



FILE

CITY OF OAKLAND



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Public Works Agency
Environmental Services

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March 16, 2005

Mr. Bob Angell, District Manager
Waste Management of Alameda County
172 98th Avenue
Oakland, CA 94603

RE: July 1, 2005 Solid Waste Rate Adjustment

Dear Mr. Angell:

Detailed below are proposed FY 2005/2006 solid waste rate adjustments for services provided by Waste Management of Alameda County (WMAC) in accordance with the Franchise Agreement between WMAC and the City of Oakland (City). The new rates are to become effective July 1, 2005, and include a proposed total rate increase of 1.13% for Commercial and Roll-Off (see Table 1 below), 3.05% for Multi Family Residential (see Table 2 below), and 7.07% for Single Family Residential (see Table 3 below) based on the following components:

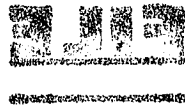
1. CPI Component, per Franchise Agreement Section 15.3 and Third Amendment

The Franchise Agreement provides for an annual rate adjustment based on CPI.

2003 Annual Average CPI-W:	192.4
2004 Annual Average CPI-W:	195.0
Change in CPI:	2.6
Percent Change in CPI	1.35%
80% of Percent Change in CPI	1.08%
July 1, 2005 CPI-Based Rate Adjustment	1.08%

2. Measure D Fee Increase, per Franchise Agreement Section 15.8.3

The Alameda County Board of Supervisors, at the request of the Alameda County Source Reduction and Recycling Board approved, on September 14, 2004, a 1.8% (\$ 0.13) per ton increase, based on CPI, in the Measure D Fee effective January 1, 2005. Accordingly, there is an 18-month fee increase effect (from January 1, 2005 to June 30, 2006) to be included in the rates



charged Oakland ratepayers during the entire 12-month period beginning July 1, 2005. However, the 18-month effect of the \$ 0.11 per ton January 1, 2004 increase over prior year (which was included in the July 1, 2004 rate adjustment) needs to be corrected to provide for a 12-month effect of that same \$ 0.11 per ton for rates effective July 1, 2005 and beyond. This correction is included in the following calculation:

Measure D Fee Prior to January 1, 2005 Fee Increase	\$ 7.06
Measure D Fee Increase Effective January 1, 2005	\$ 0.13
Total FY 2003/2004 Franchise Tons	260,994
Total Increased Fees (18-month effect) = $\{\$ 0.13\} * \{260,994\} * \{1.5\}$	\$50,894
Deduct One-Third July 1, 2004 18-Month Rate Effect = $-\{44,687\}/3$	(\$14,896)
Net Measure D Fee Adjustment for July 1, 2005 Rates	\$35,998
Total FY 2003/2004 Franchise Revenue	\$73,163,320
Rate Adjustment Calculation: $\{\$35,998\} / \{\$73,163,320\} =$	0.05%
July 1, 2005 Measure D Fee-Based Rate Adjustment	0.05%

3. Weekly Citywide Single Stream Residential Recycling

The Oakland City Council, on June 15, 2004, approved an amendment to Ordinance No. 11820 C.M.S., authorizing WMAC to:

1. Increase the annual rate that its multi-family and single-family customers are charged by 1.92% effective July 1, 2004 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. Increase the annual rate that its multi-family and single-family customers are charged by an additional 1.92% effective July 1, 2005 in order to increase the payment of City fees to the City of Oakland to implement weekly citywide cart-based single stream recycling collection.

Thus the July 1, 2005 rate adjustment highlighted in bold text immediately below is the second of two 1.92% rate increases.

July 1, 2005 Single Stream Residential Recycling-Based Rate Adjustment **1.92%**

4. Weekly Citywide Single Family Yard Waste and Food Waste Collection

The Oakland City Council, on June 15, 2004, approved an amendment to Ordinance No. 11820 C.M.S., authorizing WMAC to:

1. Increase the annual rate that its single-family customers are charged by 4.02% effective July 1, 2004 in order to implement enhancements in Yard Waste collection services.
2. Increase the annual rate that its single-family customers are charged by an additional 4.02% effective July 1, 2005 in order to implement enhancements in Yard Waste collection services.

Thus the July 1, 2005 rate adjustment highlighted in bold text immediately below is the second of two 4.02% rate increase.

July 1, 2005 Weekly Yard/Food Waste Collection-Based Rate Adjustment **4.02%**

The three tables below summarize the rate components and total rate adjustments for the respective classes of ratepayers.

**Table 1 - July 1, 2005 Rate Adjustment
Commercial and Roll-Off**

Rate Adjustment Component	Rate Impact (%)
CPI	1.08%
Measure D Fee Pass-Thru	0.05%
Total Rate Adjustment	1.13%

**Table 2 - July 1, 2005 Rate Adjustment
Multi Family Residential**

Rate Adjustment Component	Rate Impact (%)
CPI	1.08%
Measure D Fee Pass-Thru	0.05%
Single Stream Recycling	1.92%
Total Rate Adjustment	3.05%

**Table 3 - July 1, 2005 Rate Adjustment
Single Family Residential**

Rate Adjustment Component	Rate Impact (%)
CPI	1.08%
Measure D Fee Pass-Thru	0.05%
Single Stream Recycling	1.92%
Weekly Yard/Food Waste	4.02%
Total Rate Adjustment	7.07%

Please confirm in writing by March 31, 2005 that WMAC accepts and approves the rate adjustment calculations and total rate adjustment amounts identified in this letter, and the City will generate rate tables for each class of ratepayers which WMAC and the City can then initial as final approved rates to be charged to ratepayers. The City notes that there are two issues that WMAC and the City should review and resolve prior to the City's generating rate tables:

1. Application of the backyard premium surcharge as a flat rate differential for all sizes of Single Family Residential container sizes, per prior discussions between Mike Haney (WMAC) and Mark Gagliardi (City).
2. An error in calculating the FY 04/05 Multi Family can rate that is published on the Single Family rate schedule, which went undetected by both WMAC and the City.

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Please respond to this letter at your earliest opportunity, and note that per Section 15.13 (Publication of Rates) of the Franchise Agreement, WMAC shall provide written notice to ratepayers at least thirty (30) days prior to the implementation of the new rates.

Should you have any questions, please contact Mark Gagliardi at 510-238-6262.

Sincerely,


Becky Dowdakin

Recycling & Solid Waste Program Supervisor

cc: Jonelyn Weed
Mark Gagliardi
Greg Ong, WMAC
Roseanne Pontes, WMAC