

CITY OF OAKLAND
City Council Special Meeting
July 30, 2014

Zero Waste Collection Services RFP



CITY OF OAKLAND

Zero Waste RFP Goals

- Garbage collection on July 1, 2015
- Best value and experience for rate payer
- Highest waste diversion towards Zero Waste Goal

RFP Process Overview

- January 2012 – Council approves Zero Waste System Design
- June 2012 – Council authorizes RFP
- June 2013 – Council authorizes concurrent negotiations with top proposers
- May 29, 2014 – Council directs staff to solicit lower rates from proposers

New Pricing Results – Better Rates

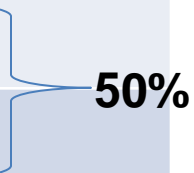
(32-gallon cart customer)

Compared to current rates:

- Proposed Rates – 75% increase
- Negotiated Rates – 50% increase
- Council Requested Better Rates – 24% to 46% increase

Recent Rate Increases Alameda County

City	Year	Increase
Albany	2011	45%
Berkeley	2009	25%
Berkeley	2014	25%
Castro Valley	2009	45%
Dublin	2011	27%
Emeryville	2011	45%
Hayward	2007	32%
Livermore	2010-11	38%



New Contract = New Services

- NEW Size options for green and recycling carts to better fit residents' needs
- NEW Compost give away for residents (2 years)
- NEW Green cart service for multi-family
- NEW Bulky pickup service multi-family

New Contracts = New Services

(Continued)

- NEW Bulky item drop-off events (4 per year)
- NEW Pickups of illegal dumping (25 per day)
- NEW Sunday street litter container collection
- NEW Sunday commercial collection

Labor Disruptions

- Labor Disruptions include strikes
- Labor Disruptions exclude lockouts
- Liquidated damages apply to lockouts day-one
- Service Resumption Protocol applies to Labor Disruptions
 - General Contingency Plan implementation
 - Liquidated damages for failure to meet service resumption schedule

Three Options

Option 1: RECOMMENDED

- Award WMAC all 3 franchise contracts

Option 2: Viable Alternative

- Award CWS Residential Recycling franchise contract
- Award WMAC Mixed Materials & Organics, and Disposal franchise contracts

Option 3: Not Recommended

- Award CWS all 3 franchise contracts



Viable Options

- **Option 1** – Best value, lower customer rates
 - WMAC all 3 franchise contracts
- **Option 2** – Viable alternative with higher customer rates
 - CWS Residential Recycling
 - WMAC Mixed Materials & Organics
 - WMAC Disposal

