

**CITY OF OAKLAND
COUNCIL AGENDA REPORT**

FILED
OFFICE OF THE CITY CLERK
OAKLAND

TO: Office of the City Manager
ATTN: Robert C. Bobb
FROM: Public Works Agency
DATE: May 21, 2002

02 MAY -9 PM 7:19

RE: A REPORT AND RECOMMENDATION FOR AN AMENDMENT TO ORDINANCE NO. 11820 C.M.S INCREASING CITY FEES BY 3.17 PERCENT PAID BY WASTE MANAGEMENT OF ALAMEDA COUNTY TO THE CITY AND INCREASING BY 3.17 PERCENT RATES CHARGED FOR SOLID WASTE COLLECTION AND DISPOSAL EFFECTIVE JULY 1, 2002.

SUMMARY

Staff requests that the City Council approve an amendment to Ordinance No. 11820 C.M.S. to increase by 3.17% the City fees paid by Waste Management of Alameda County (WMAC) to the City and increase by an additional 3.17% the rates charged for solid waste collection and disposal services effective July 1, 2002. A 3.17% increase on the City fees will generate approximately \$2 million annually in additional revenues, which WMAC will pass through to the City, as provided for in the Franchise Agreement for Solid Waste and Yard Waste Collection and Disposal Services (Franchise Agreement).

The Litter Enforcement Program and Roving Cleanup Crew components of the City's enhanced beautification program, a part of the We Mean Clean program activities, are currently funded from the General Purpose Fund although the We Mean Clean program is identified in Ordinance No. 11820 and in the Franchise Agreement with (WMAC) to be funded by City fees. Due to a budget deficit in the General Purpose Fund and to continue to provide the services and expand them (based on recent success), PWA is requesting an increase in the City fees paid by WMAC and an increase in the rates charged to Oakland residents and businesses to pay for clean-up programs.

FISCAL IMPACTS

The City is experiencing a budget deficit in the General Purpose Fund. In order to continue the enhanced beautification programs and to increase illegal dumping elimination mitigations (e.g., sting operations) PWA is recommending increasing the City fees that come to the PWA - Maintenance budget since these programs are part of the We Mean Clean program activities that are identified under the Franchise Agreement with WMAC to be funded through City fees.

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The PWA is recommending, beginning with FY 2002-03, that the following programs receive funding through increased City fees generated by increasing garbage rates: \$800,000 for the Litter Enforcement Program; \$550,000 for the Roving Cleanup Crews; \$200,000 for increased sting operations and other mitigation operations; \$250,000 for increase in salary and benefits due to new contracts, and \$200,000 for garbage disposal. The total costs to continue and expand the illegal dumping enforcement and cleanup programs is \$2 million.

To generate the revenues to pay for the \$2 million in programs costs, PWA proposes a 3.17% increase in City fees which will generate approximately \$2 million annually in fees to the City. The additional \$2 million in fees will be deposited in Fund 1720 – the We Mean Clean-Comprehensive Cleanup Fund. The amount the City will receive will fluctuate annually in future years based on WMAC's level of garbage service subscription. If receipts from City fees decrease in future years, the level of service provided by these programs will decrease proportionately.

BACKGROUND

In 1995, the City Council approved the Franchise Agreement with WMAC for the collection of solid waste and residential yard waste. As part of the Franchise Agreement, the City receives Franchise and City Fees at a prescribed amount from WMAC. The Agreement allows the City, at its discretion, to increase the fees and requires WMAC to collect and remit the fees to the City. The City is obligated to increase the garbage rates to cover the increased City fees to the City.

KEY ISSUES AND IMPACTS

City Budget

The City is experiencing a budget deficit in the General Purpose Fund. To continue the enhanced beautification programs that are part of the We Mean Clean program activities it is necessary for PWA to propose a funding source for the programs. Because the funding for PWA's current cleanup and beautification programs in Fund 1720 comes from City fees on the garbage rate, PWA proposes to increase garbage rates by 3.17% to generate an additional \$2 million in fees annually. The additional \$2 million will be used to continue and expand the cleanup programs currently funded by the General Purpose Fund.

Legality of Rate Impact

Counsel for the City Attorney's Office has advised that, based on information provided by staff to date, an increase in garbage rates is not subject to Proposition 218 and, therefore, an increase is not subject to property owner approval. This charge, therefore, requires only the approval of the City Council.

Affect on Rate Payers

The garbage rate increase for FY 2002/03 is 4.44% as provided for through the Franchise Agreement. With the proposed addition of a 3.17%% increase for City Fees, the total

increase on July 1, 2002 to the Oakland garbage ratepayers will be 7.61%. This 3.17% on the rate is an increase of \$0.60 per month (\$7.20 per year) for a 35-gallon cart service. The 3.17% on the rate for commercial customers is an increase of \$3.11 a month on 1-yard bin service once a week and a \$ 12.95 increase per pull on a 20-yard debris box.

The 3.17% will be added to the rate base, thereby compounding the effect of the annual rate increase in future years.

PROGRAM DESCRIPTION

In the past two years the City has taken aggressive steps to intensify clean up efforts in Oakland, including litter and illegal dumping enforcement. Two programs (Litter Enforcement and Roving Crews) were approved by the Mayor and City Council from the General Purpose Fund during the FY 2001-03 budget process.

These programs are comprehensive; using a four pronged approach of mitigation, enforcement, cleanup, and education and have proven to be successful. Two of the approaches, mitigation and education, are being funded through a grant from the State. Should the Litter Enforcement and Roving Crew programs be continued, PWA recommends that they should be expanded to include mitigations (such as sting operations) to keep the programs comprehensive and effective.

Additionally, because of the success of the enforcement program and heightened awareness of the public, PWA crews are collecting more illegally dumped materials, which has put the City over its allotment of disposal at no cost. To pay for the increase in illegal dumping tonnage, PWA recommends that the City excess disposal costs be funded as part of the package for litter and illegal dumping enforcement programs.

SUSTAINABLE OPPORTUNITIES

This action provides no sustainable opportunities.

DISABILITY AND SENIOR CITIZEN ACCESS

This project will not have any impact on disability and senior citizen access.

RECOMMENDATION AND RATIONALE

Staff recommends that the City Council approve the Amendment to Ordinance No. 11820 C.S.M., increasing by 3.17% City fees paid by WMAC to the City and increasing garbage rates by the same amount. This action will continue and expand the Litter Enforcement Program and Roving Cleanup Crew programs.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council approve the Amendment to Ordinance No. 11820 C.M.S.

Respectfully submitted,

Claudette R. Ford

CLAUDETTE R. FORD

Director, Public Works Agency

APPROVED AND FORWARDED
TO THE CITY COUNCIL

Robert C. Bobb

OFFICE OF THE CITY MANAGER

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