



DISTRIBUTION DATE: 1/12/12

City Administrator's Office

MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Vitaly B. Troyan, P.E.

SUBJECT: Regional Garbage Rate Increases

DATE: January 12, 2012

City Administrator
Approval

Date

1/12/12

INFORMATION

This information is provided at the request of Council President Larry Reid, made in the Public Works Committee meeting on January 10, 2012 in response to the Council Agenda Report Item #4, "Resolution Adopting The Recommended System Design To Meet The Adopted Zero Waste Strategy - Develop A New Waste Management System Design In Preparation Of Oakland's Next Collection And Disposal Contracts."

President Reid requested staff to provide information on rate impacts experienced in jurisdictions that have implemented new garbage franchise agreements. Communities in the Bay Area that have executed new service agreements in recent years for collection, processing and disposal of garbage, recyclables and organic materials have experienced significant rate increases for these services. Staff disclosed this information to the City Council in a memo from the City Administrator on April 12, 2011 (attachment), when the existing garbage franchise and recycling agreements were extended. Supplementing the information contained in that memo, the tables below summarize the rate impact on commercial and residential customers in several jurisdictions where new franchises were negotiated with incumbent haulers or procured through a competitive process.

Table 1. Garbage Rate Impacts – New Contracts from Negotiations with Incumbent Hauler

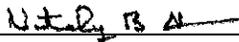
City	New Contract Effective	Year One Rate Impact	32-Gallon Single Family Rate		One Cubic Yard Commercial Rate	
			Before	After	Before	After
Albany	2011	45%	\$24.77	\$35.92	\$98.73	\$143.16
Dublin	2011	27%	\$14.25	\$17.99	\$63.53	\$80.21
Emeryville	2011	45%	\$11.81	\$16.91	\$69.59	\$100.67
Hayward	2007	32%	\$17.83	\$23.28	\$75.38	\$98.45

Table 2. Garbage Rate Impacts – New Contracts Procured through RFP

City	New Contract Effective	Year One Rate Impact	32-Gallon Single Family Rate		One Cubic Yard Commercial Rate	
			Before	After	Before	After
Castro Valley	2009	45% Residential 68% Commercial	\$19.44	\$28.18	\$81.90	\$199.65
Livermore	2009	19%	\$16.21	\$19.26	\$76.14	\$90.61
Menlo Park ¹ (South Bayside Waste Mgt. Authority)	2011	7%	\$20.25	\$21.60	\$107.90	\$115.45

¹The South Bayside Waste Mgt. Authority (Authority) comprises 12 jurisdictions in San Mateo County who conducted a joint RFP for new services commencing in 2011. The average rate impact was 23%. However, for the City of Menlo Park which is one of the Authority's larger cities, the rate impact was only 7% because prior rates were higher than typical rates for the Authority's other member jurisdictions.

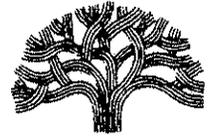
Respectfully submitted,


 Vitaly B. Troyan, P.E.
 Director, Public Works Agency

For questions please contact Susan Kattchee, Environmental Services Manager, at 238-6382.

Attachment
 4/12/11 Memo from City Administrator to City Council

CITY OF OAKLAND



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Office of the City Administrator
P. Lamont Ewell
Interim City Administrator

(510) 238-3301
FAX (510) 238-2223

MEMORANDUM

April 12, 2011

To: Honorable Council President and City Councilmembers

From: P. Lamont Ewell, Interim City Administrator

A handwritten signature in black ink, appearing to read "P. Lamont Ewell", written over the "From:" line.

Cc: Mayor Jean Quan
City Attorney John Russo

Re: **Extension of Franchise Agreement term**

On April 11, 2011, I notified Waste Management of Alameda County (WMAC) and California Waste Solutions (CWS) that the City of Oakland is opting to extend by two-and-a-half years the terms of our agreements with them. These agreements will now end on June 30, 2015. The original contract gave me the authority to extend the agreement for this period of time.

Both agreements provide that the City may, at its sole discretion, extend the agreement terms for up to three years. The agreements were set to expire on December 31, 2012. We needed to exercise this option with WMAC before June 30, 2011 and with CWS before December 30, 2011.

There were two compelling reasons for which I chose to exercise this extension: 1) The extension of the Franchise Agreement ensures that the City will continue to receive the revenues provided for by the Franchise Agreement. In FY 2010-11 revenues are \$29 million - \$4.8M of which goes to the General Purpose Fund. Extending the Franchise Agreement will secure these revenues through June 30, 2015, with annual CPI adjustments.

2) The extension of these agreements will ensure that Oakland residents and businesses enjoy the stability of the existing rate structure during the current economic downturn, and protect them from the potentially significant rate increases typical of new garbage and recycling contracts in the Bay Area. This was especially of concern to staff because nearby cities that have recently negotiated contracts for these services have experienced rate increases ranging from 23% (San Mateo, 2011), 45% (Castro Valley, 2009), to 45% (Emeryville, 2011). Oakland's next annual rate increase, on July 1, 2011, is expected to be less than 1.5%.

Exercising the option to extend these agreements allows the City sufficient time to develop plans to achieve its Zero Waste goal to reduce waste going to landfills by 90% by 2020, and establish new recycling services to meet this aggressive goal. Future needs include substantially expanding organic material collection for apartments, condominiums, and businesses, similar to the existing residential yard trimmings program, and expanding recycling collection for construction and demolition debris and businesses waste.