

CITY OF OAKLAND
AGENDA REPORT OFFICE OF THE CITY CLERK
OAKLAND

2004 APR 22 PM 3:16

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Public Works Agency
DATE: May 4, 2004

RE: **AMENDMENT TO ORDINANCE NO. 11820 C.M.S. INCREASING RATES CHARGED FOR SOLID WASTE COLLECTION AND DISPOSAL FOR MULTI-FAMILY AND SINGLE-FAMILY RATEPAYERS, AND INCREASING CITY FEES PAID BY WASTE MANAGEMENT OF ALAMEDA COUNTY TO THE CITY OF OAKLAND**

SUMMARY

An amendment to Ordinance No. 11820 C.M.S. has been prepared that authorizes Waste Management of Alameda County (WMAC) to increase rates charged to multi-family and single-family ratepayers for solid waste collection and disposal services effective July 1, 2004 and July 1, 2005. The amendment also requires WMAC to remit a portion of the increased revenues the company receives from the ratepayers to the City of Oakland to pay for recycling collection and processing services. The increased rates paid by the ratepayers will generate approximately \$1,016,000 in additional revenues to WMAC during the 2004-05 fiscal year and \$2,031,000 in the 2005-06 fiscal year. These revenues will cover WMAC's costs to provide a weekly yard waste and food scraps recycling program. The increased rates will also generate approximately \$750,000 in additional revenues during the 2004-05 fiscal year and \$1,500,000 in the 2005-06 fiscal year to be remitted to the City by WMAC. The City will use this money to pay WMAC and California Waste Solutions (CWS) for weekly single stream recycling collection and processing services.

This is one of four reports being submitted to the City Council on weekly single stream recycling, weekly yard waste collection and food scraps recycling. The other reports authorize an amendment of the Franchise Agreement with Waste Management of Alameda County to provide weekly recycling services in the Southern part of the City and weekly yard waste and food scraps recycling throughout the City; an agreement with California Waste Solutions for recycling services in the Northern part of the City; and an agreement with the Alameda County Waste Management Authority for partial funding of a residential food scraps recycling program.

This ordinance amendment is consistent with the following Mayor and City Council goals and objectives 2C and 3C:

Develop a Sustainable City: Implement programs that protect and conserve natural resources.

Improve Oakland Neighborhoods: Reduce blight and nuisance.

Staff recommends approval of the ordinance.

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FISCAL IMPACT

The City will pay CWS and WMAC \$3.20 per household per month to provide weekly residential recycling collection and processing services commencing on January 1, 2005. Currently CWS receives \$2.72 per household per month for weekly recycling service and WMAC receives \$2.05 per household per month to provide bi-weekly recycling service. The additional annualized cost to provide weekly single stream recycling service throughout the City is approximately \$750,000 in the 2004-05 fiscal year and \$1,500,000 in the 2005-06 fiscal year (Fund 1710, Organization 30282, Account 54919).

Beginning January 1, 2005 WMAC will also implement a residential food scraps recycling program. This will require yard waste to be collected weekly instead of bi-weekly. The annualized cost to provide weekly collection of yard waste and weekly food scraps recycling is approximately \$1,016,000 in the 2004-05 fiscal year and \$2,031,000 in the 2005-06 fiscal year.

Funds to pay for these services will come from rates collected by Waste Management of Alameda County as part of the garbage bill. The garbage bill for single-family residences (1-4 units) will increase by \$1.28 per month on July 1, 2004 and by an additional \$1.28 per month on July 1, 2005 to pay for the new services. The garbage bill for multi-family residences (5+ units) will increase by \$0.36 per unit per month on July 1, 2004 and by an additional \$0.36 per unit per month on July 1, 2005.

BACKGROUND

On November 4, 2003 the City Council heard a report from the Public Works Agency that recommended a Request For Proposals be issued to obtain a residential recycling collection and processing service provider for the area of the City currently serviced by California Waste Solutions. Staff also recommended that the City enter into negotiations with WMAC to resolve citywide recycling service equity issues by providing weekly single stream recycling in its service area. In addition, staff recommended that the City expand the yard waste program to include the recycling of food scraps and soiled paper products.

Staff has negotiated agreements with the service providers for weekly single stream recycling, weekly yard waste collection and implementation of a food scraps recycling program. Under the terms of the proposed agreements, CWS and WMAC will change from collecting recycling in blue and yellow 18-gallon tub-style recycling bins to a single stream 64-gallon cart for all recyclables. Recycling service will be provided weekly throughout the City. This change should improve the recycling program as:

- Residents will not have to sort materials (e.g. paper, glass, cans, etc.);
- Residents can roll the cart to the curb rather than carry two bins of recyclables to the curb; and

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- Being containerized, materials do not get wet or scattered by the wind thereby reducing litter in the neighborhood.

