



## SB 1383 Franchise Agreement Success Story

### City of Stockton

#### Franchise Agreement

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City Population: 311,178 (2018 Census estimate)

The City of Stockton administers two franchise agreements for the collection and processing of discarded materials, with separate residential service areas defined for each hauler and competitive collection by the two companies for commercial customers throughout the city.

#### 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.

#### Program Synopsis

The city recently approved two franchise agreements that require mandatory service and include SB 1383 provisions. Under the new agreements, the haulers are required to: provide universal collection service to residents and businesses, including providing compliant collection containers; conduct route reviews; assist the city with enforcement activities; develop and distribute educational materials; and, provide the city and its residents with recovered organic waste (compost).

#### Franchise Agreement Milestones

**2018** The city's then-current franchise agreements were set to expire on May 31, 2019.

The agreements were extended to December 31, 2021 consistent with existing Contract provisions. City Council directed staff to engage in negotiations with the two current franchisees to procure collection services beyond expiration of the current franchise agreements.

**2019** After a series of negotiation meetings with both haulers, new, modernized franchise agreements were signed and fully executed.

**2020** New, SB 1383-compliant franchise services go into effect on January 1, 2020.

## Franchise Agreement Adoption Process

- While the city offered residents and businesses food scraps and green waste collection services prior to the implementation of the new agreements, they recognized that a number of other SB 1383-related provisions would have to be included in the new agreements.
- The negotiation process was unique in that the city had to ultimately produce one harmonized agreement that included terms and rates acceptable to both haulers.
- To provide guidance on SB 1383-related provisions, the city included an SB 1383 responsibility allocation table as an exhibit to the franchise agreements. The responsibility allocation table identifies which SB 1383-related requirements are to be fulfilled by the city and which requirements are to be designated to the haulers.

## Franchise Agreement Language

*“City anticipates that Contractor will be required to assist the City with specific aspects of compliance with SB 1383, as identified in the Agreement. Exhibit N (SB 1383 Requirements) summarizes specific areas identified in the Agreement in which the City is requiring, or may require Contractor assistance.”*

## Lessons Learned

- When negotiating a contract to include SB 1383-related provisions, it is important to require specific per-unit costing metrics (e.g., the cost for conducting 50 contamination monitoring lid flips). Understanding how much it will cost to implement various aspects of SB 1383 may be useful when conveying potential rate impacts to community members and to City Council.
- Before talking to potential haulers, plan staff time to map out SB 1383-related roles and responsibilities; determine which items will be the responsibility of the hauler(s) and which will be the responsibility of the jurisdiction. When drafting agreement language that explains hauler responsibilities, be as clear as possible with respect to what it is they are required to perform.
- Determine your overall approach to achieving performance standards and goals. For example, decide whether to penalize the hauler for failing to achieve performance standards or goals; or, incentivize the hauler to achieve performance standards or goal. Maybe a combination of both would work best. Like many jurisdictions, Stockton chose to use penalties to motivate hauler compliance with performance standards and goals.

## Next Steps

- Outreach and education is a priority. Existing educational material will be reviewed, updated, and translated to reflect the city’s diverse population. New material will be developed as needed to address the public’s need for information.
- Working collaboratively with the franchisees, the city will explore a variety of methods to engage both the residents and businesses in how to better manage their discarded waste.



*The city utilizes a three-container system for collection of organics, recyclables, and solid waste. The city's new franchise agreement requires the contractors to phase in new containers with SB 1383 compliant colors. Photo: City of Stockton*

## **BY THE NUMBERS**

City of Stockton

**2**

Franchise Agreements

**6.5%**

Portion of rate increase attributed to new services, including SB 1383 Services

**32.6%**

Overall rate increase for new services, adjusted compensation for existing services, and other changes provided under the new Agreements

**10 years**

Term of Agreements

