



THOMAS L. BOLICH
DIRECTOR OF PUBLIC WORKS

County of Santa Cruz

DEPARTMENT OF PUBLIC WORKS

701 OCEAN STREET, ROOM 410, SANTA CRUZ, CA 95060-4070
(831) 454-2160 FAX (831) 454-2385 TDD (831) 454-2123

AGENDA: AUGUST 28,2001

August 22,2001

SANTA CRUZ COUNTY BOARD OF SUPERVISORS

701 Ocean Street
Santa Cruz, California 95060

SUBJECT: WASTE MANAGEMENT FRANCHISE AMENDMENT

Members of the Board:

As your Board is aware, recycling collection services are provided to the County through an exclusive franchise agreement with Waste Management of Santa Cruz County (WMSCC). The franchise agreement stipulates that WMSCC shall be responsible for the collection, processing and marketing of specified recyclable materials. This processing consists of sorting mixed recyclables into individual material types (e.g., glass, aluminum, cardboard, newspaper, etc.) and baling paper fiber materials (e.g., cardboard, newspaper, etc.) for transportation and marketing efficiencies. Since the inception of the franchise agreement, WMSCC has been processing recyclables at its Materials Recovery Facility (MRF) on Beach Street in Watsonville in accordance with Section 4.1 (G) (iii) of the franchise agreement which states:

(iii) Designation of Recyclables Processing Facility. The County and the Franchisee agree that the designated Recyclables Processing Facility under this Franchise will be located at 1340 West Beach Street, Watsonville, California. The Franchisee shall not process franchise recyclable materials at any other facility without the prior written approval of the County. The design capacity of the facility shall be 100 tons per day. The processing residue shall amount to no more than 3 percent of the total tonnage of material delivered to the recyclables processing facility.

In October 1998, WMSCC indicated an interest in using another **MRF** owned by a sister company based in Monterey County (see Attachment 2). This facility is located in Castroville, about twenty minutes south of Watsonville. At that time, staff requested additional specific information from WMSCC about the effects of such a change, prior to presenting the matter to the Board of Supervisors (see Attachment 3).

On June 1, 2001, WMSCC responded to the staff request for additional information (see Attachment 4). Shortly thereafter, the baling machine at the Watsonville facility broke down and WMSCC was forced, as an emergency measure to keep up with the 70 tons per day of incoming material, to redirect those loads to the Castroville **MRF**. Attachment 5 is WMSCC's request for emergency use of the Castroville **MRF**. The Watsonville facility is being used to transfer the recyclables from the smaller collection trucks to larger transfer trucks to minimize the number of vehicles making the extra 40-mile round trip. According to WMSCC's baler inspection report, the cost to repair the broken baler would be around \$100,000 and would take two to three months. Complete replacement of the machine, which is what the service company recommended, would cost about \$300,000 and take three to four months.

On July 27, 2001, Public Works wrote to WMSCC authorizing temporary use of the Castroville facility until September 3, 2001, pending resolution of its request for a permanent transfer of recycling processing activities from the Watsonville **MRF** to the Castroville **MRF** (see Attachment 6). In this letter, staff requested additional information from WMSCC as a follow-up to earlier inquiries about the effects of such a proposed change in processing facilities. Attachment 7 provides WMSCC's response to this follow-up request.

The Castroville **MRF** has two sorting lines, one for bottles and cans and the other for fiber materials (e.g., newspaper, cardboard, junk mail). The Watsonville **MRF** is only large enough to accommodate a single sorting line that is dedicated to bottles and cans only. Fiber materials directed to the Watsonville **MRF** are commingled and sold to recycling markets as a mixed lower grade paper. Staff believes that there will be a benefit to the County from using the Castroville **MRF**, namely that the added sorting line and advanced processing equipment there should enable fiber materials to be sorted more thoroughly and thus capture a better price on the market and direct the materials to a higher and better end use. As the County shares the income from the sale of recyclables on a 50:50 basis, this also means increased revenue back to the County. In conclusion, WMSCC's use of the Castroville **MRF** should provide a more efficient and cost effective processing system for the County's curbside recycling.

Board members have also expressed some concern over the potential loss of local jobs related to this change in WMSCC's recycling operations. We have discussed these concerns with WMSCC and were provided with an outline of the job impacts from the proposed change. WMSCC currently has ten permanent, full-time staff assigned to the Watsonville **MRF**. All of these ten positions have been reassigned to other jobs as follows; five went to the Castroville **MRF**, two were retrained as collection drivers, and three remain at the Watsonville **MRF** to operate the recycling transfer operations. In addition to these ten permanent positions, WMSCC contracted for ten to twelve Skills Center, Inc. workers for the recycling sort line at the Watsonville **MRF**. During the recent transfer of operations to the Castroville **MRF**, the contracted Skills Center, Inc. labor was not utilized. We have recently been informed that the Skills Center, Inc. staff that previously worked at the Watsonville **MRF** have been re-employed in other jobs. In addition, WMSCC is seeking to continue using some Skills Center, Inc. labor for a variety of special projects.

