recycling included at no additional charge (“free recycling”) or other means.

“essential elements” contained in Appendix A vigorously enough so that they will be successful or the obstacles to success become clear, and 3) review and adapt if necessary every year based on own and other agency performance measurements.

As part of this recommendation, we propose that TAC members engage in an ongoing collaboration, facilitated by StopWaste.Org, that is focused on implementation of these recommendations. It would include annual review, based on a consistent format developed with TAC, to stay on track toward the year 2020 objective, based on own and other agency performance measurements. Implementing the reporting provisions approved previously by the WMA Board will greatly enable this collaboration.

A full description of the policy options is in Appendix A, including the essential elements for each option.

### **B. Investment in New or Expanded Facilities**

The recommendations in this section respond to the challenge that investors need reliable feedstock and revenue streams in order to make investments in new or expanded facilities. Collaboration among member agencies, when desired, could help achieve the year 2020 discard management objective. Implementing these five recommendations will help to enable voluntary collaboration among member agencies.

Recommendations:

1. Negotiate sufficient capacity for readily recyclable materials, including both materials being diverted today and those still being sent to landfill.
2. Establish performance standards within contracts to require that materials within designated waste streams be sorted and diverted according to specific standards for quantity and quality of recovered material, as well as standards for residuals. The type of collection—e.g., source separated or mixed waste—will need to be considered when establishing standards.
3. Include facility reporting provisions recommended by the Authority Board in April, 2011. (Appendix C)
4. Establish sole discretion to control and redirect flow of refuse, recyclables and organics covered by contracts, with established processes, timeline and compensation adjustment mechanisms.
5. Consider public financing of capital facilities as an alternative to paying higher rates of return on private capital, when new facilities are needed or desired to meet a member agency’s diversion goal.
6. Consider separate contracts for collection, processing and disposal.

### **C. Varying Services Across the County**

The recommendations in this section respond to the challenge of the multiplicity of direct services with different rules, material types, collection containers, collection methods, and frequency of service. This can create confusion and impediments to generators.

The most important policy issue in the varying services between member agencies is to reframe the dialogue away from confusing lists of materials, and instead focus on the most important target materials in the waste stream: food waste, food soiled paper and other readily recyclable paper.

Recommendations:

1. Set the priority on high diversion level for target materials, especially paper and organics, rather than spending time and money on lower priority materials. Meeting that priority requires ensuring the availability of adequate commercial organics collection.
2. Work through the Technical Advisory committee to develop a simple and effective regional communication strategy on plastics, which may have implications for materials accepted in programs.
3. When practical (such as during universal cart trade-out), gravitate towards using blue containers for dry recyclables and continue to use green containers for organics.

#### **D. Enforcement of Franchises, Contracts, Codes and Ordinances**

The recommendations in this section respond to the challenge that these legal documents are most effective and efficient when they are enforced, but it is difficult and expensive to do so. Regional collaboration may make it easier and less costly to meet the year 2020 discard management objective.

Recommendations:

1. Ensure an adequate budget for local enforcement of franchise provisions and ordinances. This aspect of adequate government resources is especially important to include.
2. When developing local ordinances, consider collaborative enforcement with other agencies.
3. In collaboration with other member agencies, try to develop a simple and inexpensive countywide hauler permitting system or other mechanisms to help reduce violations of existing C&D ordinances, franchise terms, municipal codes, etc.

#### **EVALUATION OF RECOMMENDATIONS**

Recommendations in each area were developed to meet the Goals of an Ideal Franchise System, that were approved by the Boards last fall. The summary of the Goals are on page 2 of this memo, with a full description appearing in Appendix D.

Appendix B contains a detailed evaluation of whether and how each set of recommendations meets these goals. It is important to note that the recommendations were developed specifically to meet the full list of goals, so they all rate pretty favorably.

#### **RECOMMENDATION**

Staff requests that the Programs & Administration and Planning & Organization Committees recommend to the WMA Board that it 1) recommend that member agencies incorporate these recommendations into local franchises and contracts or administration of those franchises, contracts, and associated municipal codes and 2) direct StopWaste staff to distribute these recommendations to the member agencies and provide assistance, if requested.

