

**CITY OF ALBANY  
CITY COUNCIL AGENDA  
STAFF REPORT**

Agenda Date: 10/4/2010

Reviewed by: BP

**SUBJECT:** Waste Management Franchise Extension

**REPORT BY:** Judy Lieberman, Assistant City Administrator

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**STAFF RECOMMENDATION**

Authorize Staff to request the available extensions and begin discussions with Waste Management regarding additional services and negotiation of a new Franchise Agreement.

**BACKGROUND**

The City entered into a franchise agreement with Waste Management of Alameda County in January of 2004, and the City's new waste and recycling collection was successfully initiated in May of 2004. The term of the Agreement was for seven years, with the potential for three one year extensions, for a total of ten years. The original term of the Agreement will be complete on April 30<sup>th</sup>, 2011. According to the Franchise Agreement, written notice for extensions must be given 180 days prior to the expiration date, which is October 30, 2010.

**DISCUSSION**

The City's current franchise agreement was written in 2003 and staff has been advised by our consultants (Hilton, Farnkopf & Hobson), that the current contract and provisions are up to date and do not need any major revisions. Rates in the current contract are tied to the Consumer Price Index. As such, rate increases, particularly over the last several years, have been minimal, the highest rate increase being 3.2% in 2008, and the lowest being 0.1% in 2009.

Surrounding cities have experienced significant rate increases as they move into new contracts or franchise agreements. Additionally, cities have recently added services and increased franchise and related fees. It should be noted that Proposition 26, if passed in November, may limit the City's ability to collect fees for programs that provide indirect benefits to the community.

Additional Services that the City may want to add to a new franchise agreement include:

- Collection for Household Batteries
- Collection for compact fluorescent lights
- Provide "Big Belly" commercial district solar trash/recycling compactors to replace existing commercial collection containers Public Education enhancements, including funding for a recycling/waste reduction coordinator

- Switch to alternative fuel trucks to reduce GHG. Waste Management currently provides clean-burning bio-diesel as the fuel source for collection vehicles.

To date, the City has received quality collection services from Waste Management of Alameda County, and due to the improvements on waste diversion that were incorporated as part of the current franchise, the City has realized significant increases in the amount of recycling and organics that have been diverted from the landfill. In 2003, (prior to the current franchise agreement) a total of 2,725 tons of recyclable material, and 780 tons of organic material were collected. After implementation of the current franchise, recycling tonnage increased to 3,306, and organics tonnage increased to 1,448. Additionally, commercial recycling and organics were rolled out, further increasing diversion tonnage. The City's diversion rate now ranges at approximately 70%, and continues to increase. Due to the success of these collection programs, Albany is a leader in waste diversion within the County and State.

As identified in the City's recently adopted Climate Action Plan, the next objective for waste reduction is to become a zero-waste community and establish a citywide zero-waste target for 2030. This is intended to reduce GHG emissions by approximately 2,210 MT CO<sub>2</sub>e. To reach this goal, it will be crucial to have a comprehensive franchise agreement in place that recognizes the zero-waste target, and helps facilitate city projects planned to achieve zero-waste.

The options possible for the City at this time include:

- 1) Request existing available extensions and enter into negotiations now with WMAC to add services and to develop a new franchise agreement. If negotiations do not result in a perceived benefit for the city within six months, enter into a competitive procurement process.
- 2) Request the available extensions and ask for separate pricing on additional services, if desired, that could be added to the existing service level during the interim period. Return in 3-6 months to revisit negotiations versus competitive procurement process.
- 3) Request available extensions and begin immediately planning for a competitive procurement process. The competitive procurement process is estimated at a two year time frame.

### **SUSTAINABILITY IMPACT**

The city's recycling and waste collection services provide a comprehensive and convenient method of waste reduction and recycling. However, at this time the city may want to look at new waste reduction and waste management services that other cities are implementing, as well as coordinating with Climate Action Plan goals.

### **FINANCIAL IMPACT**

No impact at this time.