On a related matter, your Board, on August 7, 2001, requested a report from Public Works regarding Waste Management's compliance with the franchise agreement. Two specific questions were posed: 1) Is Waste Management in compliance with the Franchise requirements; and 2) How does Public Works monitor compliance with this contract? These questions arose after your Board heard testimony from several Waste Management drivers during oral communications that they were being asked to work long hours due to driver shortages and truck breakdowns. These drivers indicated that they were often still on the street after 3:00 p.m. (which is the franchise specified deadline for collection operations) and they felt this posed an issue of safety.

With respect to the first question, Public Works believes that Waste Management is in compliance with its franchise requirements. The franchise agreement language does allow for collection operations beyond 3:00 p.m. in cases of emergencies, which we interpret to include equipment breakdown. In addition, the transfer of processing operations to Castroville, as addressed elsewhere in this letter, created a temporary need earlier this summer for extra hours in transit. This has been resolved with a transfer system installed by WMSCC at their Watsonville facility. WMSCC serves the unincorporated county, plus the cities of Scotts Valley and Capitola under separate contracts. The total number of routes for all three jurisdictions and including non-franchised services such as drop-box and commercial cardboard collection is 43. There are 29 routes for the unincorporated county franchise services, as specified in the agreement. Additional drivers have recently been hired to establish a pool of reserve drivers. Outside of limiting the hours of actual route collection, the County cannot specifically limit the use of overtime by WMSCC's employees.

With respect to the second question, there are a number of methods that Public Works uses to monitor compliance in general with the franchise requirements. These include the reporting provisions of the franchise agreement, scheduled and unannounced visits to the WMSCC facility on Beach Drive, and contacts from WMSCC customers and the public at-large. The agreement provides for issuance of monetary fines for customer service related franchisee failures to meet franchise requirements. Franchise reporting includes monthly reports on collection performance, quarterly reports on vehicle inspections, and annual reports which include analysis of problems with collections operations, among other things. In addition, the California Highway Patrol conducts a biennial inspection of the franchise fleet and maintenance facility. Copies of these inspection reports are periodically reviewed by staff.

It is therefore recommended that the Board of Supervisors take the following action:

1. Approve the attached amendment to agreement with Waste Management of Santa Cruz County revising the language of Section 4.1 (**G**)iii) in the franchise agreement specifying the Castroville MRF, 11260 Commercial Parkway, Castroville, California as the designated Recycling Processing Facility.

2. Authorize the Director of Public Works to sign the amendment to agreement on behalf of the County.

Yours truly,




THOMAS L. BOLICH
Director of Public Works

DdG:bbs

Attachments

RECOMMENDED FOR APPROVAL:



County Administrative Officer

Copy to: Waste Management of Santa Cruz County
Public Works Department

AMENDMENT TO AGREEMENT

0291

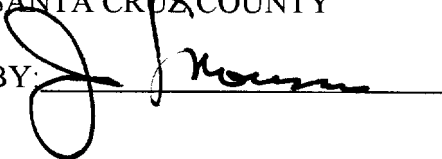
The parties hereto agree to amend refuse, recycling and yardwaste services franchise agreement Number 7 1576 dated February 25, 1997, by and between the COUNTY OF SANTA CRUZ and WASTE MANAGEMENT OF SANTA CRUZ COUNTY, by revising Section 4.1 (G) (iii) of said agreement (attached) designation of recyclables processing facility to stipulate that the designated recyclables processing facility under said franchise shall be located at 11260 Commercial Parkway, Castroville, CA, and that the design capacity of the facility shall have a minimum of 100 tons per day dedicated to Santa Cruz County. All other provisions of said contract shall remain the same.

DATED: _____

COUNTY OF SANTA CRUZ
DEPARTMENT OF PUBLIC WORKS

DIRECTOR OF PUBLIC WORKS

CONTRACTOR:
WASTE MANAGEMENT OF
SANTA CRUZ COUNTY

BY:  _____

ADDRESS: P. O. Box 2347
Watsonville, CA 95077

TELEPHONE: (831) 768-9505

FAX: (831) 768-9901

E-MAIL: _____

Approved as to form:


Chief Assistant County Counsel

DISTRIBUTION: Auditor-Controller
Public Works
Contractor

DdG:bbs
wmfab

AMNDAGRE.DOC
REV. 12/99

Materials and other Recyclables collected or delivered under this Franchise, and adequate storage capacity for the handling and disposition of products recovered from the processing of such materials and processing Residues; allowing the County reasonable access to the Facility in order for the County to inspect and review operations at such Facility; providing tours of such facility to schools and other interested civic groups;

4. the coordination of Recyclables processing methodologies and technologies with Franchise Recyclable Materials collection services in order to maximize the efficiency and cost effectiveness of diversion of Franchise Recyclable Materials from landfill disposal;

5. the marketing of products recovered from the processing of Franchise Recyclable Materials in accordance with the Marketing Plan submitted by the Franchisee under this Franchise for approval by the Director.

(ii) Payment of Recyclables Processing, Marketing and Residue Disposal Costs. The Franchisee shall be responsible for the payment of all costs and expenses associated with the transportation, processing and marketing of Franchise Recyclable Materials and other Recyclables collected or delivered under this Franchise, including any costs incurred by the Franchisee with respect to the Recyclables Processing Facility. In addition, the Franchisee will bear the costs of and is solely responsible for the proper and lawful disposal of all processing Residues at the Designated Disposal Site.