Appendix A: Policy Options

Appendix B: Evaluation of Recommendations

Appendix C: Reporting Recommendations

Appendix D: Characteristics of an Ideal Franchise System

## Appendix A: Policy Options Key Concepts and Essential Elements

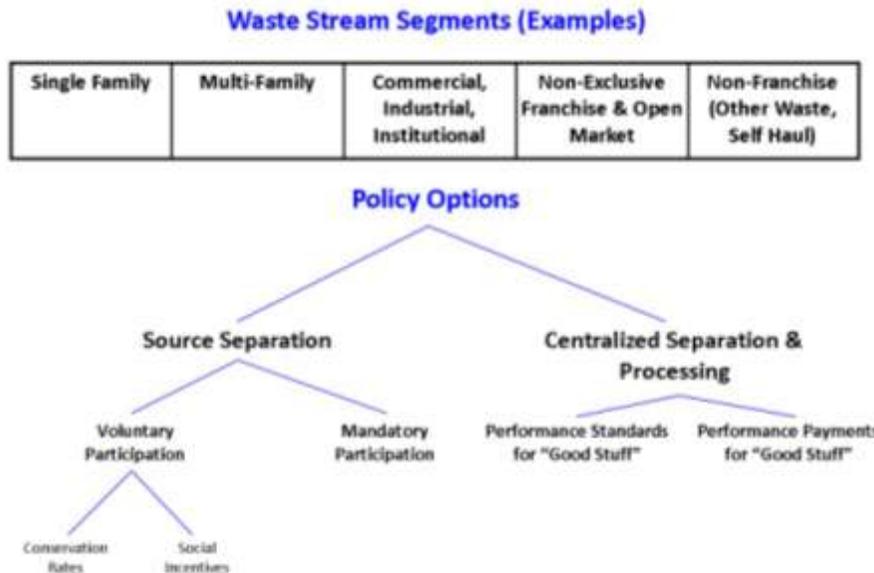


Figure 2 is a description of a set of “pure” options (the five items at the bottom of the figure) for achieving high diversion, based on member agency policy preferences and all interrelated business model components. It asks member agencies to select options based on collection types and infrastructure, and then incentives for participation or performance. We recommend that member agencies consider each segment of the waste stream separately in this process.

Each “pure” policy option at the bottom of the figure contains “essential elements” to success. These elements compensate for possible shortcomings of that option, in particular, the financial challenges outlined above. Examples of essential elements include provisions to control contamination, adequate enforcement budget, decoupling gross rate revenue from total provider compensation, and mechanisms to control rate volatility.

One policy option might be inadequate to address all segments of the waste stream. For example, a source separated program with voluntary participation and very strong conservation rates may work well in a typical single family residential segment, but may work poorly in large multifamily development, while food producing businesses may need mandatory separation requirements combined with technical assistance to succeed. The options offer flexibility to address different types of communities and policy preferences.

(It should be noted that “hybrid” options are possible, such as in C&D ordinances, which can use either source separation or centralized separation and processing. In hybrid options, the essential elements from *all relevant* “pure” options should be incorporated in order for the hybrid approach to succeed.)

The keys to success no later than 2020 are: 1) when choosing among options, carefully consider individual characteristics of the member agency and its waste stream segments, 2) implement the “essential elements” below vigorously enough so that they will be successful or the obstacles to success

become clear, and 3) review and adapt if necessary every year based on own and other agency performance measurements.

As part of this recommendation, we propose that TAC members engage in an ongoing collaboration facilitated by StopWaste.Org that is focused on implementation of these recommendations. It would include annual review, based on a consistent format developed with TAC, to stay on track toward the year 2020 objective, based on own and other agency performance measurements. Implementing the reporting provisions approved previously by the WMA Board will greatly enable this collaboration.

The following essential elements apply to all policy options.

1. Include provisions to increase participation and control contamination in collection containers adequately, considering items such as education, independent technical assistance and enforcement.
2. Implement the following rate policies.
  - a. When setting rates, establish annual and cumulative ceilings and floors on rate adjustments to maintain predictability.
  - b. Include a mechanism to address rate volatility, such as a rate stabilization fund.
3. Include provisions for adequate funding of governmental programs
  - a. Determine the minimum core services required, considering items such as contract management, litter control, vehicle impact fees, technical assistance and enforcement.
  - b. Establish a stable revenue basis (such as per account fees, per business fees, fees on recycling services or fixed payments from haulers or facility operators) in a special purpose fund.
  - c. Diversify overall revenue stream for local governments.
4. Fund anti-litter and illegal dumping efforts.

## Source Separation

### Voluntary Participation: Conservation Rates

**Key Concept:**

Achieve high diversion by setting rates so steeply that there is a measurable decrease in refuse collections and corresponding increase in recycling and organics collections. Although linear conservation rates exist in many parts of Alameda County (e.g., a 64 gallon cart rate is twice the 32 gallon cart rate), conservation rates are not yet high enough to prevent large quantities of recyclable or compostable materials (e.g., 60% of garbage) from being placed in both residential and commercial garbage containers according to the 2008 Waste Characterization Study.

**Essential Elements:**

In addition to the essential elements for all policy options described above, include the following:

1. Select basis of conservation rates. Volume of service is the traditional base, but member agencies may also wish to use other criteria such as weight or frequency of service.
2. Implement provisions to decouple gross rate revenue from service provider compensation.
3. Within the rate structure and to the extent legal, levy a surcharge on commercial and multifamily customers who do not subscribe to source separation programs, when available.
4. Fund anti-litter and illegal dumping efforts.

### Voluntary Participation: Social Incentives (No Conservation Rates)

**Key Concept:**

Achieve high diversion by using strong social incentives for recycling based on behavioral economics.\* We do not have any examples of this approach in solid waste management at present, but think it is worth exploring

\* See Annika Todd's presentation to Waste Management Authority May 25, 2011

**Essential Elements:**

In addition to the essential elements for all policy options described above, implement an outreach program including one or more of the examples on the next page.

**Types and Examples of Key Behavior Economics Findings Reported by Annika Todd:**

1. Social Norms: Focus marketing outreach on “join your neighbors” messages, for example, through means such as door hangers or cart markings.
2. Social Approval or Disapproval: Publicly recognize good behavior or highlight shortcomings in participation. For example, express approval through business waste reduction awards, or disapproval by publicizing those businesses that do not participate.
3. Gain v. Loss Frames: Focus on what is being lost by excessive waste, as opposed to the benefits of recycling. For example, mark garbage containers as destined to “Landfill” rather than other generic terms.
4. Bounded Rationality: Avoid overwhelming citizens with too many recycling choices. For example, rather than trying to explain all the differences in plastics, instead focus outreach on food scraps.
5. Internal v. External Motivation: Focus on internal motivations such as fun or altruism. For example, include “free pass” on neighborhood parking restrictions when a neighborhood achieves low percentage recyclables in their garbage
6. Procrastination, Goal Setting and Commitment: For example, have businesses take public recycling pledges, and confirm achievement of their goals.

**Mandatory Participation**

**Key Concept:**

Achieve high diversion by imposing mandatory separation requirements on customers. There are no examples of this concept in Alameda County at present, but Sacramento, San Francisco, San Carlos, San Diego, and Seattle have implemented this concept.

**Essential Elements:**

In addition to the essential elements for all policy options described above, include the following:

1. Implement a progressive enforcement approach (including separate steps to educate, provide assistance, warn and ticket).
2. Budget an adequate and dedicated fund for enforcement, including educational outreach and assessment of effectiveness.

## *Centralized Separation and Processing*

### **Performance Standards**

**Key Concept:**

Achieve high diversion by establishing performance standards within contracts to require that specified quantities of materials within designated waste streams be sorted and diverted according to specific standards for quality of recovered material, as well as standards for residuals. The cost of implementing this concept will depend on the performance standards established by the member agency. The minimum diversion percentage required by the City of Fremont from their transfer station operator (12% of incoming mixed waste must be diverted) is an example of this concept.

**Essential Elements:**

In addition to the essential elements for all policy options described above, consider a rate surcharge for sectors and/or customers who do not use source separated programs.

### **Performance Payments**

**Key Concept:**

Achieve high diversion by establishing per ton payments (or avoided costs that will accrue to the contractor) for separation and processing of targeted materials. The cost of implementing this option will depend on the budget for payments approved by the member agency. Examples are the C&D MRF subsidy paid by StopWaste.Org to WMAC, a payment to WMAC for additional diversion in the City of Hayward franchise agreement, and the retention of landfill tipping fees and transportation costs by the transfer station operator in Fremont when they divert more than a specified threshold.

