



# NOVATO SANITARY DISTRICT

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## **Novato Sanitary District Approved Zero Waste Agreement Zero Waste Plan with Novato Disposal Will Achieve Phenomenal Increases in Recycling and Composting at minimal Cost to Novato Customers.**

Novato Sanitary District agreed to amend its Franchise Agreement with Novato Disposal to make major progress toward achieving Zero Waste Goals at minimal cost to Novato residents. The purpose is to take 80% of the trash collected and recycle, reuse or compost it, keeping it out of local landfills.

This agreement offers several tremendous benefits to the community and for the environment.

First, through the zero waste agreement, we will achieve large increases in recycling and composting—dramatically cutting the amount of waste that gets sent to landfills. Second, our rates for solid waste service are about the lowest in Marin County, roughly 20% to 40% less than what most other communities pay, and that won't change. We will achieve these dramatic increases in service and benefits with no increases in costs to the customer beyond simple inflation.

The contract extension requires Novato Disposal to meet a series of performance goals, including achieving 60% diversion by 2015, 70% diversion by 2020, and 80% by 2025 and adding services such as on-demand pick up of bulky items several times a year.

### **QUESTIONS AND ANSWERS ABOUT THE CONTRACT EXTENSION.**

Although the benefits of the contract extension—major increases in service, substantial environmental benefits and continued low costs—are clear, a number of questions are being asked about it:

#### **Q: Why District didn't put the solid waste contract out to bid?**

**A:** it is not possible to put the contract out to bid now since it runs until 2015. What the District did was extend the current contract. The District cannot break the contract unless there are performance problems—and Novato Disposals service has been excellent. In fact 89% of Novatan's polled said they were happy with the service. There is no way to bid it out to other companies now, and given the additional services, low rates, no increase in cost, and high customer approval, there is no reason to do so.

**Q: Why didn't the District bid out parts of the project, like debris boxes?**

**A:** The current contract runs until 2015 so it cannot be opened to bid until then. Also, the key to the zero waste program's success is that in exchange for the contract extension from 2015 to 2025, Novato Disposal will implement the major expansion of zero waste residential programs at no additional cost to the community. This includes expanded curbside recycling, expanded food composting, and on-demand pickup of bulky items. The economies of scale and guaranteed stream of compostables and recyclables helps keep program costs down. There simply is no other cost effective way to achieve the dramatic improvements that will be brought by the zero waste program without this agreement.

**Q: Would it be possible to save money by bidding out the job instead of going sole source.**

**A:** It is important to note that the current contract runs until 2015 and it cannot be opened. Even if it could, the existing contract only allows a 10% profit, which is low for the industry and certainly below some contracts that provide as much as 26% profit. What's more, Novato disposal is well established here with a fleet of trucks, facilities, trained staff and its service quality is high. There is no reason to believe another company can beat that.

**Q: What is the benefit of a long, exclusive franchise arrangement?**

**A:** Exclusive franchise agreements are very typical for solid waste contracts because of the large number of trucks, large numbers of employees needed, time necessary to set up quality customer service programs and landfill arrangements. It is not cost effective to have short term agreements or multiple franchisees.

**Q: I have heard that Novato Disposal's rates are the lowest in the county. Is that true?**

**A:** Novato Disposal's rates are among the lowest in the county—about 20% to 40% below other similar services. Under the proposed new contract extension, they would implement the zero waste program at no additional cost to the community.

**Q: How good has Novato Disposal's service been?**

**A:** As the franchise manager, Novato Sanitary District has found Novato Disposal's service to be excellent. Notably, a recent survey found 89% of Novatans to have a favorable or very favorable opinion of Novato Disposal.

In summary, the Board carefully considered all aspects of the proposed contract extension, and found that the combination of the lowest rates in the area, the high environmental benefits of recycling and composting, and the excellent approval rating by customers clearly indicated that extending the franchise as proposed is in the community's interest.

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This new agreement locks in about the lowest rates in the County and maybe even the North Bay, while also making it possible to achieve leading rates of recycling and composting. It is really a fantastic deal for our community.

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