The 2000 Waste Characterization Study prepared for the Alameda County Waste Management Authority showed that 22% (single-family dwellings 17%, multi-family dwellings 5%) of the residential waste stream is comprised of food waste. This is the largest untargeted component of the residential waste stream and a program that can be economically implemented in conjunction with the City's existing yard waste program. Staff expects that the City will be able to divert approximately 10,000 tons of food scraps from the landfill once the program has been fully implemented. This will provide an additional two percent (2%) towards the City Council goal to reduce the amount of material going to the landfill by 75% by 2010. The City is currently at 50%. To implement the food scraps recycling program, the City must change to a weekly yard waste collection program. Each single-family residence (1-4 units) will receive a food scraps container when the single stream recycling cart is delivered.

KEY ISSUES AND IMPACTS

To provide weekly recycling collection, yard waste collection and food scraps recycling CWS and WMAC will have to purchase additional vehicles and single stream recycling carts. WMAC must also refurbish its existing fleet of solid waste collection vehicles to comply with the new diesel emission regulations set by the California Air Resources Board. These increased equipment costs have been amortized over the term of the agreements.

Garbage Rate Adjustment for New Programs

Since weekly single stream recycling collection will not commence until January 1, 2005 staff recommends that the cost for this new service be spread over two rate adjustment periods. The garbage rate for all multi-family residences (5+ units) will increase by \$0.36 per unit per month on July 1, 2004 and by an additional \$0.36 per unit per month on July 1, 2005 to cover the cost of weekly recycling collection. The increased cost for single-family residences will be \$0.41 per month on July 1, 2004 and an additional \$0.41 per month on July 1, 2005.

To pay for the cost of the residential food scraps program and weekly unlimited yard waste collection, staff recommends that the garbage rate for single family residences (1-4 units) be increased by \$0.87 per month on July 1, 2004 and by an additional \$0.87 per month on July 1, 2005.

Garbage Rate Adjustment for CPI Adjustment

The Franchise Agreement for Solid Waste and Yard Waste Collection and Disposal Services between the City and WMAC provides for an annual adjustment of the garbage rates due to the change in the Consumer Price Index (CPI) and fees imposed by county-wide legislative

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mandates. Garbage rates will increase across the board on July 1, 2004 by 1.5% for these permitted adjustments. The CPI change will increase the garbage rate for multi-family residences by \$0.28 per month and by \$0.32 per month for single-family residences.

Total Impact of Garbage Rate Increase

The chart below shows the total impact the new programs and the CPI adjustment will have on the cost of garbage service for multi-family and single-family residences. Single-family residence rates will increase by approximately 7.5% on July 1, 2004 and multi-family residences will increase by approximately 3.5%.

Total Impact of the Garbage Rate Increase on July 1, 2004

Type of garbage service	Current Rate Monthly	Recycling Increase	Food Scraps Recycling	CPI Increase	New Rate (Proposed)
Mini Can	\$16.08	0.31	0.65	0.24	\$17.28
35 gallon cart	\$21.58	0.41	0.87	0.32	\$23.18
64 gallon cart	\$47.03	0.90	1.89	0.71	\$50.53
96 gallon cart	\$72.47	1.39	2.91	1.08	\$77.85
Multi-family	\$18.51	0.36	0.00	0.28	\$19.15

Premium Backyard Service Accounts

Residents who currently receive premium backyard solid waste and yard waste collection service will now also receive backyard recycling collection service. The rate for premium backyard service will be increased by \$4.25 to reflect the cost of emptying the additional cart. Residents who qualify for a curbside placement exemption because of terrain or qualify for backyard service as frail senior citizens or disabled, will receive backyard recycling collection at no additional charge.

Recycling Fees Paid to the City

WMAC will send the revenue generated by the recycling increase to the City. In the 2004-05 fiscal year the revenue increase is estimated to be approximately \$750,000. In the 2005-06 fiscal year the revenue will increase to approximately \$1,500,000. The City will use the revenue to pay WMAC and CWS for providing recycling collection and processing services.

SUSTAINABLE OPPORTUNITIES

This action provides no sustainable opportunities.