**Essential Elements:**

In addition to the essential elements for all policy options described above, consider a rate surcharge for sectors and/or customers who do not use source separated programs.

## Appendix B: Evaluation of Recommendations

Detailed characteristics of an ideal franchise system may be found in Appendix D.

<b>Achieves High Diversion with Minimal Contamination &amp; Maximum Quality of Recovered Commodities</b>				
<i>Business</i>	<i>Facilities</i>	<i>Services</i>	<i>Enforcement</i>	<i>Reporting</i>
Meets	Meets	Meets	n/a	Meets
<b>Notes</b>				
<p><u>Business Models.</u> Any policy option within the Business Model Policy Tree, when properly supported by the technical decisions made at the local level and adapted as needed, should meet this goal. Minor trade-offs between the policy options: under Centralized Separation and Processing, there would be few customer incentives or disincentives, and marketing materials reliably may be difficult, especially for compost. Conversely, it may capture much more material than source separated programs.</p> <p><u>Facilities.</u> Critical to achieving this goal, to ensure the appropriate standards, technology, commodity quality and volume of processing capacity.</p> <p><u>Varying Services.</u> Essential to achieve this goal, to ensure that appropriate services exist to capture the high volume of priority materials.</p> <p><u>Enforcement.</u> Not applicable.</p> <p><u>Reporting.</u> Essential, in order to measure performance and adapt as needed.</p>				
<b>Cost Efficient Services with Stable Rates for Customers</b>				
<i>Business</i>	<i>Facilities</i>	<i>Services</i>	<i>Enforcement</i>	<i>Reporting</i>
Supports	Supports	Supports	Meets	n/a
<b>Notes:</b>				
<p><u>Business Models.</u> The options within business models all support this goal. The essential elements under each policy option are particularly focused on stabilizing and managing rate changes in light of the compensation model within that policy option. Local decisions are most important in ensuring cost effective delivery of services with competitive rates. The facility policy choice (source separated v. centralized separation and processing) and related performance standards will translate directly into costs borne by rate payers. Notable variation: There is a higher likelihood of rate adjustments under rate structures with high incentives for diversion.</p> <p><u>Facilities.</u> Costs will be most directly tied to decisions made in the Business Model Policy Tree, as facility costs vary by technology type. Performance standards will support greater stability in rates, and retaining sole discretion over flow will promote competitive rates. Using public (thereby lower cost) financing will also keep costs more manageable.</p> <p><u>Varying Services.</u> Local decisions regarding services will have the greatest impact this goal. Priorities on materials, especially when costs vary greatly by type, will translate to processing costs that flow through the rates.</p> <p><u>Enforcement.</u> Significant impact on competitive and stable rates. Poaching materials removes revenue that would otherwise accrue to the service providers and government, thereby leading to increased rate burden on paying customers.</p> <p><u>Reporting.</u> Not applicable.</p>				

<b>Minimizes Risk</b>				
<i>Business</i>	<i>Facilities</i>	<i>Services</i>	<i>Enforcement</i>	<i>Reporting</i>
Meets	Meets	n/a	n/a	Meets
<p><b>Notes:</b></p> <p><u>Business Models.</u> The policy options within the Business Model Policy Tree support this goal, especially the performance standards. The essential elements regarding provider compensation provisions meet the goal of minimizing financial risk. True assessment of overall risk, however, depends on the final contract language established through the local decision process.</p> <p><u>Facilities.</u> Performance standards within contracts are essential to this goal.</p> <p><u>Varying Services.</u> Not applicable.</p> <p><u>Enforcement.</u> Not applicable.</p> <p><u>Reporting.</u> Essential to this goal, as a means of evaluating performance, informing rate planning, assessing future liability, cost changes and market conditions.</p>				
<b>Includes Provisions for Ease of Contract Management and Transparency</b>				
<i>Business</i>	<i>Facilities</i>	<i>Services</i>	<i>Enforcement</i>	<i>Reporting</i>
Supports	Meets	n/a	Supports	Meets
<p><b>Notes:</b></p> <p><u>Business Models.</u> Evaluating this goal this depends on how member agencies are managing contracts now. Depending on which policy options member agencies choose, it could lead contracts that are more complex to manage. However, clear performance standards will make it easier to administer. Stable government resources will also make it easier to administer. Final contract language established through local decisions will be the most important factor in achieving this goal.</p> <p><u>Facilities.</u> Performance standards within contracts are essential to this goal.</p> <p><u>Varying Services.</u> Not applicable.</p> <p><u>Enforcement.</u> Supportive of this goal, although division of responsibilities will need to be worked out in local decisions.</p> <p><u>Reporting.</u> Essential to transparency and managing risk.</p>				
<b>Provides Adequate and Stable Financial Resources for Government and Service Providers</b>				
<i>Business</i>	<i>Facilities</i>	<i>Services</i>	<i>Enforcement</i>	<i>Reporting</i>
Meets	n/a	n/a	n/a	n/a
<p><b>Notes:</b></p> <p><u>Business Models.</u> Essential to meeting this goal.</p> <p><u>Facilities.</u> Not applicable.</p> <p><u>Varying Services.</u> Not applicable.</p> <p><u>Enforcement.</u> Not applicable.</p> <p><u>Reporting.</u> Not applicable.</p>				

