



SB 1383 Franchise Agreement Success Story

City of San Ramon

Franchise Agreement

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City Population: 75,839 (2018 Census estimate)

Located in Contra Costa County, the city administers an exclusive franchise agreement for the collection and processing of discarded materials.

SB 1383 Requirements

“A jurisdiction may designate a public or private entity to fulfill its responsibilities under this chapter. A designation [may] be made through...Contracts with haulers.”

– California Code of Regulations, Title 14, Section 18981. 2.

Franchise Agreement Synopsis

The city’s recently approved franchise agreement is considered to be the first SB 1383-compliant contract in the state. The agreement requires organics collection service to all homes, condos, townhomes, multi-family, and commercial premises. The agreement provides new color-coded containers to each customer, provides extensive outreach and education, and facilitates a new rate structure.

Enforcement Ordinance Milestones

2017 Two years before the city’s then current franchise agreement was set to expire, the city council directed city staff to conduct a competitive procurement for collection services.

2108 City staff issue a request for proposals (RFP); the city received four proposals and shortlisted two proposals (including the incumbent hauler). Council selected a new service provider.

2019 Haulers conducted a comprehensive container swap out. New, SB 1383-compliant services went into effect on October 1.

Franchise Agreement Adoption Process

- The city hosted community meetings and conducted online public surveys to gauge the importance of protecting the environment, service-related cost increases, and the addition of services, with the highest priority placed on environmental protection and the lowest placed on cost of services.
- A Proposition 218 public hearing was not necessary as the city's municipal code and franchise agreement are structured in such a way that the services are not considered "property-related."

Franchise Agreement Language

"Contractor has assumed the provisions of the May 2018 Draft of SB 1383 apply and that Contractor's Proposal assumes compliance with such regulations..."

Lessons Learned

- The city knew additional services would be needed to comply with state regulations and to enhance existing services. While some cost increase was expected for new services, the city had not expected a sizeable increase to solely maintain existing services (all proposals represented an approximately 30% rate increase). The city advises other jurisdictions to be mindful of one potential dynamic related to the costs and expansions of service: city council and public support for additional services may be high at the beginning of the RFP process, but rate impacts will be unclear until cost proposals are submitted and negotiated. To better understand "willingness to pay," the city recommends conducting stakeholder engagement in a way that addresses costs and valuation of service changes.
- One of the biggest challenges during the implementation process was the rollout of new containers. The incumbent hauler was responsible for picking up the old containers, while the new hauler's container vendor was responsible for delivering the new containers. A lack of coordination between the two entities resulted in some customers receiving additional containers, while other customers received no containers. During any comprehensive container exchange, the city recommends that one entity be responsible for picking up old containers and distributing new ones on the same day, if possible.
- The city's new franchise agreement includes provisions requiring the hauler to give the city 2,000 cubic yards of mulch and compost each year. The city's previous contract had similar provisions; however, the recovered organic material was not highly utilized. To ensure the bulk compost and mulch would be utilized during the term of the new agreement, the city notified the city's parks and landscaping departments about the available material. Because of this inter-departmental coordination, the city is optimistic that the city will utilize all of the recovered organic waste that it procures from its hauler under the new agreement.

Next Steps

The city's current rate structure provides financial incentives for businesses and residences that subscribe to recycling service. As the cost to process recyclables continues to increase, the city says they may need to modify this rate structure in the future.



The City utilizes a three-container system for the collection of organics, recyclables, and solid waste. Photo: City of San Ramon

By the Numbers

City of San Ramon Franchise Agreement

3,000

Number of condos and townhomes that now have organics collection service.

8,000

Number of multi-family units that now have organics collection service.

15 years

Term of agreement

30%

Approximate rate increase for new services provided under the agreement.