

HEBER PUBLIC UTILITY DISTRICT

REPORT TO BOARD OF DIRECTORS

MEETING DATE: August 20, 2015

FROM: Laura Fischer, General Manager

SUBJECT: Consider a Request to Renew Franchise Agreement With CR&R
For Waste Hauling Services.

ISSUE:

Shall the Board of Directors consider the request from CR&R to extend the terms of the existing Franchise Agreement for seven years?

GENERAL MANAGER'S RECOMMENDATION:

Hear the presentation from CR&R and upon favorable review, it is recommended that the Board of Directors authorize the General Manager to negotiate with CR&R to extend Franchise Agreement.

FISCAL IMPACT:

Extension of the Franchise Agreement will have no immediate Fiscal Impact. Bidding the services would require staff time and approximately \$2,500 in advertisement and bidding costs. Bidding the Franchise Agreement could result in lower costs and modified services depending on bid results.

BACKGROUND:

The current Waste Hauling Franchise Agreement was executed on June 17, 2010 with Palo Verde Valley Disposal Service. The HPUD Board approved the transfer of the Franchise Agreement to CR&R in September, 2011. The Terms and Conditions of the Franchise Agreement remained the same. The Terms of the Agreement are as follows:

TERMS OF AGREEMENT.

The term of this Agreement shall be for a period of seven (7) years commencing July 1, 2010, through and including June 30, 2017, with the FRANCHISEE'S exclusive right to request a seven (7) year extension of the contract during the fifth (5th) year of the agreement. If FRANCHISEE does not request in writing said extension during the fifth (5th) year, or the DISTRICT has determined not to grant such an extension for any reason, in its sole discretion, and has notified RANCHISEE in writing of such determination prior to June 30, 2015, then the Agreement shall remain in effect only until June 30, 2017.

DISCUSSION:

I have corresponded with Mr. Dean Ruffridge, Senior Vice-president of CR&R and he has requested an opportunity to present information to the Board regarding his request

to continue to serve the Heber community. He requested an opportunity to present their request to the Board.

After listening to the presentation, staff recommends identifying areas that you would like to see improved or items you may want to include in a renewed Franchise Agreement. Some items that have been discussed in the past include:

- New carts and the implementation of a timely replacement schedule that is followed and tracked by HPUD.
- Removing graffiti and other marking from commercial containers.
- Lowering residential rates.

CONCLUSION:

At this time, I recommend the Board consider the request from CR&R and authorize the General Manager to begin negotiations to renew the Waste Hauling Agreement with CR&R.

ALTERNATIVES:

- 1) Authorize staff to extend the existing contract with CR&R without further negotiations.
- 2) Authorize staff to extend the existing contract with modifications and edits to be included in the contract with CR&R.
- 3) Do not extend the existing contract with CR&R and direct staff to notify the Franchisee that we will not extend the contract, which will result in HPUD bidding for these services in the next Fiscal Year.
- 4) Provide alternative direction to staff.

Respectfully Submitted,

Laura Fischer,
General Manager