<b>Provides Flexibility and Discretion</b>				
<i>Business</i>	<i>Facilities</i>	<i>Services</i>	<i>Enforcement</i>	<i>Reporting</i>
Meets	Meets	Unknown	n/a	Supports
<b>Notes:</b>				
<u>Business Models.</u> These are the most important recommendations of all to achieving this goal.				
<u>Facilities.</u> Essential to this goal, especially through performance standards and flow control.				
<u>Varying Services.</u> Future standardization of material lists would reduce local flexibility.				
<u>Enforcement.</u> Not applicable.				
<u>Reporting.</u> Supportive of this goal, especially in regards to transparency.				
<b>Promotes Multiple Benefits</b>				
<i>Business</i>	<i>Facilities</i>	<i>Services</i>	<i>Enforcement</i>	<i>Reporting</i>
Supports	Supports	n/a	n/a	Supports
<b>Notes:</b>				
Most decisions regarding this goal will be made at the local level.				
<u>Business Models.</u> The option containing social incentives is supportive of this goal.				
<u>Facilities.</u> Recommendations support consideration of multiple benefits.				
<u>Varying Services.</u> Not applicable.				
<u>Enforcement.</u> Not applicable.				
<u>Reporting.</u> Supportive, in that it provides information to track benefits.				
<b>Enjoys Public and Customer Support</b>				
<i>Business</i>	<i>Facilities</i>	<i>Services</i>	<i>Enforcement</i>	<i>Reporting</i>
Supports	n/a	Meets	n/a	Meets
<b>Notes:</b>				
<u>Business Models.</u> There are possible trade-offs depending on local decisions. Three important variables within business model regarding public and customer support are: source separation v. post collection separation and processing; voluntary v. mandatory; and conservation v. non-conservation rates. Post collection separation and processing requires less customer support, although recycling does enjoy a high value and therefore public perceptions could be negative or misinformed in the absence of visible recycling. It is likely that mandatory recycling may face challenges in securing public and customer support. Any significant rate changes (either from the revenue adjustment mechanisms built into the conservation rate policy option, or from shifting from conservation to non-conservation rates) will also pose challenges. Adequate government resources within this recommendation will support public outreach and education.				
<u>Facilities.</u> Not applicable.				
<u>Varying Services.</u> Essential to this goal, as confusion over materials directly hinders public and customer support. However, there could be negative perceptions based on future materials lists.				
<u>Enforcement.</u> Not applicable.				
<u>Reporting.</u> Essential to evaluating whether providers meet public service performance standards.				

**Protects Public and Meets Regulatory Requirements**

<i>Business</i>	<i>Facilities</i>	<i>Services</i>	<i>Enforcement</i>	<i>Reporting</i>
Supports	Supports	Supports	Supports	Supports

**Notes:**

All recommendations are in alignment with this goal. Reporting in particular is essential to this.