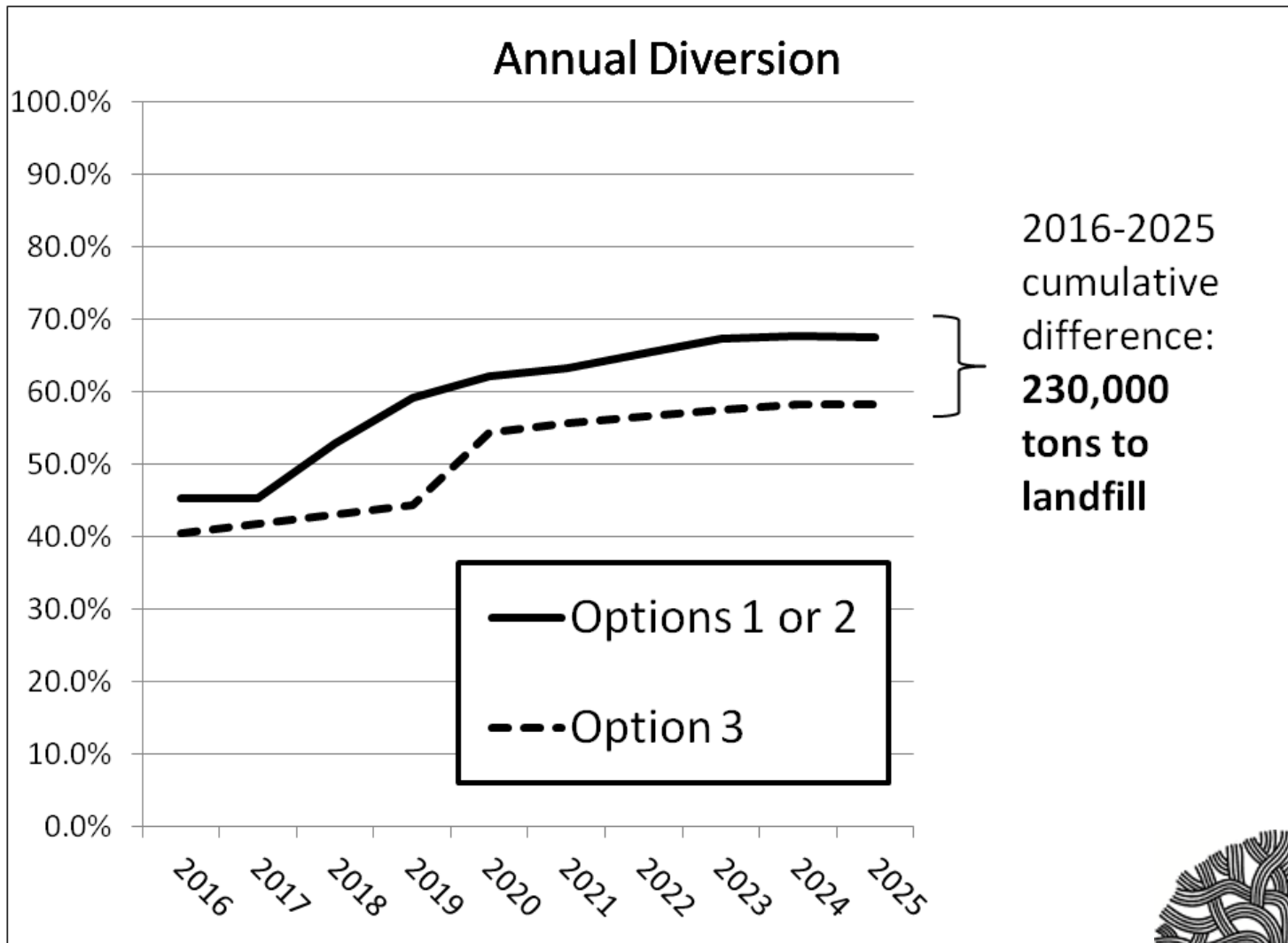
Option 3 - Risks

- Tentative agreements with & between multiple third parties not subject to City control
- Permits from multiple agencies needed
- Moderate to high risk that interim transfer facility will not be operating on July 1, 2015
- Moderate to high risk that trucks & containers will not be available for July 1, 2015 start
- Material processing outsourced to Napa, Yolo and Contra Costa counties
- Not meeting Zero Waste goals

Option 1 -Benefits

- No third party contracts needed for provision of services
- Existing facilities - performance on July 1, 2015
- Proposed new facilities permitted
- High ability to have needed equipment for July 1, 2015 start
- All materials processed in Alameda County
- High diversion

Diversion from Landfill



Rate Options (report page 12)

14 Rate Options prepared

	<u>Option 1</u> <i>MM&O WMAC RR WMAC Disposal WMAC</i>	<u>Option 2</u> <i>MM&O WMAC RR CWS Disposal WMAC</i>	<u>Option 3</u> <i>MM&O CWS RR CWS Disposal CWS</i>
Rate Option A	Rate Table 1A	Rate Table 2A	Rate Table 3A
Rate Option B	Rate Table 1B	Rate Table 2B	Rate Table 3B
Rate Option BB	Rate Table 1BB	Rate Table 2BB	Rate Table 3BB
Rate Option C	Rate Table 1C	Rate Table 2C	Rate Table 3C
Rate Option D		Rate Table 2D	Rate Table 3D