(iii) Designation of Recyclables Processing Facility. The County and the Franchisee agree that the designated Recyclables Processing Facility under this Franchise will be located at: 11260 Commercial Parkway, Castroville, California. The Franchisee shall not process Franchise Recyclable Materials at any other facility without the prior written approval of the County. The design capacity of the facility shall have a minimum of 100 tons per day dedicated to the County of Santa Cruz. The processing Residue shall amount to no more than 3 percent of the total tonnage of material delivered to the Recyclables Processing Facility.

(iv) Personnel. The Franchisee shall work with appropriate community organizations approved by the Director to provide employment opportunities at the Recyclables Processing Facility for developmentally disabled and physically handicapped workers.

(v) County Designation of Facility in Certain Circumstances. The County may designate an alternative processing facility for the temporary or permanent receipt, storage, and/or processing of Recyclables collected or delivered under this Franchise in the event that the Franchisee is unable, or otherwise fails, to receive and process such Recyclables in accordance to this Franchise. The Franchisee shall be responsible for all costs associated with the use of such alternate facility, including the cost of transportation and the payment of any tipping or processing fees or other costs payable to the owner or operator of any such alternate facility designated by the County due to the unavailability of the Recyclables Processing Facility .

(vi) Sharing of Revenues from Sale of Recovered Materials. Annually during the term hereof, the Franchisee shall pay to the County a share of the gross revenues received by the Franchisee from the sale of materials recovered from the processing of Franchise Recyclable Materials in accordance with the formula specified in Appendix F.

(vii) Franchisee Responsibility for Marketing. The County shall have no responsibility for the availability of markets for recycled products, nor shall it have any liability associated with

Waste Management of Santa Cruz County
 P.O. Box 2347
 Watsonville, California 95077-2347
 408/768-8071
 FAX 408/768-9901



0293
 A Waste Management Company

October 23, 1998

Patrick Mathews
 Dept. of Public Works
 County of Santa Cruz
 701 Ocean St.
 Santa Cruz, CA 95060

Dear Patrick;

NO.	ROUTE DATA	DIRECTOR	ASST. DIR. OP	OS/CLAIMS	OPR. PROJ/RKNG	PERMITS/ENCR	RDS/DRAIN/EOP	SANIT/LANDF	ASST. DIR. RS.	CONSTRUCTION	DRAINAGE	SANIT. ENG	SOLID WASTE	ASST. DIR. RE.	DESIGN	R.D.A.	R.D. PLAN/TRAFF	SURVEY	CHIEF ADM. SVC	REAL PROPERTY	COPY	ATT.
1																						
2																						
3																						

After visiting the Castroville MRF last week, I would like you to consider that Waste Management Santa Cruz send the commodities from the county curbside program to the Castroville facility. There are several reasons for asking you to consider this request.

Since the Castroville MRF is able to handle larger volumes of material, the finished product is cleaner. The County of Santa Cruz would realize increased revenue from the material being processed at Castroville.

The volume of material at our 1340 Beach St. site has exceeded our predictions and is not big enough to handle the tonnage coming in daily. The Castroville MRF has a larger capacity for the storage of material. Since they are able to store the material at the facility, they are able to get a better price from the end markets. We are unable to store the commodities here and have to sell regardless of the price.

We have had concerns about the noise and ventilation at this facility for the MRF workers. This building, we have found, does not lend itself to the changes that are necessary to improve these conditions.

Material will continue to be processed and stored at the 1340 W. Beach St. MRF.

The Castroville facility is a larger, newer and cleaner operation. WMSCC will be able to continue MRF tours at that facility. It is safer and designed with tours in mind. We have had concerns about the safety of taking groups through our facility with so much volume and so little space to safely escort people in and around the building.

Please let me know as soon as possible if you think it is feasible to take the curbside material to Castroville. Call if you have any questions or want to discuss this possibility. Thank you for your consideration.

Jim Moresco
 WMSCC District Manager



County of Santa Cruz

DEPARTMENT OF PUBLIC WORKS

701 OCEAN STREET, ROOM 410, SANTA CRUZ, CA 95060-4070
 (831) 454-2160 FAX (831) 454-2385 TDD (831) 454-2123

JOHN A. FANTHAM
 DIRECTOR OF PUBLIC WORKS

November 2, 1998

M R . JAMES MORESCO
 WASTE MANAGEMENT OF SANTA CRUZ COUNTY
 P. O. Box 2347
 Watsonville, CA 95077

SUBJECT: REFUSE, RECYCLING AND YARD WASTE SERVICES FRANCHISE -
 CURBSIDE MATERIALS PROCESSING AT CASTROVILLE MRF

Dear M r . Moresco:

This letter is in response to your letter dated October 23, 1998, (attached) regarding proposed use of the Castroville Materials Recovery Facility (MRF) to process commodities collected from the County of Santa Cruz Curbside Recycling Program. There appears to be some positive benefits associated with your proposal, however, before we can make a final decision we need for you to supply us with the following information:

1. Identify the specific individual materials that will be taken to your Castroville **MRF** for processing. Also, do you have plans to **begin** with certain materials and then to expand to other materials at a later date?
2. Indicate which specific individual materials will continue to be processed at your Beach Street **MRF**. Please describe any proposed changes in the processing system at Beach Street for these materials. Will you be able to stockpile these materials at Beach Street for optimum market prices?
3. Indicate whether any tours will be provided at your Beach Street **MRF**. We would prefer the use of a local facility to save an hour's driving time, especially for school tours.
4. Indicate the proposed start date for processing materials at your Castroville **MRF**.
5. Indicate your proposed method for tracking the following quantities for each material type collected from unincorporated Santa Cruz County proposed to be processed at your Castroville **MRF**. In particular, indicate how these quantities will be distinguished from materials processed at the Castroville MRF which have been collected by other operations.