## Appendix C: Reporting Recommendations

### REPORTS TO BE SHARED COUNTYWIDE

Name	Description	Frequency	Use
Tonnages	Tonnages by material and sector. (Volumes for certain materials.) In/out statistics for dry routing or MRF recovery. (Optional: Number of pulls, deliveries, pickups, exemptions. Data for civic services.)	Monthly	Monitor programmatic participation by sector and material type.
Facility & Commodities Delivery	All tonnages shipped for sale, disposal, or processing by material for all suppliers. (Optional: Revenue and tipping fee by material.)	Monthly	Monitor capture rate of programs by materials, use and destination.
Subscription Levels	Summary of monthly subscription levels by service type, sector, container sizes, frequency. (Optional: New service requests by type.)	Annually	Monitor service usage and migration.
Public Education	Public education plans, sample materials, methods of distribution and quantities distributed.	Annually	Monitor amount and quality of public education materials.
Rate Sheets	Basic rates by service and sector. Rates easily available to customers online. (Optional: Additional charges for pulls, truck washing, etc.)	Annually or on Request	Publish basic information for customers.

### REPORTS FOR INDIVIDUAL JURISDICTIONS ONLY

Name	Description	Frequency	Use
Performance Standards	Data relating to performance specifications in contract. Includes (but is not limited to) data on customer service below.	Monthly	Evaluate service provider performance as per contract terms.
Customer Service	List of phone calls by type, complaints, resolution, hold time, web analytics (such as number of hits).	Monthly	Track customer service usage and issues.

Gross Rate Revenue	Gross rate revenue by service type and sector.	Annually or on Request	Track financial data.
Programmatic Implementation Data	Data related to programmatic changes implemented within the contract. Includes items such as number of new customer sign ups, service level changes, etc. Number of technical assistance requests, and/or onsite services provided, and disposition by type.	Annually or on Request	Monitor customer behavior in response to specific program elements and/or changes.
Contamination and Residuals	Results of periodic audits or other means of verification that demonstrate jurisdiction and sector-specific rates of recovery, collection contamination, and processing residuals. Re-grading of material streams (i.e., into facility as MSW but MRF'd).	On Request	Monitor performance of specific collection routes, methodologies and recovery facilities. Evaluate quality of inputs/outputs in processing.
Customer Lists	Access to list of customers by service level and type. Includes name, contact information, location and billing address. Additional customer information, including special services (e.g., backyard).	Annually or on Request	Outreach to customers as deemed necessary by the city. Monitor compliance with local or regional provisions, such as mandatory recycling. (Confidentiality provisions may be needed with proprietary data.)
Operational Reports	Routes, equipment, crew size, organization chart, staffing levels, maintenance costs, replacements, and contamination and residue rates by jurisdiction. (Optional: Local hires, local buying.)	Annually or on Request	Monitor performance and efficiency.
Productivity Statistics	Customers/services per route, crew per route.	Annually or on Request	Monitor efficiency.
Compiled Data	Annual summary of monthly numerical data; year to year comparisons.	Annually	Review trends.
Annual Financial Reports	CFO certified financial statements.	On Request	Monitor financial status of provider.

