



BOARD OF COMMISSIONERS

AGENDA REQUEST & STAFF REPORT

MEETING DATE: September 29, 2025

SUBJECT: Potential issuance of a termination notice to the existing solid waste franchise holder, originally granted in 1972, for the purpose of replacing it with a modernized franchise agreement that reflects current operational, performance, and financial accountability standards

RECOMMENDED MOTION:

Provide direction to the Director of Solid Waste regarding a possible notice of termination, in accordance with the terms of the 1972 agreement and County Code, to Cascade Disposal and Republic Services for their exclusive collection franchise rights. The Board may also wish to direct staff to begin the process to review and amend the County Code provisions pertaining to Solid Waste services.

BACKGROUND AND POLICY IMPLICATIONS:

In 1972 the Board of County Commissioners (BOCC) granted four separate franchises for solid waste collection as provided under the Solid Waste Collections and Disposal Ordinance. Each of these franchises have defined legal boundaries outlining the areas of service for each franchisee. Over the last 20 years these franchises, along with an additional franchise for the transfer of solid waste and other waste materials and a recycling and composting lease agreement, have been purchased and consolidated to be held by two national waste companies. Cascade Disposal (whose parent company is Waste Connections) operates a franchise originally granted to R.A. Brownrigg. Republic Services purchased the remaining franchises and lease agreements providing services to the county.

While these franchises have provided essential services to County residents, the agreements reflect the policies and conditions of the early 1970s and do not incorporate contemporary requirements for:

- **Performance standards** (e.g., customer service metrics, equipment standards, and compliance monitoring).
- **Facility designations** (e.g., landfill and transfer station use consistent with the County's Solid Waste Management Plan).

- **Financial transparency and reporting** (e.g., audited financial statements, tonnage reporting, fee reconciliation).
- **DEQ program and reporting requirements** (e.g customer outreach, required recycling program elements, contamination standards)

This lack of modern provisions limits the County's ability to ensure consistent delivery of service, protect public health and safety, and maintain proper fiscal oversight.

DISCUSSION:

Staff opinion is that updating the franchise agreement is necessary to align with industry standards and best practices. A new agreement would:

1. **Enhance Accountability** – Establish clear performance expectations and provide enforcement tools to ensure compliance.
2. **Improve Service Integration** – Specify designated facilities for disposal and processing to ensure alignment with the County's adopted solid waste management system as well as current and future County infrastructure investments.
3. **Strengthen Financial Oversight** – Require transparent and timely financial reporting, including revenue and expense audits tied to franchise fees and ensure rate payer protections.
4. **Provide Legal and Operational Clarity** – Eliminate ambiguities in the 1972 agreement and incorporate up-to-date legal protections for both the County and the franchisee.

Over the past two years, Solid Waste Department staff, in concert with staff from both the City of Bend and the City of Redmond, has been working to develop a new franchise agreement to replace the current agreements. Redmond and Bend are likewise interested to develop an updated standard franchise agreement that the County could administer on their behalf through an Intergovernmental Agreement.

Staff from the cities and the County began meeting with the two franchisees to discuss a draft replacement franchise agreement incorporating the provisions outlined above. As staff has presented to the BOCC, the goal was to develop and negotiate an agreement that would protect County investments, provide residents with service standards they could count on and that the franchisees were accountable to, and require financial reporting that was robust and transparent enough to ensure rates were appropriate and justified. In consideration for voluntarily entering into a new franchise agreement, staff was willing to continue the current contractual term of annual renewals with a seven (7) year termination notification clause, otherwise known as an "evergreen" agreement.

In August, the County agreed to entertain revisions to the agreement as proposed by Cascade Disposal. While waiting for those revisions, on September 2nd Cascade Disposal notified the County that it was no longer interested to move forward with further discussions regarding a new franchise agreement and instead preferred to operate under the existing system.

Throughout this process, Republic Services has voluntarily participated, while Cascade Disposal has largely not engaged in the process or discussions. The City of Redmond and County staff is largely in agreement with regard to terms for a new agreement with Republic Services (note: Redmond's sole service provider) with a few remaining items pending. However, the performance of Republic Services in many areas has been concerning over the past few years, to the point that the City of Redmond had provided it with a Notice of Termination at the end of 2023. The City of Bend is also close to agreement with Republic, but not with Cascade.

Without both franchisees being amenable to a new agreement, staff does not view it prudent to continue taking steps to move one party to a new franchise agreement and have the other operate under current County Code.

Options

1. Continue with the existing franchise arrangement as currently configured
 - a. Amend County Code to add more elements regarding performance standards and facility designation authority.
 - i. This approach would require allowing a relatively substantive period of time for the franchisee to come into compliance with the new code (i.e. up to 24 months) or forego their franchise.
 - ii. The County would want the franchise under these new provisions in Code to sign a franchise agreement/contract binding them to these new conditions, as laws applicable to the Code could change.
 - iii. Enforcement through County Code can be lengthy in implementation if contested.
 - iv. Since the County Code relative to the Solid Waste provisions is quite old, there may be some questions as to how well this could work for the County. There may be some limitations by law to the degree to which the County can alter those provisions under which the franchises were granted.
2. Provide Notice of Termination to both of the franchise holders which would provide the County (and potentially the cities as well) a six-year window to develop a model franchise agreement and to conduct a formal RFP procurement process.
 - a. Staff envisions that a model franchise agreement would include the various elements cited earlier in this document along with a set term (i.e., 10 or 15 years) that would be competitively bid on a regular basis.
 - b. The competitive bidding process would ensure resident rates would be at true market rate, while also allowing efficiencies of one service provider at a time for the County, ensuring consistency of services and communications throughout the County.

If Option 2 is selected, staff would likely recommend procuring the services of a seasoned industry consultant to assist in the development of the process towards a new agreement. This may include coordination with most or all of the jurisdictions within the County for a

universally adopted service franchise agreement that each city could utilize and County administer under an IGA.

BUDGET IMPACTS:

Adoption of a modernized franchise agreement would improve revenue accountability through updated fee structures and reporting requirements. While no immediate fiscal impact would result from issuing a termination notice, long-term impacts include increased accuracy in franchise fee collection and better alignment of costs with service delivery for the residents of Deschutes County.

ATTENDANCE:

Tim Brownell, Director of Solid Waste