M R . JAMES MORESCO

Page -2-

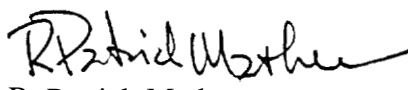
0295

- a. Collected by curbside route
 - b. Processed
 - c. Sold
 - d. Residue
 - e. Other information required by Franchise Section 6.7 (E)(iii).
6. Provide the County with a clear explanation of how this proposed change will effect local jobs. (i.e., How many jobs will be lost to Monterey County, and if no jobs will be lost, where will the displaced **MRF** workers be reassigned?) **As** you are aware, this was a subject of considerable concern with the Board of Supervisors during the franchise negotiations.

Upon receiving this information we can evaluate the proposed change in processing as it relates to the entirety of the franchise requirements and return to the Board of Supervisors for a formal decision. We appreciate your efforts to establish a more efficient system for handling the county's curbside materials and look forward to working with you on this change.

Yours truly,

JOHN A. FANTHAM
 Director of Public Works

By: 
 R. Patrick Mathews
 Solid Waste Division Manager

DdG:bbs ✓

Attachment

Copy to: County Administrative Office (w/a)

**WASTE MANAGEMENT**

P.O. Box 2347
 Watsonville, CA 95077
 (831) 768-8071
 (831) 768-9901 Fax

Mr. Patrick Mathews
 Department of Public Works
 Santa Cruz County
 701 Ocean St. Room 410
 Santa Cruz, CA 95060-4070

**SUBJECT: REFUSE, RECYCLING AND YARD WASTE SERVICES FRANCHISE-
 CURBSIDE MATERIALS PROCESSING AT CASTROVILLE MRF**

Dear Mr. Mathews:

This letter is in response to your letter dated November 2, 1998, regarding The proposed use of the Castroville Materials Recovery Facility (MRF) to process commodities collected from the County of Santa Cruz Curbside Recycling Program. Prior to making a final decision, you needed me to provide you with information to questions specified in our last correspondence. In response to your questions, I offer the following:

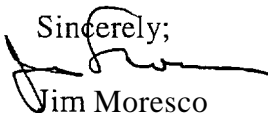
1. Waste Management Inc. intends to process all curbside material at the Castroville Facility.
2. The Beach Street Facility will be used to transfer and stockpile material collected from the curbside and commercial recycling programs. We plan to continue to weigh and dump material from the routes, to be tracked on our GTS Scale System, the data required by the franchise agreement. By using the Beach Street facility to transfer the material, it will help relieve the traffic impact on Highway 1 between the Beach Street facility and Castroville.
3. With regard to MRF tours, Waste Management would direct all MRF tours to the Castroville for the following reasons: Castroville has a large training room for education and a large parking area to accommodate visitors. Castroville has a full time recycling education coordinator on-site.
4. The facility is designed to accommodate the safe foot traffic from the MRF tours to ensure the utmost regard to the safety of visitors. Waste Management will also consider covering some transportation costs, if reasonable, for tours, if the situation should arise.

0297

5. If the process goes as planned, we would like to start processing material some time in June or July 2001.
6. All curbside material, as stated earlier in my response, will continue to be tracked on our GTS Scale System at the Beach Street Facility.
7. With regard to local job loses, the transfer facility at 1340 West Beach will require three positions. Positions open at the Castroville facility will be filled with Waste Management of Santa Cruz employees; and some employees are in the process of training to move to drivers positions which we have always used as advancement process within the company.
8. Waste Management's corporate office is requiring all districts to achieve a 20% reduction in energy usage. Waste Management of Santa Cruz's largest usage of energy is the material recycle facility at 1340 West Beach Street. The company is looking at consolidating the Santa Cruz and Castroville MRFs to achieve the maximum productivity with regard to energy usage. By processing at the Castroville facility, Waste Management can achieve the requested reduction in energy as well as continuing to meet the growing demand for processing material as the recycle stream increases.

I hope that answers your concerns. Please contact me with any other questions or concerns you may have. I look forward to continuing this discussion with you.