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DISABILITY AND SENIOR CITIZEN ACCESS

Frail senior citizens and the disabled will receive backyard recycling collection service at no additional charge. The new single stream recycling container can be rolled and customers no longer have to carry bins of recyclable materials to the curb for collection.

RECOMMENDATION

Staff recommends that the City Council approve the amendment to Ordinance No. 11820 C.M.S. to increase garbage rates on July 1, 2004 and July 1, 2005 to implement weekly residential recycling collection and processing services, a residential food scraps recycling program and weekly yard waste collection.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council approve the ordinance.

Respectfully submitted,



RAUL GODINEZ II, P.E.

Director, Public Works Agency

Reviewed by:

Brooke A. Levin, Interim

Assistant Director, Public Works Agency

Prepared by:

Harry Schrauth, Interim

Recycling & Solid Waste Programs Supervisor

APPROVED AND FORWARDED
TO THE CITY COUNCIL:



OFFICE OF THE CITY MANAGER

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INTRODUCED BY COUNCILMEMBER _____

APPROVED AS TO FORM AND LEGALITY

FILED
OFFICE OF THE CITY CLERK
CITY ATTORNEY

2004 APR 22 PM 3:18

OAKLAND CITY COUNCIL

AMENDMENT TO ORDINANCE NO. 11820 C.M.S. INCREASING RATES CHARGED FOR SOLID WASTE COLLECTION AND DISPOSAL FOR MULTI FAMILY AND SINGLE FAMILY RATEPAYERS, AND INCREASING CITY FEES PAID BY WASTE MANAGEMENT OF ALAMEDA COUNTY TO THE CITY OF OAKLAND

WHEREAS, the Council of the City of Oakland passed Resolution No. 77500 C.M.S. on October 29, 2002 which established a goal of 75% waste reduction going to landfills in alliance with the countywide 75% waste reduction goal; and

WHEREAS, Ordinance No. 11820 C.M.S. was adopted on July 25, 1995 to enter into a Franchise Agreement for Solid Waste and Yard Waste Collection and Disposal Services with Waste Management of Alameda County, Inc. (WMAC); and establish rates and procedures to adjust the rates; and

WHEREAS, Section 8.28.020 of the Oakland Municipal Code allows the City Council to make Non-Consumer Price Index related rate adjustments in the exercise of its legislative discretion and to attach a surcharge on solid waste fees collected by WMAC to compensate the City for some or all of the costs of programs to reduce solid waste going to landfills; and

WHEREAS, Section 8.3.4 of the Franchise Agreement obligates the City to increase garbage rates to generate a sufficient amount of revenue to cover any increase in fees remitted to the City; and

WHEREAS, the City wishes to increase solid waste rates paid by multi-family and single-family ratepayers by 1.92% effective July 1, 2004 to generate approximately \$750,000 annually beginning July 1, 2004, and by an additional 1.92% effective July 1, 2005 to generate an additional approximately \$750,000 annually beginning July 1, 2005, for the Recycling Fund for changes to residential recycling programs, including implementing weekly citywide cart-based single stream recycling collection, in order to reduce solid waste going to landfills; and

WHEREAS, single-family residential backyard premium collection currently includes service for Solid Waste and Yard Waste carts, and implementing cart-based single stream recycling collection requires that recycling cart collection be added to residential backyard premium services and that the backyard premium surcharge be increased to cover the cost of doing so; and

WHEREAS, the City wishes to increase solid waste rates paid by single-family ratepayers by 4.02% effective July 1, 2004, and by an additional 4.02% effective July 1, 2005, in order for WMAC to increase Yard Waste collection services to single-family dwellings from bi-weekly to weekly collection services and to add Food Waste to materials collected as Yard Waste, in order to reduce solid waste going to landfills; and

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ORA/COUNCIL

WHEREAS, the City Council must amend Ordinance No. 11820 C.S.M. to authorize an increase of the City fees and to increase the garbage rates to generate a sufficient amount of revenue to cover the increased City fees and Yard Waste collection service enhancements; and

WHEREAS, this Ordinance has been duly processed with proper public notice;

NOW THEREFORE, THE CITY COUNCIL FOR THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. Effective July 1, 2004 Ordinance 11820 C.S.M Section 5 is amended to provide that:

- (1) WMAC is duly authorized to increase the single-family residential backyard premium surcharge by 50% in order to add recycling cart collection to existing residential backyard premium services for Solid Waste and Yard Waste. Accordingly monthly backyard premium base rates, to which the total July 1, 2004 rate adjustment and all future total annual rate adjustments apply, shall be:

	Contractor Supplied Carts	Customer Supplied Cans
Mini Can Rate - 20 Gallon	\$28.82	\$25.99
35 Cart	\$34.32	\$31.49
64 Cart	\$59.76	\$56.94
96 Cart	\$85.22	\$82.38

- (2) WMAC is duly authorized to increase the annual rate that its multi-family and single-family customers are charged by 1.92% in order to increase the payment of City fees to the City of Oakland to implement weekly citywide cart-based single stream recycling collection.
- (3) WMAC is duly authorized to increase the annual rate that its single-family customers are charged by 4.02% in order to implement enhancements in Yard Waste collection services.
- (4) WMAC is required to pass through to the City the \$750,000 in revenue generated by the 1.92% increase in multi-family and single-family rates for FY 2004-05.
- (5) The additional revenues generated shall be remitted to the City in twelve equal payments following procedures contained in Section 8.3.4 of the Franchise Agreement.

SECTION 2. Effective July 1, 2005 Ordinance 11820 C.S.M Section 5 is amended to provide that:

- (1) WMAC is duly authorized to increase the annual rate that its multi-family and single-family customers are charged by an additional 1.92% in order to increase the payment of City fees to the City of Oakland to implement weekly citywide cart-based single stream recycling collection.
- (2) WMAC is duly authorized to increase the annual rate that its single-family customers are charged by an additional 4.02% in order to implement enhancements in Yard Waste collection services.
- (3) WMAC is required to pass through to the City the additional \$750,000 in revenue generated by the 1.92% increase in multi-family and single-family rates for FY 2005-06
- (4) The additional revenues generated shall be remitted to the City in twelve equal payments following procedures contained in Section 8.3.4 of the Franchise Agreement.
- (5) For future years, effective July 1, 2005, WMAC is required to pass through to the City 1.92% established July 1, 2004, compounded annually by future total annual rate adjustments, of the total revenue generated by multi-family and single-family rates in the immediately preceding fiscal year, which shall be remitted to the City pursuant to Section 8.3.4 of the Franchise Agreement.

SECTION 3. Effective July 1, 2006 Ordinance 11820 C.S.M Section 5 is amended to provide that:

- (1) For future years, effective July 1, 2006, WMAC is required to pass through to the City the additional 1.92% established July 1, 2005, compounded annually by future total annual rate adjustments, of the total revenue generated by multi-family and single-family rates in the immediately preceding fiscal year, which shall be remitted to the City pursuant to Section 8.3.4 of the Franchise Agreement.

SECTION 4.

This Amendment will take effect upon the dates shown in Sections 1-3 above.

SECTION 5.

The City Council finds and determines that:

- (a) This amendment is necessary to protect the public health, safety, and welfare;
- (b) The foregoing recitals are true and correct and are an integral part of this Amendment.

IN COUNCIL, OAKLAND, CALIFORNIA, May 4, 2004

PASSED BY THE FOLLOWING VOTE:

AYES –

NOES –

ABSENT –

ABSTENTION –

ATTEST _____

CEDA FLOYD

**City Clerk and Clerk of the Council
of the City of Oakland, California**

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2004 APR 22 PM 3:18

**AMENDMENT TO ORDINANCE NO. 11820 C.M.S. INCREASING RATES
CHARGED FOR SOLID WASTE COLLECTION AND DISPOSAL FOR MULTI
FAMILY AND SINGLE FAMILY RATEPAYERS, AND INCREASING CITY
FEES PAID BY WASTE MANAGEMENT OF ALAMEDA COUNTY**

NOTICE AND DIGEST

This Ordinance authorizes Waste Management of Alameda County (WMAC) to increase the annual rates charged to its multi-family and single-family customers by 1.92% effective July 1, 2004 and by an additional 1.92% effective July 1, 2005, and directs WMAC to remit the revenues resulting from both 1.92% increases in fees to the City of Oakland; and authorizes WMAC to increase the annual rates charged to its single-family customers by an additional 4.02% effective July 1, 2004 and by an additional 4.02% effective July 1, 2005.

For a 35-gallon single-family garbage container, the rate increases will result in a monthly rate of \$22.86 from \$21.58 effective July 1, 2004, and a monthly rate of 24.22 from \$22.86 effective July 1, 2005. For each multi-family unit, the rate increases will result in a monthly rate of \$18.87 from \$18.51 effective July 1, 2004, and a monthly rate of \$19.23 from \$18.87 effective July 1, 2005.

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CRA/COUNCIL

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