Rate Option A

Rate Option A Table – page 14 of report

- Shows rates with the cost for the requested ILWU Local 6 recycling sorters wage and benefit increase embedded
- Rate is based on out-of-county call center as this provides the lowest rate possible for the rate payer
- MF Green cart at no additional cost



Rate Option A Table

Service	Current Monthly Rate FY 2013/14	Option 1 WMAC: RR/MM&O/ Disposal		Option 2 CWS: RR WMAC: MM&O/ Disposal		Option 3 CWS: RR/MM&O/ Disposal	
		Monthly Rate	Rate Impact	Monthly Rate	Rate Impact	Monthly Rate	Rate Impact
Single Family (32-gallon cart)	\$29.80	\$40.34	35.37%	\$45.20	51.68%	\$37.82	26.92%
Multi Family (20-unit bldg.)	\$474.20	\$590.54	24.53%	\$674.17	42.17%	\$556.78	17.41%
Commercial (1-cu.yd. bin)	\$139.88	\$201.48	44.04%	\$214.14	53.09%	\$164.81	17.82%

Rate Option A - Detail

Single Family 32- Gallon Cart

Service	Current Monthly Rate FY 2013/14	Option 1 WMAC: RR/MM&O/ Disposal		Option 2 CWS: RR WMAC: MM&O/ Disposal		Option 3 CWS: RR/MM&O/ Disposal	
		Monthly Rate	Rate Impact	Monthly Rate	Rate Impact	Monthly Rate	Rate Impact
Proposed Rate	\$29.80	\$ 40.08	34.51%	\$ 44.63	49.75%	\$ 37.71	26.54%
Recycling Workers Wage & Benefits		\$ 0.26		\$ 0.57		\$ 0.11	
Total	\$ 29.80	\$ 40.34	35.37%	\$ 45.20	51.68%	\$ 37.82	26.92%

Rate Option B

Rate Option B Table – page 16 of report

- Includes the cost for the requested ILWU Local 6 recycling sorters wage and benefit increase
- Includes out-of-county call center
- **B is the #3 multi-family green cart option “no opt-out” aka “mandatory” (page 14 of report)**



Rate Option B

Service	Current Monthly Rate FY 2013/14	Option 1 WMAC: RR/MM&O/ Disposal		Option 2 CWS: RR WMAC: MM&O/ Disposal		Option 3 CWS: RR/MM&O/ Disposal	
		Monthly Rate	Rate Impact	Monthly Rate	Rate Impact	Monthly Rate	Rate Impact
Multi Family (20-unit bldg.)	\$474.20	\$651.14	37.31%	\$734.77	54.95%	\$556.78	17.41%

Rate Option BB

Rate Option BB Table – page 17 of report

- Includes the cost for the requested ILWU Local 6 recycling sorters wage and benefit increase
- Includes out-of-county call center
- **BB is the #2 multi-family green cart option “opt-out” (page 14 of report)**



Rate Option BB

Service	Current Monthly Rate FY 2013/14	Option 1 WMAC: RR/MM&O/ Disposal		Option 2 CWS: RR WMAC: MM&O/ Disposal		Option 3 CWS: RR/MM&O/ Disposal	
		Monthly Rate	Rate Impact	Monthly Rate	Rate Impact	Monthly Rate	Rate Impact
Multi Family (20-unit bldg.)	\$474.20	\$648.34	36.72%	\$731.97	54.36%	\$556.78	17.41%

Rate Option C

Rate Option C Table – page 18 of report

- **Recommended**
- Includes increase to ILWU Local 6 Recycling Workers wage and benefits
- Out-of-county call center to reduce rates
- MF Green cart at no additional cost
- **Lower first year rate, with a 1.5% catch up in years 2-5 of the contract**



Rate Option C Table

Service	Current Monthly Rate FY 2013/14	Option 1 WMAC: RR/MM&O/ Disposal		Option 2 CWS: RR WMAC: MM&O/ Disposal		Option 3 CWS: RR/MM&O/ Disposal	
		Monthly Rate	Rate Impact	Monthly Rate	Rate Impact	Monthly Rate	Rate Impact
Single Family (32-gallon cart)	\$29.80	\$38.71	29.88%	\$43.70	46.65%	\$36.82	23.56%
Multi Family (20-unit bldg.)	\$474.20	\$566.47	19.46%	\$653.22	37.75%	\$546.97	15.35%
Commercial (1-cu.yd. bin)	\$139.88	\$193.11	38.06%	\$205.33	46.79%	\$156.34	11.77%