Sincerely;



Jim Moresco
District manager
Waste Manager of Santa Cruz County

NO.	ROUTE DATA	COPY	ATT.
1	DIRECTOR	✓	
2	ASST. DIR. SPEC. SVCS.	✓	
3	SOLID WASTE ENG.	✓	
	LANDFILL OPERATIONS		
	PAJARO COORD.		
	DRAINAGE ENG.		
	DRAINAGE OPERATIONS		
	CONSTRUCT. ENG.		
	ASST. DIR. DEV. SVCS.		
	SANITATION ENG.		
	WATER & WASTEWATER		
	SURVEY / DEVELOPMT.		
	RDA ENG.		
	ASST. DIR. TRANSPORT.		
	ROAD OPS. ENG.		
	PERMITS / ENCROACH.		
	RD. MAINT/LIVE OAK P.		
	ROAD DESIGN ENG.		
	TRANSP / RD. PLANNING		
	DIR. OF ADMIN. SERVICES		
	REAL PROPERTY		
	CSA / PRGM ADMIN.		
	SAFETY OFFICER/FLEET		

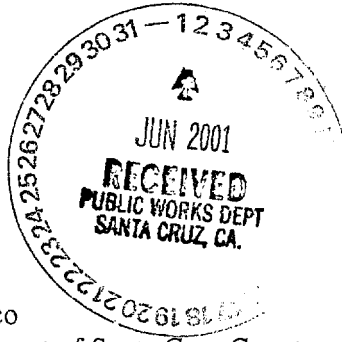
0298

WASTE MANAGEMENT

P.O. Box 2347
 Watsonville, CA 95077-2347
 (831) 768-8071
 (831) 768-9901 Fax



May 18, 2001



Mr. Jim Moresco
 Waste Management of Santa Cruz County
 735 W. Beach Street
 Watsonville, CA 95076

Dear Jim,

Waste Management Carmel Marina Corporation is pleased to offer its services to process the recyclable materials from Santa Cruz County at our Castroville, California, Material Recovery Facility.

Per our discussions, the collection vehicles will continue to weigh, utilizing your scale system, upon entering your facility on Beach Street in Watsonville. The material weight and pertinent route information will be entered in your scale system, as is presently the case. This will allow you to continue to produce detailed scale reports to meet your customer's requirements.

The materials will be off loaded from the collection vehicles in the designated areas on the tipping floor. All materials will be loaded into transfer trailers via a conveying system. Fully loaded transfer trailers will be driven to our facility at 11260 Commercial Parkway. Upon entering the facility, transfer trailer information will be entered into our scale system noting the date, time, trailer number, origin of material, type of material and weight. The driver will then be directed to the designated tipping area.

It is our intention to audit a sample of Santa Cruz County material for composition on a quarterly basis. These composition studies will allow us to review any fluctuations of a seasonal nature as well as changes in your program, which may affect the revenue share calculation.

Our process for performing a composition study is as follows:

- 9 All material to be included in the study will be staged in a designated area of the tipping floor.
- 9 All conveyor lines and processed material storage bunkers will be cleared of other materials.
- Materials will be sorted by type (i.e., mixed residential fiber will be sorted to NP grade, Mixed Paper grade and OCC grade).
- 9 Materials will then be baled and each bale will be weighed. In the case of commodities that are sold in a loose state, the storage container will be weighed and the container tare weight will be deducted from the total weight.
- Utilizing the data obtained from weighing each commodity, we will be able to appropriately calculate the weighted average for the revenue sharing that applies to Franchise Recyclable Materials.

Waste Management of Santa Cruz County
Page 2

Monthly we will be able to review the Tons Received at the Beach Street facility and Castroville facility, Tons Processed at the Castroville facility, Tons Sold from the Castroville facility and Residue. Residue generated from this program can either be baled or shipped loose in open top roll-off containers to Santa Cruz County Landfill.

Please do not hesitate to contact me if you have any questions or require any additional information.

Respectfully,

Cly M. Lewis
Recycling Manager

cc:

Dan Day, Division Manager
Jim Moresco, District Manager
Joel Corona, Regional Recycling Manager

NO.	ROUTE DATA	(COPY)	ATT.
1	DIRECTOR	✓	
2	ASST. DIR. SPEC. SVCS.	✓	
3	SOLID WASTE ENG.	✓	
	LANDFILL OPERATIONS		
	PAJARO COORD.		
	DRAINAGE ENG.		
	DRAINAGE OPERATIONS		
	CONSTRUCT. ENG.		
	ASST. DIR. DEV. SVCS.		
	SANITATION ENG.		
	WATER & WASTEWATER		
	SURVEY / DEVELOPMT.		
	RDA ENG.		
	ASST. DIR. TRANSPORT.		
	ROAD O W . ENG.		
	PERMITS / ENCROACH.		
	RD. MAINT/LIVE OAK P.		
	ROAD DESIGN ENG.		
	TRANSP / RD. PLANNING		
	DIR. OF ADMIN. SERVICES		
	REAL PROPERTY		
	CSA / PRGM ADMIN.		
	SAFETY OFFICER/FLEET		



WASTE MANAGEMENT

P.O. Box 2347
Watsonville, CA 95077-2347
(831) 768-8071
(831) 768-9901 Fax

June 20, 2001

Patrick Mathews
Department of Public works
701 Ocean St Room 410
Santa Cruz, CA 95060

Dear Mr. Mathews:

This letter is to follow up with additional information with regards to our phone conversation on Tuesday, June 19, 2001. This is a formal request to allow Waste Management of Santa Cruz to temporarily transfer the processing of the curbside recycling material to our Castroville facility because of a major mechanical failure at this facility.

