

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

Agenda Date: July 5, 2011
Reviewed by: BP

SUBJECT: Waste Management of Alameda County Franchise Negotiations

REPORT BY: Nicole Almaguer, Environmental Specialist

STAFF RECOMMENDATION

That the Council:

1. Review franchise comparison data provided with this staff report as requested by Council.
2. Provide direction to staff on whether to continue franchise negotiations with Waste Management of Alameda County or initiate a competitive bid process for a new franchise agreement.
3. If a competitive bid process is selected by Council, authorize staff to utilize the remaining two 1-year extensions of the existing franchise agreement with Waste Management of Alameda County as necessary.

BACKGROUND

On June 6, 2011 staff provided Council with the status of negotiations with Waste Management of Alameda County (WMAC), and requested direction as to whether to continue negotiations and enter into an agreement with WMAC or initiate a competitive bid process for a new franchise. Council requested staff return with information on comparable franchise agreements throughout the region.

DISCUSSION

Staff has surveyed a number of franchise agreements within the region, and compiled the attached summary sheet that identifies services and programs provided for rates charged. Based on the attached summary, the City is currently receiving comparable services to other jurisdictions within the county. In particular, the City's commercial recycling is offered at no additional cost to commercial customers, while a fee is charged to for commercial recycling service in many of the other jurisdictions. About half of the jurisdictions include a compost giveaway and household battery/cell phone collection. Only two jurisdictions include a compact fluorescent bulb collection.

The attached franchise comparison includes franchise terms, identifying when the agreement will expire within each jurisdiction. Following Albany, the next franchise expirations will occur in 2012 for the cities of Alameda, Newark, and Oakland. Like

Albany, these cities may elect additional extensions or initiate a bid process for a new franchise agreement.

Within Alameda County, the most recent franchise agreements have all included an associated rate increase:

- 2011 – Emeryville – 45% residential, 46.5% commercial (WMAC)
- 2010 – Livermore -19% (Livermore Sanitation)
- 2009 – Castro Valley – 46% residential year 1 + 9% residential years 2 &3, 68% commercial + 9% commercial years 2&3 (WMAC)
- 2008 – Piedmont – 19% (Allied Waste Services)

ANALYSIS

The proposal by WMAC offers a number of services that would increase the community's ability to further divert materials as identified in the staff report of June 6, 2011. Additionally, there is the opportunity for increased franchise revenue and optional funding for a staff position.

Per the attached comparison chart, it is evident that there are a variety of service providers and rates for related services. Going out to bid may provide an opportunity to identify additional service offerings depending on quality of bids received and outcome of negotiations with the preferred service provider.

SUSTAINABILITY IMPACT

As indicated in the staff report of June 6, 2011, improving the City's capabilities to increase the amount of materials diverted from the landfill and striving towards a zero waste community is identified as a goal within the City's Climate Action Plan. Ensuring that the City's new franchise enables the community to increase the amount of materials that can be properly reused or recycled will help facilitate increased sustainability.

FINANCIAL IMPACT

The financial impacts outlined in the June 6, 2011 staff report remain the same.

Continued negotiations with WMAC:

Should the City continue negotiations with WMAC, the rate increase would result in an increase in the amount of franchise revenue received, approximately \$190,000.

Inclusion of the optional services would result in an additional increase in rates as follows:

- Multi-family household battery collection: +0.45%
- Multi-family compact fluorescent bulb collection +0 .45%
- Sustainability coordinator +6.50% (this could also be reduced to a part-time position to minimize the overall rate increase percentage).

Competitive bid process:

Should the City initiate a competitive bid process, there will be a cost of approximately \$45,000 – 65,000 for technical consultant services to help facilitate the negotiation process. This cost is typically reimbursed to the City by the successful contractor and absorbed within the franchise rates. A significant amount of staff time, likely a minimum of 320 hours (part-time for 8 months), would also be required for this process. If there is a change in service providers, there will be City staff time required during the transition and implementation.

Attachments

1. Franchise Comparison – Alameda County
2. June 6, 2011 Staff Report

