



Memorandum

**TO: HONORABLE MAYOR AND
CITY COUNCIL**

FROM: Councilmember Jones

SUBJECT: SEE BELOW

DATE: January 14, 2019

Approved

**SUBJECT: ACTIONS RELATED TO NEGOTIATIONS OF RECYCLE PLUS
RESIDENTIAL SOLID WASTE AGREEMENTS**

RECOMMENDATION

Resume negotiations with California Waste Solutions (CWS) and come to an Agreement that:

1. **Pay for Performance:** Negotiate to reach an agreement that enables CWS to provide service to customers at a price that, may equal, but not exceed GreenTeam's current levels of contamination by the third year of the contract, if CWS satisfies predetermined performance targets in the contract's first two years.
 - a. Those targets—for service delivery, diversion, and customer satisfaction—shall be set to the same standard to which GreenTeam is held.
 - b. If, by the third year, CWS fails to meet those negotiated standards, the City Manager is directed to issue an RFP to all industry providers for service in the area.
2. **Timeline:** If a deal meeting these terms cannot be mutually agreed upon within 30 days, the City Manager is directed to end negotiations and issue a Request for Proposal (RFP) for service in the coverage area.
3. **RFP:** Should the City Manager issue an RFP, then proceed according to paragraph 2 of Councilmember Sylvia Arenas' memorandum, to:
 - a. Include in the RFP language that the labor peace and employee retention provisions of the City's Living Wage Policy will apply.
 - b. Include in RFP language that would add points based on whether proposals sustain or improve upon the current wages and benefits paid to the employee by the predecessor contractor. Points should be sufficient to support a level playing field for companies that pay living wage versus any "modified" living wage to their workers.
 - c. Release an information memo to Council regarding the details of the RFP in advance of the its release.

BACKGROUND:

I recognize and thank City Staff for all their hard work to move this process forward. Garbage and recycling contracts are difficult, complex, and time consuming. I share in their goal of providing world-class service at competitive pricing to our residents. I also acknowledge Staff's concerns that California Waste Solutions (CWS) has not been performing at a level that they determine is acceptable.

I have spent hours of time in meetings with City Staff, CWS and their representatives, and the City Auditor. I read a large amount of information in Staff memos, CWS documentation, and memos from my colleagues, I have concluded that there needs to be a reset on all sides.

My goal is to create a 30-day window where City Staff and CWS can negotiate an agreement with competitive pricing based on clearly defined and measured targets. Staff has informed me that my recommendation above should result in a price that may equal, but not exceed, \$13.15 (GreenTeam's District B base pricing) for District A at 33% contamination and District C at 32% contamination. Once that agreement is in place, CWS is accountable to meet the targets. If the targets are not met, Staff would have the authority to issue an RFP for CWS's service area.

I am a strong proponent and advocate for minority owned businesses like CWS. One of my top priorities on the city council is the development and growth of minority owned businesses in San Jose. I am also a passionate advocate of providing our residents the best quality service and pricing. I believe that the strategy that I have laid out in this memo will create an opportunity to achieve both goals.