Western Baler is to access the reason for the failure and make a recommendation on what action to take to repair it and give an assessment of the length of time the baler will be out of service. I will keep you informed as I receive feedback from Western Baler on the situation.

As stated in my letter sent May 18, 2001, Waste Management has concerns about the facility at 1340 West Beach having the capacity to continue to processing the material due to volume of material received as a result of increased participation levels.

After I receive information from the baler repair company, and if I find that the repairs could take a longer period of time than anticipated, it may be in the best interest of both the County of Santa Cruz and Waste Management to use this time to begin the process of upgrading the West Beach Street facility to transfer material to Castroville. This decision will be determined on the time frame that it will take to repair the baler.

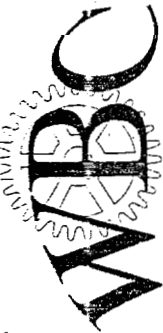
If you would like, I am available to meet with you and Tom Bolich to discuss this interest that is so vital to both the County of Santa Cruz and Waste Management.

Sincerely;

A handwritten signature in black ink, appearing to read 'Jim Moresco', written over the printed name.

Jim Moresco
District Manager

Waste Management of Santa Cruz County



Western Baler & Conveyor

916 922-4006 • fax 916 922-4007 • 800 960-9224



Western Baler & Conveyor, Inc.

1518 B Silica Avenue
Sacramento, CA 95815
(916) 922-4006
Fax (916) 922-4007

WORK ORDER

DATE 2008

PRICE

WORK PERFORMED AT

INVOICE TO

WM WATSONVILLE, CA
BEACH BLVD

ATTN: TIM MORSE

DATE STARTED 6-17-01 DATE COMPLETED 6-20-01

MAKE HARRIS MODEL HRB-8 SERIAL NUMBER 2041

ADDITIONAL INFO:

PO. NO. Tim M. EQUIPMENT NUMBER

COMPLAINT: BALER CYLINDER BROKE.

CORRECTION: FOUND MAIN RAM BROKE AT ROD, MAIN FEED BEAT. FLOOR ON UNIT COMPLETELY WORE THRU. CYLINDER ESTIMATED COST IS \$5000 AND LABOR FOR R & R WOULD BE ABOUT \$8700. FLOOR AND MAIN PRESS NEED REPLACED, EST \$45,000. CYLINDER IS 10-12 WEEKS OUT. MUST BE REPLACED, COST TO REPAIR EXCEEDS VALUE OF MACHINE.

CUSTOMER ACKNOWLEDGES RECEIPT HEREOF

PRINT NAME

WE RECOMMEND THE FOLLOWING REPAIRS:

Replace Baler complete.
Estimated New Unit, \$300,000 -
About 3-4 months out.

TERMS - NET 10 DAYS
(WITH OPEN ACCOUNT)

LATE CHARGE OF 1 1/2% MONTHLY
ON ALL BALANCES PAST DUE.

RESPONSIBLE FOR LOSS OR DAMAGE TO
EQUIPMENT OR ARTICLES LEFT ON/IN EQUIPMENT
IN CASE OF FIRE, THEFT OR ANY OTHER CAUSE
BEYOND OUR CONTROL.

DESCRIPTION

SALE

PARTS

SHOP SUPPLIES

INBOUND FREIGHT

MISC. SALE

1)

2)

3)

SALES TAX

LABOR

SUBLET REPAIRS

TOTAL SALES

0.50

ALL PARTS REMOVED WILL BE DISCARDED UNLESS INSTRUCTED OTHERWISE

Attachment 5



County of Santa Cruz

0302

DEPARTMENT OF PUBLIC WORKS

701 OCEAN STREET, ROOM 410, SANTA CRUZ, CA 95060-4070
(831) 454-2160 FAX (831) 454-2385 TDD (831) 454-2123

THOMAS L. BOLICH
DIRECTOR OF PUBLIC WORKS

July 27, 2001

MR. JIM MORESCO, GENERAL MANAGER
WASTE MANAGEMENT OF SANTA CRUZ COUNTY
P.O. Box 2347
Watsonville, CA 95077

SUBJECT: EMERGENCY USE OF CASTROVILLE MATERIALS RECOVERY FACILITY

Dear Mr. Moresco:

In response to your letter of June 20, 2001 (attached), we have reviewed your request to temporarily transfer recyclable materials to Waste Management's Castroville Materials Recovery Facility (MRF). Your letter and the attached quotation for repairs of your bailer clearly indicate the temporary transfer of operations is essential to maintaining recycling services for Santa Cruz County residents. Based upon the information you provided, the repairs could take up to twelve weeks to complete. We are therefore approving this emergency transfer of MRF operations to your Castroville plant through Monday, September 3, 2001.

You have also informed us that you are planning upgrades to the Watsonville MRF to facilitate permanent transfer of material recovery operations to the Castroville plant. You have also requested approval for a permanent relocation of MRF operations to the Castroville plant. Please be advised that this temporary, emergency authorization to change MRF operations does not constitute approval of a permanent change in MRF designation as required under Section 4.1(G)(iii) of the Franchise Agreement. Permanent dismantling of your sorting facility is not approved until such time as the Board of Supervisors considers and approves your request. The County Board of Supervisors must approve this change through an amendment to the Franchise Agreement.

