



STAFF REPORT – CITY COUNCIL MEETING

TO: Honorable Mayor and City Council Members

FROM: Emily Sinkhorn, Director of Environmental Services

PREPARER: Emily Benvie, Deputy Director of Environmental Services—Community Services

DATE: February 18, 2026

TITLE: **Approve an Amendment to the Agreement for Franchise Agreement Negotiation Assistance with CSG Consultants, Inc., in the amount of \$20,000 with a Term Extended to October 31, 2026; and Authorize the City Manager to Execute All Applicable Documents.**

RECOMMENDATION:

It is recommended that the Council approve an amendment to extend the agreement with CSG Consultants, Inc., for assistance with franchise agreement negotiations and increase the contract amount by \$20,000; and authorize the City Manager to execute all applicable documents.

INTRODUCTION:

On March 1, 2023, the City entered into a Professional Services Agreement with CSG Consultants, Inc. (CSG) to provide technical and advisory support related to amending and restating the City's solid waste hauling franchise agreement with Recology. This work is necessary to ensure compliance with the State-mandated Short-Lived Climate Pollutant Reduction Strategy (Senate Bill 1383) and associated CalRecycle requirements.

CSG has provided specialized expertise throughout the negotiation process, including technical expertise and knowledge of statewide industry standards, regulatory compliance analysis, service and rate structure evaluation, and coordination with the City's Senate Bill (SB) 1383 Compliance Action Plan.

DISCUSSION:

On May 17, 2023, the City Council authorized the City Manager to enter into sole-source negotiations with Recology, recognizing that Recology's provision of solid waste, recycling, and organics collection services is uniquely integrated with the City's existing franchise agreement, which remains in effect through 2029.

Since that time, City staff and Recology have engaged in detailed and ongoing negotiations to develop an amended and restated franchise agreement that meets SB 1383 requirements while remaining operationally feasible, fiscally responsible, and consistent with the City's solid waste community priorities. Given the complexity of aligning regulatory mandates, service standards, cost

structures, and implementation timing, negotiations have required continued technical analysis and refinement.

Throughout this process, CSG has provided critical support to staff, including preparation of draft agreement language, evaluation of service impacts and cost proposals, and coordination to ensure consistency with the City's CalRecycle-approved SB 1383 Compliance Action Plan. As negotiations have progressed, the City has amended the agreement with CSG to ensure staff continued to have access to the specialized expertise necessary to protect the City's interests and advance compliance efforts. The current agreement price, as previously amended over the past three years, has a maximum compensation amount of \$73,840.

Staff and Recology have made substantial progress toward finalizing the amended and restated franchise agreement and anticipate presenting the franchise agreement for the City Council's consideration in Spring 2026. To support the final stages of negotiation, including completion and evaluation of the technical cost proposal and preparation of final agreement materials, City staff is seeking Council approval for an amendment to extend the term through October 31, 2026, increasing the contract amount by up to \$20,000 for professional services support from CSG. This amendment would increase the total contract price to an amount not to exceed \$93,840.

City staff have budgeted for continued SB 1383 compliance support within the Solid Waste activity budget and believe this investment reflects prudent fiscal stewardship given the regulatory complexity, long-term operational implications of the franchise agreement, and the importance of ensuring rates remain fair, competitive, and sustainable for the community. While negotiations extended longer than initially anticipated due to the complexity of the issues involved, staff believe the resulting agreement will be stronger, aligned with Council priorities, and result in long-term operational and financial outcomes that better serve the community.

BUDGET/FISCAL IMPACT:

The full cost of the initial contract, subsequent amendments, and the proposed amendment are funded through the Solid Waste Fund, general ledger accounts 664-60-73-51770 (Professional Services) and 664-60-73-54455, which reflects funding from the CalRecycle SB 1383 Local Assistance Grant Program. It is anticipated that the proposed \$20,000 amendment will be eligible for CalRecycle grant reimbursement. Should reimbursement not be available, sufficient funds are available within the Professional Services account to cover the cost.

RECOMMENDED COUNCIL ACTION:

Motion to approve an amendment to the agreement for franchise agreement negotiation assistance with CSG Consultants, Inc., in the amount of \$20,000 with a term extended to October 31, 2026; and authorize the city manager to execute all applicable documents. Consent calendar vote.

ATTACHMENTS:

- A. CSG Consultants Professional Services Agreement with Amendments for Franchise Agreement Negotiations
- B. CSG Consultants Proposal for Franchise Agreement Negotiations