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To: Mark Gagliardi, City of Oakland
From: Richard Tagore-Erwin and Melody Lasiter, R3 Consulting Group
Date: January 11, 2011
Subject: The Effects of Procurement on Customer Rates

R3 has reviewed the methods used by jurisdictions to procure services for nineteen jurisdictions throughout California, in order to document the effects of various procurement options (i.e., negotiation, competitive bidding and franchise transfers) on customer rates and the reasons for the change in customer rates.

The following table displays the results of our review.

| Jurisdiction | Hauler | Procurement Methodology | Year | Average Change in Rates | Reason for Change |
|------------------|-------------------------|-------------------------|------|--|---|
| Albany | Waste Management | Negotiation | 2011 | Commercial and Residential: 45% increase | New programs Increase in Franchise Fee |
| Benicia | Allied | Negotiation | 2011 | 5% increase | Significant new programs 8% Franchise Fee increase Vehicle Impact Fee added One time extension fee |
| Castro Valley SD | Waste Management | Competitive Bid | 2009 | Residential 44.9% increase Commercial 68.09% increase | New trucks Additional recycling Commercial small business recycling Commercial organic waste program |
| Citrus Heights | Allied | Negotiation | 2011 | No Change for 3 years | Curbside battery and sharps collection Public education enhancements |
| Cloverdale | Redwood Empire Disposal | Negotiation | 2011 | Increase Pending | New services Increase franchise Fee |

Prepared for Internal Use of the City of Oakland Public Works Department by R3 Consulting Group, Inc.

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| Jurisdiction | Hauler | Procurement Methodology | Year | Average Change in Rates | Reason for Change |
|---------------------|------------------------------|--------------------------------|-------------|---|--|
| Cotati | Ratto Group | Franchise Transfer | 2008 | No Change | No added services |
| Dublin | Amador Valley Industries | Competitive Bid | | 20.1% increase | Food waste collection added Commercial recycling included in rates |
| Fairfield | Solano Garbage Co. | Negotiation | 2011 | Residential and Commercial: 2.5% increase | New collection fleet Implemented commercial and multi-family recycling programs Fully implement residential and commercial food waste diversion programs Increase Franchise Fee Vehicle Impact Fee added |
| Emeryville | Waste Management | Renegotiation | 2010 | 45% increase | Reduced franchise fee 2% Minor services added |
| Hemet | CR&R | Competitive Bid | 2011 | No Change | Added 27.5% franchise fee \$2.5 million lump sum franchise payment |
| Lomita | CALMET Services, Inc. | Negotiation | 2010 | 5% increase | Added weekly residential recycling and commercial recycling Increased Franchise Fee |
| Los Altos | Mission Trails Waste Systems | Competitive Bid | 2011 | Residential: No Change Commercial 25-40% | Weekly collection of recycling and organics Mandatory commercial recycling and organics Increased Franchise Fee |
| Novato | Novato Disposal | Negotiations | 2011 | No Change | Added food waste collection and commercial and multi-family recycling collection |
| Piedmont | Richmond Sanitary Services | Competitive Bid | 2008 | 25-40% increase depending on container size | Weekly recycling and food waste Commercial and multi-family recycling and food waste Increased franchise fee |

| Jurisdiction | Hauler | Procurement Methodology | Year | Average Change in Rates | Reason for Change |
|-----------------------|-----------------------|-------------------------|------|---|--|
| Rancho Cordova | Allied | Negotiation | 2011 | No Change for 3 years | Sharps and battery collection New trucks Enhanced public outreach program |
| Rolling Hills Estates | Waste Management | Competitive Bid | 2006 | 5-10% increase depending on container size | Automated weekly recycling and organics collection Vehicle Impact Fee added Increased Franchise Fee |
| San Ramon | Waste Management | Competitive Bid | 2006 | 30-40% increase depending on container size | Additional green waste collection E-waste collection Multi-family recycling Added diversion requirements Franchise Fee increase Increase in City services |
| Santa Rosa | North Bay Corporation | Negotiation | 2010 | No Change | One time extension payment |
| SBMWA | Recology | Negotiation | 2009 | 5-50% increase depending on container size | Automated 3 cart system Weekly commingled recycling and organics Commercial and multi-family recycling and organics Addition of CNG vehicles |

| Jurisdiction | Hauler | Procurement Methodology | Year | Average Change in Rates | Reason for Change |
|--------------|------------------------------|-------------------------|------|--|---|
| Windsor | Windsor Refuse and Recycling | Competitive Bid | 2007 | Residential and Commercial Rates: 49% decrease-109% increase depending on container size | County tip fee increase. Increased Town insurance requirements. Increased cost of "free" Town Services. Higher fuel costs. Capital cost of collection vehicles due to clean air vehicle requirements. New residential collection trucks. Higher diversion requirements due to AB 939 mandates. Market consolidation and profit requirements by the larger national haulers. |
| Woodland | Waste Management | Negotiation | 2010 | No Change | Increased franchise fee Franchise extension fee Diversion requirement |