In a related matter, we have attached a list of follow-up questions related to your request to permanently move MRF operations to Castroville. Please provide a written response to these questions by August 17, 2001. Your responses to these questions are necessary to assist us in explaining to the Board of Supervisors what the benefits would be of your requested changes, as well as addressing their concerns over potential impacts to County refuse and recycling services. The Board of Supervisors has also expressed a strong desire to maintain local jobs related to your franchise agreement. Please include in your written response an outline of how your existing MRF employees and contracted Skills Center Labor will be impacted by this proposed change in operations.

MR. JIM MORESCO

Page-2-

0303

We have also attached a letter from Monterey County, outlining a potential financial conflict with your requested move to the Castroville MRF. Please respond to the following questions related to this letter and provide us with any other pertinent information to clarify how Monterey County's agreement may impact County use of this facility.

- 1) Will the outlined conditions in Monterey County's franchise agreement impact your operations financially?
- 2) If so, will the increased costs for this facility have to be passed on to the County customers?
- 3) Will Santa Cruz County be subject to funding for these improvements for the duration of our use of this facility?
- 4) Will our financial liability extend the full term of Monterey County's franchise agreement or terminate concurrent with the Santa Cruz County Franchise Agreement?

Please provide the requested written responses no later than August 17, 2001, so we have adequate time to respond to Board member questions in advance of the August 27, 2001, scheduled hearing on your Franchise Agreement amendment. If you have any additional questions or comments, please feel free to contact Patrick Mathews of my staff at (831) 454-2160.

Yours truly,



THOMAS L. BOLICH
Director of Public Works

RPM:abc

Attachment

Copy to: County Administrative Office (w/a)
County Counsel (w/a)

0304



July 27, 2001

AUG 2001
 RECEIVED
 PUBLIC WORKS DEPT
 SANTA CRUZ, CA.

Thomas L. Bolich
 Director of Public Works
 County of Santa Cruz
 701 Ocean St. Rm. 410
 Santa Cruz, CA 95060-4070

NO.	ROUTE DATA	COPY	ATT.
1	DIRECTOR	✓	
2	ASST. DIR. SPEC. SVCS.	✓	
3	SOLID WASTE ENG.	✓	
	LANDFILL OPERATIONS		
	PAJARO COORD.		
	DRAINAGE ENG.		
	DRAINAGE OPERATIONS		
	CONSTRUCT. ENG.		
	ASST. DIR. DEV. SVCS.		
	SANITATION ENG.		
	WATER & WASTEWATER		
	SURVEY / DEVELOPMT.		
	RDA ENG.		
	ASST. DIR. TRANSPORT.		
	ROAD OPS. ENG.		
	PERMITS / ENCROACH.		
	RD. MAINT/LIVE OAK P.		
	ROAD DESIGN ENG.		
	TRANSP / RD. PLANNING		
	DIR. OF ADMIN. SERVICES		
	REAL PROPERTY		
	CSA / PRGM ADMIN.		
	SAFETY OFFICER/FLEET		

WASTE MANAGEMENT

P.O. Box 2347
 Watsonville, CA 95077-2347
 (831) 768-8071
 (831) 768-9901 Fax

SUBJECT: Use of Castroville Material Recovery Facility

Dear Mr. Bolich:


The response, to your request for additional information in your letter date July 27, 2001 regarding the Castroville facility, is as follows:

Response to Questions:

1. The current franchise agreement with regard to Monterey County will have no financial impact on Waste Management of Santa Cruz' hauling operation.
2. There will be no increase in costs that are subject to pass through to Santa Cruz County customers.
3. Santa Cruz County will not be subject to funding any improvements to the material recovery facility.
4. Santa Cruz County has no financial liability as stated in response to questions 1 and 3 and any liability by either Santa Cruz County or Waste Management is only in effect during the terms of the franchise agreement.

With regard to the labor force that was used in the processing facility at 1340 West Beach Street, all the Waste Management permanent employees are now working in the Castroville facility. Waste Management is currently working with the Skills Center management to use the Skills Center labor force on other Waste Management projects. Waste Management is currently taking applications for 5 additional relief driver positions.

If you have any questions or concerns, please feel free to call me directly at 768-4722.
I am always available to you.

Yours Truly;

Jim Moresco
District Manager
Waste Management of Santa Cruz County

0306

CERTIFICATE OF INSURANCE

Date: (MM/DD/YY)
12/27/2000

PRODUCER
Aon Risk Services of Texas, Inc.
2000 Bering Drive, Suite 900
Houston, Texas 77057
713/433-6000

RPM
ACCT
CF

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED: WASTE MANAGEMENT, INC. and
Waste Management of Santa Cruz City
1340 West Beach Street
PO Box 2347
Watsonville, CA 95076

JAN 2001

Insurer A:	Pacific Employers Insurance Company
Insurer B:	Continental Casualty Company
Insurer C:	ACE American Insurance Company
Insurer D:	Indemnity Insurance North America
Insurer E:	National Union Fire Insurance Co. of PA