## Appendix D: Goals of an Ideal Franchise System

Goal	Characteristics
<b>Achieves High Diversion with Minimal Contamination and Maximum Quality of Recovered Commodities</b>	<ul style="list-style-type: none"> <li>• Service delivery structure appropriate to maximize capture rates of specific materials (e.g., availability, frequency, and size and type of containers of service)</li> <li>• Clear, measureable performance standards</li> <li>• Effective incentives for generator, customer, provider, public agencies</li> <li>• Effective disincentives for disposing of readily recyclable material and contamination of recycling</li> <li>• Feedback loop to increase capture rates and minimize contamination (e.g., “love notes,” processor feedback, capture rates compared to contamination rates)</li> <li>• Ability to market material reliably under adverse market conditions</li> <li>• Appropriate standards, technology and efficiency in processing and pre-processing</li> </ul>
<b>Cost Efficient Services with Stable Rates for Customers</b>	<ul style="list-style-type: none"> <li>• Performance standards in place and enforced</li> <li>• Cost controls in place and adhered to</li> <li>• Competitive rates</li> <li>• Rates and services comparable between jurisdictions</li> <li>• Clearly understood basis for rates and rate changes</li> <li>• Ability to minimize or manage major rate adjustments</li> <li>• Ability to manage annual rate adjustments administratively</li> </ul>
<b>Minimizes Risk</b>	<ul style="list-style-type: none"> <li>• Standards, verification, remedies, and defined costs for contracts, including changes or improvements</li> <li>• Minimal litigation risks</li> <li>• Mechanisms for balancing cost/liability</li> <li>• Clear set of rules in place for service changes and extraordinary cost changes</li> <li>• Ability to avoid big and/or sudden revenue shortfalls that would compromise service</li> <li>• Predictability in rate planning and setting</li> <li>• Ability to avoid unanticipated contractor compensation liability</li> <li>• Flexibility to adapt to changing market conditions</li> <li>• Limited liability for materials after disposal or processing</li> <li>• Minimal future/long term environmental risk</li> </ul>
<b>Includes Provisions for Ease of Contract Administration and Transparency</b>	<ul style="list-style-type: none"> <li>• Operational performance standards clear and enforceable               <ul style="list-style-type: none"> <li>○ Liquidated damages provisions clear and enforceable</li> <li>○ Performance standards have other mechanisms for enforcement besides liquidated damages (e.g., provisions for breach of contract, eligibility)</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>for extensions) <ul style="list-style-type: none"> <li>○ Effective enforcement mechanisms for routine items as well as large.</li> </ul> </li> <li>● Clear division of responsibilities between contractor, city and regional programs</li> <li>● Rate review process that does not require complex or difficult to acquire information</li> <li>● Clearly understood and reported cost, profit and compensation components</li> <li>● No “leakage” or illegal hauling or dumping</li> <li>● Defined standards of reporting <ul style="list-style-type: none"> <li>○ Includes information on services, sectors, frequency, subscription levels, routes, tonnages, customers, processing and costs</li> <li>○ Comparable to reports from other providers and agencies</li> <li>○ No discrepancies between reports</li> <li>○ Ability to provide generator specific information through audits or verification process</li> <li>○ Ability to provide jurisdiction specific data</li> <li>○ Ability to link materials through collection, processing, and disposal</li> </ul> </li> </ul>
<b>Provides Adequate &amp; Stable Financial Resources for Government and Service Providers</b>	<ul style="list-style-type: none"> <li>● Adequate cost coverage of public services required for contract (e.g., staffing)</li> <li>● Adequate cost coverage of public services related to contract (e.g., litter abatement, street sweeping, etc)</li> <li>● Adequate support for recycling program staff</li> <li>● Stable revenue stream</li> <li>● Resources for both long term and short term planning and implementation</li> <li>● System cost coverage even in zero waste framework</li> <li>● Resources for long term and short term facility and infrastructure development</li> </ul>
<b>Provides Flexibility and Discretion</b>	<ul style="list-style-type: none"> <li>● Scope of services customizable through a defined process</li> <li>● Mechanisms to determine cost when exercising flexibility</li> <li>● Transparency in costs</li> <li>● Right to direct material through a defined process</li> <li>● Ability to adjust flow to infrastructure changes and/or operational issues (e.g., quarantines, facility performance)</li> </ul>
<b>Promotes Multiple Benefits</b>	<ul style="list-style-type: none"> <li>● Supportive of the 3E’s: Environment, Equity, Economy</li> <li>● Minimal related environmental impacts (traffic, air quality, etc)</li> <li>● Provisions for highest and best use of materials</li> <li>● Provisions to support development of green jobs</li> <li>● Provisions to maximize benefit on climate change related items</li> </ul>

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**Enjoys Public & Customer Support**

- Customers know what, when, where and how to place materials
- User friendly system with clear public education support
- Defined public education strategy, funding, roles and responsibilities.
- City-wide public education efforts coordinated with regional efforts
- High quality customer services (e.g., no missed pick-ups, readily available staff via phone)
- Rates and services comparable to other jurisdictions
- Customers, citizens and rate payers have broad understanding of the integrated waste management system, including relationships between collection, processing, and disposal of different streams (recyclables, refuse and organics)

**Baseline Goal****Protects Public and Meets  
Regulatory Requirements**

Effective mechanisms to address:

- Compliance with legal requirements for public health
  - Minimization and mitigation of litter, overflows, storm water discharges, illegal dumping and spillage
  - Code enforcement
  - Proper hazardous materials management
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