Rate Option D

Rate Option D Table – page 20 of report

- Includes the cost for the requested ILWU Local 6 recycling sorters wage and benefit increase
- Out-of-county call center for Option 2
- **CWS proposed lower first year rate for Residential Recycling with a catch up in years 2-4 of the contract**
- **15-year term – instead of 10-year term**
- **Use of bio-diesel trucks for 5 years instead of CNG trucks**



Rate Option D Table

Service	Current Monthly Rate FY 2013/14	Option 1 WMAC: RR/MM&O/ Disposal		Option 2 CWS: RR WMAC: MM&O/ Disposal		Option 3 CWS: RR/MM&O/ Disposal	
		Monthly Rate	Rate Impact	Monthly Rate	Rate Impact	Monthly Rate	Rate Impact
Single Family (32-gallon cart)	\$29.80			\$42.23	41.70%	\$35.80	20.12%
Multi Family (20-unit bldg.)	\$474.20			\$623.70	31.53%	\$526.50	11.03%
Commercial (1-cu.yd. bin)	\$139.88						

Mini Can Savings in New Rates

(Attachment A page 1)

- 74 % of residents use a 32-gallon garbage cart
- Residents who recycle more may reduce to 20- gallon container service, and decrease costs by 14% or \$5.57 a month
- Attachment A on page 1 shows the rates for mini-can for Rate Options A and C

Rate Breakout for MM&O, RR and Disposal (Attachment A page 2)

This table shows the MM&O, RR and Disposal cost components for Rate Option C:

Service		Current Monthly Rate FY 2014/15	<u>Option 1</u> <i>MM&O WMAC RR WMAC Disposal WMAC</i>		<u>Option 2</u> <i>MM&O WMAC RR CWS Disposal WMAC</i>		<u>Option 3</u> <i>MM&O CWS RR CWS Disposal CWS</i>	
			Monthly Rate	Rate Impact	Monthly Rate	Rate Impact	Monthly Rate	Rate Impact
Single Family (32-gallon cart)	MMO		\$28.88		\$30.70		\$24.36	
	Disposal		\$2.25		\$2.39		\$2.56	
	RR		\$7.58		\$10.61		\$9.90	
	Total Rate	\$29.80	\$38.71	29.88%	\$43.70	46.65%	\$36.82	23.56%



Benefits of Recommendation

- Continuity of all services on July 1, 2015
- Greatest waste diversion
- New, quieter, low emissions collection trucks
- 25 illegal dumping pickups per day, 5 days per week, 52 weeks per year
- All materials processed in Alameda County by WMAC, and subject to City's local hire requirements
- Sunday collection service for street litter containers and businesses



Steps to Complete First Reading

Step 1 – Select a service delivery option

Option 1 is recommended

Step 2 – Adopt the Ordinances corresponding to the selected service delivery option

Exhibits U, V, W

Step 3 – Adopt the rate tables for the preferred rate option.

Rate Option C is recommended

Risk/ Challenges Option 3

- Risk - facilities in place and operating on July 1, 2015
- Risk – necessary agreements between parties fully executed
- Challenge – City getting needed assurances
- Challenge – length of time to negotiate needed assurances



Schedule

- July 30 – First Reading of Ordinances
- August 13 – Second Reading of Ordinances
- Execute contract for garbage service to be in place on July 1, 2015



Recommendation

- Adopt three (3) Ordinances:
 - Ordinance U – MM&O to WMAC
 - Ordinance V – RR to WMAC
 - Ordinance W – Disposal to WMAC
- Adopt one (1) set of Rate Tables:
 - Rate Table 1C
- Authorize the City Administrator to execute the franchise contracts.