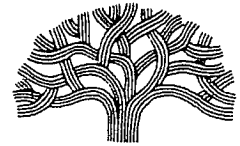




FILE COPY

CITY OF OAKLAND



DALZIEL BUILDING • 250 FRANK H. OGAWA PLAZA, SUITE 5301 • OAKLAND, CALIFORNIA 94612-2034

Public Works Agency
Environmental Services

FAX (510) 238-7286
TDD (510) 238-7644

May 21, 2002

Mr. D. David MacDonald, Executive Vice President
Waste Management of Alameda County
172 98th Avenue
Oakland, CA 94603

RE: July 1, 2002 Solid Waste Rate Adjustment

Dear Mr. MacDonald:

The City of Oakland (City) has received your faxed letter dated May 10, 2002 regarding the July 1, 2002 garbage rate adjustment. The City understands that Waste Management of Alameda County (WMAC) agrees with the Consumer Price Index calculation presented in the City's March 11, 2002 to Mike Sinclair for an increase of 4.26%. The City agrees with the adjustment for the retro-active portion of the Measure D Fee increase for last year (July 2001), as indicated in your letter, for an increase of 0.18%. Accordingly, the City approves and has attached rate tables for the following July 1, 2002 rate adjustment:

CPI Component:	4.26%
Measure D Fee Increase	0.18%

Total Approved Rate Adjustment **4.44%**

In your letter dated May 10, 2002 you also point out that the City has not included the fees of \$1.25/ton requested by WMAC related to the Altamont Landfill Expansion Conditional Use Permit. As you know, the City has disputed the applicability and validity of the fee since April/May 2000 and has previously offered to mediate the dispute (in a January 8, 2001 letter from Deputy City Attorney Mark P. Wald to John L. Smith, and again in letters dated April 15, 2002 and May 10, 2002 from City Attorney John Russo to John L. Smith), pursuant to section 16.5.2 of the Franchise Agreement. We understand that WMAC has recently agreed to such mediation. However, because the timing and outcome of such mediation is unknown, the disputed fee will not be included in the July 1, 2002 rate adjustment.

As we previously discussed, the City is also considering a 3.17% increase to the City Fees WMAC submits to the City, which would be passed through to Oakland garbage ratepayers effective July 1, 2002. The City has received your May 2, 2002 letter outlining the billing timeline to implement the proposed City Fees increase, and will contact you shortly regarding whether the City will move forward with this increase.

WMAC 2.17

Mr. D. David MacDonald

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May 21, 2002

In the event that the City does move forward with this increase, the City has attached rate tables for the following alternative rate adjustment percentage:

Base Rate Adjustment	4.44%
City Fees Increase	3.17%
<hr/>	
Total Alternative Rate Adjustment	7.61%

I will be contacting you shortly regarding whether the rate adjustment effective July 1, 2002 will be 4.44% or 7.61%. Once the amount of the rate adjustment is finalized, please initial and return to me each page of the corresponding rate tables. The City will then provide WMAC with a copy of the final approved rate tables effective July 1, 2002.

Should you have any questions, please contact me at 510-238-6981.

Sincerely,



Susan Kattchee
Recycling & Solid Waste Programs

cc: Brooke Levin
Mark Gagliardi
Mike Howell, WMAC
Mike Sinclair, WMAC
Roseanne Pontes, WMAC