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY BE EXHAUSTED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE	LIMITS				
A	GENERAL LIABILITY	HDO G19902559	1/1/2001	1/1/2002	EACH OCCURRENCE \$ 2,000,000				
	X COMMERCIAL GENERAL LIABILITY				FIRE DAMAGE (ANY ONE FIRE) \$ 1,000,000				
					XCU INCLUDED	MED EXP (PER PERSON)			
					ISO FORM CG 00 01 10 93				
	GENL AGGREGATE LIMIT APPLIES PER:					PERSONAL & ADV INJURY \$ 2,000,000			
	X PROJECT					GENERAL AGGREGATE \$ 2,000,000			
	X LOCATION					PRODUCTS/COMP. OP. AGG \$ 4,000,000			
A	AUTOMOBILE LIABILITY	ISA H07686031	1/1/2001	1/1/2002	COMBINED SINGLE LIMIT \$ 5,000,000				
	X ANY AUTO				(EACH ACCIDENT)				
					ALL OWNED AUTOS				
					SCHEDULED AUTOS				
					X HIRED AUTOS				
X NON-OWNED AUTOS									
X MCS-90									
B	EXCESS LIABILITY	CUP-247892731	1/1/2001	1/1/2002	EACH OCCURRENCE \$ 25,000,000				
	X OCCURRENCE	XOOG 19902675			AGGREGATE \$ 25,000,000				
		CLAIMS MADE			346 71 06				
D	WORKERS' COMPENSATION	WLR C42982453	1/1/2001	1/1/2002	WORKERS' COMPENSATION STATUTORY				
	and EMPLOYERS LIABILITY				SCF C42982532 (WI)	EL EACH ACCIDENT \$ 1,000,000			
						EL DISEASE-EA EMPLOYEE \$ 1,000,000			
A					EL DISEASE-POLICY LIMIT \$ 1,000,000				

REMARKS: DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT PROVISIONS:

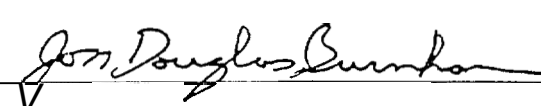
CHECK BOX BLANKET WAIVER OF SUBROGATION IS GRANTED IN FAVOR OF CERTIFICATE HOLDER ON ALL POLICIES AS REQUIRED BY WRITTEN CONTRACT.
 CERTIFICATE HOLDER IS NAMED AS AN ADDITIONAL INSURED (EXCEPT FOR WORKERS' COMPEN) AS REQUIRED BY WRITTEN CONTRACT.
 Additional Insured in favor of County of Santa Cruz (on all policies except Workers Compensation/EL) where and to the extent as required by written contract.

CERTIFICATE HOLDER:

County of Santa Cruz
Director of Public Works
701 Ocean Street
Room 410
Santa Cruz, CA 95060

CANCELLATION:

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT. BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. EXCEPT 10 DAYS NOTICE FOR NONPAYMENT.


Jon Douglas Burnham, Aon Risk Services of Texas, Inc

REQUEST FOR APPROVAL OF AGREEMENT

TO: Board of Supervisors
County Administrative Officer
County Counsel
Auditor-Controller

FROM: PUBLIC WORKS (Dept.)
[Signature] (Signature) 8/14/01 (Date)

The Board of Supervisors is hereby requested to approve the attached agreement and authorize the execution of the same.

1. Said agreement is between the COUNTY OF SANTA CRUZ (Agency)
WASTE MANAGEMENT OF SANTA CRUZ COUNTY
and, P. O. Box 2347, Watsonville, CA 95077 (Name & Address)

2. The agreement will provide revision of the franchise agreement specifying the Castroville
Materials Recovery Facility as the designated recycling processing facility.

3. The agreement is needed because the work can be handled most expeditiously by contract.

4. Period of the agreement is from Board Approval to June 30, 2002

5. Anticipated cost is \$ No Increase (Fixed amount; Monthly rate; Not to exceed)

6. Remarks: Contract \$545,000; 7% Overhead \$38,150; Total \$583,150

7. Appropriations are budgeted in 625110 \$400,000 ! 51356 ! 3665 ! 3590
625110 \$145,000 ! 51550 ! 3665 ! (Index#) 3590 (Subobject)

NOTE: IF APPROPRIATIONS ARE INSUFFICIENT, ATTACH COMPLETED FORM AUD-74

Appropriations are available and have been encumbered. Contract No. L1576 Date 8/16/01

GARY A. KNUTSON, Auditor - Controller
By Adam J. Vely Deputy.

CC - 19 / 1 NOW #

Proposal reviewed and approved. It is recommended that the Board of Supervisors approve the agreement and authorize the
Director of Public Works to execute the same on behalf of the Department of
Public Works (Agency). County Administrative Officer

Remarks:
(Analyst) By Date

Agreement approved as to form. Date

DdG:bbs

- Distribution:
Bd. of Supv. - White
Auditor-Controller - Blue
County Counsel - Green
Co. Admin. Officer - Canary
Auditor-Controller - Pink
Originating Dept. - Goldonrod

*To Orig. Dept. if rejected.
ADM - 29 (8/95)

State of California)
County of Santa Cruz) ss
I ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz,
State of California, do hereby certify that the foregoing request for approval of agreement was approved by
said Board of Supervisors as recommended by the County Administrative Officer by an order duly entered
in the minutes of said Board on
County Administrative Officer
By Deputy Clerk

47