

STAFF REPORT

Date: August 28, 2024

To: Mayor and City Council

Through: Jackie Bryant, Interim City Manager

Subject: Staff Report (For Possible Action): Discussion and direction under Article 3.1(B), Extension Terms: Termination, of the Amended and Restated Exclusive Franchise Agreements between Refuse, Inc. and Reno Disposal Company, Inc. (Collectively Contractor), and the City of Reno.

From: Suzanne Groneman, Sustainability Manager

Department: City Manager's Office

Summary:

In accordance with Article 3.1(B) of the following agreements between Refuse, Inc. and Reno Disposal Company, Inc. (Collectively Contractor), and the City of Reno, the City of Reno must provide written notice of termination not less than five (5) years prior to the expiration of the initial term and extension term:

- Amended and Restated Exclusive Area Franchise Agreement Commercial Solid Waste and Recyclable Materials
- Amended and Restated Exclusive Franchise Agreement Residential Solid Waste and Recyclable Materials
- Amended and Restated Disposal Agreement Solid Waste and Recyclable Materials

Contractor is also known as Waste Management.

The initial term expiration is November 7, 2029; therefore, the notice of termination must be provided to the Contractor by November 7, 2024. Council can authorize the Notice of Termination or take no action and the agreements will automatically extend until November 7, 2034, in accordance with the same provision.

Alignment with Strategic Plan:

Infrastructure, Climate Change, and Environmental Sustainability
Governance and Organizational Effectiveness

Previous Council Action:

There is no recent Council action relevant to this item.

Background:

The City of Reno amended its exclusive agreements with Waste Management in 2020. The amendments primarily readjusted the collection and disposal allowance, added additional City services, corrected typographical errors, and cleaned up outdated language.

The initial agreements, prior to the amendments in 2020, went into effect in November 2012.

Discussion:

Under Article 3.1(B), the agreements will extend an additional five (5) years beyond the initial term unless the City of Reno provides a written notice of termination not less than five (5) years prior to November 7, 2029. The date on which the City of Reno must provide the written notice is November 7, 2024.

Given the updates in technology and changes in desired services, if the City would like to put forth a new request for proposals (RFP) prior to November 7, 2034, the Notice of Termination would need to be sent by November 7, 2024.

There is no periodic review of the Waste Management agreements prior to November 7, 2024. The next 24-month periodic review begins in July 2025.

If Council would like to send the notice of termination, the motion will need to include authorization for the City Manager to send such termination to Refuse, Inc. and Reno Disposal Company, Inc.

Financial Implications:

A complete termination of the agreements would result in the elimination of franchise fees to the City of Reno. However, today's action does not eliminate the franchise fees until November 2029. Between now and November 2029, the City of Reno will need to renegotiate the terms of the agreements, or put forth a new RFP and secure new agreements for collection and disposal services to ensure no disruption in the receipt of franchise fees.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

None.

Proposed Motion:

The motion will be made based on discussion and direction.

Attachments: