



Board Agenda Item 51

DATE: August 23, 2016

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director
Department of Public Works and Planning

SUBJECT: Proposed Assignment of Exclusive Service Area Agreement

RECOMMENDED ACTION(S):

Consent to the assignment of Exclusive Service Area Agreement No. 05-411 by Selma Disposal LLC to USA Waste Disposal DBA Waste Management of Fresno.

On August 30, 2005, the Board approved and executed agreements with 14 Exclusive Service Area Program (ESAP) haulers. The agreements provide for several types of assignments, including the sale of one hauler's assets to another. On January 28, 2014, Selma Disposal & Recycling sold its assets to Selma Disposal & Recycling, LLC. Now, Selma Disposal & Recycling, LLC (herein after "Assignor"), requests the County's consent to sell its assets to Waste Management, (hereinafter "Assignee"). Department of Public Works and Planning staff has assessed the required information submitted by Assignee and it indicates that this hauler is qualified to provide solid waste handling services in Assignor's exclusive service area.

ALTERNATIVE ACTION(S):

The Board could choose not to approve the recommended assignment. The Assignor has indicated that it intends to cease all hauling and collection services in the Central Valley by August 31, 2016 which would mean that the provision of ESAP services in this Assignor's area could be adversely affected.

FISCAL IMPACT:

There are no Net County Costs associated with the recommended action. ESAP service rates would not increase as a result of the County's consent since Assignee would be required to charge no more than the current Board-approved maximum service rates. Assignee has provided a \$6,000 deposit to cover costs incurred by the County as a result of the proposed assignment.

DISCUSSION:

Assignor has been providing solid waste collection services throughout the southern area of the County, as depicted in the attached map identified as Exhibit "A", since 2014. Assignor currently administers 273 ESAP residential and commercial accounts.

Assignee, through its various subsidiaries, provides waste collection, transfer, recycling and resource recovery, and disposal services to more than 20 million residential, municipal and commercial customers in the United States and Canada. As one of the ESAP haulers, Waste Management provides services to approximately 7,000 residential and commercial customers in the urban and eastern area of the County.

The ESAP agreements provide for several types of assignments, and the proposed assignment entails the sale

of Assignor's assets to Assignee. This action would result in Assignee providing ESAP services in Assignor's exclusive service area. Such an assignment requires County consent and, if the Board should support this action, the Assignee would take over Assignor's obligations under the ESAP.

Based on the size of Assignor's current customer base, Assignor may be classified as a large-sized ESAP hauler. Department of Financial Services Division staff reviewed the Assignee's prepared financial statements for 2010 through 2015 and found no data to indicate that Assignee could not satisfactorily provide solid waste handling services to those customers currently served by Assignor. Staff has not received any information regarding citations or other censure due to infractions related to Federal, State, or local environmental regulations. It is also believed that the size of Assignee's solid waste collection fleet and number of employees adequately provides for current and projected workloads.

If the Board approves the recommended action, County staff would oversee the transition of services between the two haulers and ensure that Assignor's customers are given a 30-day written notice of the change in ownership. Staff would also make the requisite changes to the ESAP map on the County's website reflecting Assignee's assumption of Assignor's contractual duties under Agreement No. 05-411, pursuant to the assignment, and inform other ESAP haulers of this action.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A
On File with Clerk - Agreement for Selma Disposal Assignment

REFERENCE MATERIAL

BAI # 27, January 28, 2014
BAI #14, August 30, 2005

CAO ANALYST:

John Hays