

CITY OF OAKLAND

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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Brooke A. Levin
Director, Public Works

SUBJECT: Waste Management's Zero-Waste
"Push\Pull" Rates for
Multi-Family Buildings

DATE: December 18, 2015

City Administrator Approval

Date:

12/30/15

RECOMMENDATION

Staff Recommends That The City Council Receive A Status Report And Recommendations On Efforts And Strategies To Reduce Zero-Waste 'Push\Pull' Service Costs For Multi-Family Buildings, Including Information Provided By Waste Management Of Alameda County.

EXECUTIVE SUMMARY

On July 1, 2015, the City implemented new collection service contracts for trash and organics with Waste Management of Alameda County (WMAC), and for residential recycling with California Waste Solutions (CWS). Both contractors are required to provide "push services" to multi-family dwelling buildings (MFD) customers, in which the Contractor's employee moves the customer's container from its on-property location to the point of service.

Rates associated with Zero Waste Services were implemented concurrent with the contracts, except for push service charges, which appeared on the monthly MFD bills for the first time in October 2015, but applied to trash bins only. MFD customer reaction to push service charges for trash has been forceful and negative. WMAC has added field staff to respond to requests for technical assistance from MFD customers to identify methods of reducing or eliminating push service charges. OPW staff has been working with WMAC to hone the response to these customer requests.

To date, the push service charges associated with recycling containers have not been billed to MFD customers, though once CWS and WMAC resolve the application of the recycling push charges, MFD customers will receive this charge, if applicable.

This is an informational report and no recommendation for action is made.

Item: _____
Public Works Committee
January 12, 2016

BACKGROUND / LEGISLATIVE HISTORY

At a Special Meeting on August 13, 2014, the City Council approved Ordinance No. 13254 C.M.S., granting a franchise for Residential Recycling (RR) Collection Services to CWS. At a Special Meeting on September 29, 2014, City Council approved Ordinance No. 13258 C.M.S., which in part, granted a franchise for Mixed Materials and Organics (MM&O) Collection Services to WMAC and established maximum service rates for the MM&O Contract. On December 9, 2014, the City Council approved Ordinance No. 13273 C.M.S., which amended Ordinance No. 13258 C.M.S. to add contamination rates, and approved Ordinance No. 13274, which amended Ordinance No. 13254 to extend the term of the RR Contract to 20 years.

The MM&O Contract was executed on February 20, 2015, and the RR Contract was executed on May 22, 2015. Implementation of services began on July 1, 2015.

On October 6, 2015, City Council approved Ordinance No. 13331 C.M.S., which amended Ordinance No. 13258 C.M.S. to amend maximum service rates as set forth in new rate tables, in part to adjust commercial organics collection rates that were perceived as "upside down" and as discouraging to participation in commercial composting efforts. On October 12, 2015, the City Administrator executed the First Amendment to the MM&O Contract, which, in part, incorporated the amended maximum service rates as set forth in Ordinance No. 13331 C.M.S.

This information report was requested by Councilmember Dan Kalb and Vice-Mayor Rebecca Kaplan on November 12, 2015.

ANALYSIS AND POLICY ALTERNATIVES

The MM&O and RR contracts specify push service charges consistent with the rates approved by City Council through adoption of Ordinance No. 13331 C.M.S. Though push service charges are commonplace in California cities, such services had been provided without charge under the previous solid waste and recycling contracts, which had been in place nearly 20 years and expired June 30, 2015.

WMAC Push Service Charges

For July through September 2015, WMAC did not bill WMAC push service charges to MFD customers while they conducted MFD route audits to confirm on-property services and worked to resolve other contract implementation issues. On the October 2015 monthly bill, WMAC charged MFD customers for WMAC push services for the first time, as shown in Table 1, and has continued to bill such charges monthly.

Table 1. MFD Push Service Rates for Trash

Distance	0-25 ft	26-50 ft	51-75 ft	76-100 ft	100+ ft
Cost/bin/month	\$ 183.19	\$ 371.47	\$ 559.75	\$ 742.94	\$ 931.22

The push service charges shown in Table 1, apply only to trash bins. WMAC provides push services for organics containers without charge, per the MM&O contract. WMAC charges for

"backyard service" for pushing MFD trash carts, which is \$27.84 per cart per month for weekly service.

Reaction from MFD customers regarding imposition of push service charges has been very strong. Depending on the number of carts and frequency of collection, push service charges alone can easily double the cost of trash collection service, amounting to thousands of dollars per month. In response, WMAC has committed to providing additional customer service and account management resources to respond expeditiously to customer requests for assistance to reduce or eliminate the push charges. To support that response, through the First Amendment to the MM&O contract, \$50,000 of the community outreach budget has been earmarked for use by WMAC in providing additional customer service and account management personnel. In addition, the First Amendment required WMAC and the City to develop protocols and a methodology for applying push service charges to establish ground rules for the remainder of the contract. The City drafted a protocol document in early November for review and discussion with WMAC. Several revised versions of the document have been exchanged but WMAC and the City have not reached final agreement on the protocol.

Table 2 below provides a summary of MFD customer requests for assistance with push charges, and WMAC response through December 14, 2015. WMAC provides collection services to 3,441 MFD buildings in Oakland, of which, 805 MFD (23%) were billed for push services in October 2015. Since that billing, 461 MFD customers, 57% of those affected, have requested assistance from WMAC regarding reducing the push service charges. WMAC resolved 299 (65%) of those requests.

Table 2. Multifamily Push Services for Trash

MULTI-FAMILY	No. of Customers
TOTAL (push service and no push service)	3441
Push service charged in October 2015	805
Push service charge assistance requested	461
Push service charge resolved	299
Open Site Surveys	45
Appointments scheduled	6
MFD Push Service Resolution Summary	
Push service not necessary	7
Customer will push	200
Reduced push distance	29
No change requested by Customer	14
Change cart/bin size	49
Total	299

CWS Push Service Charges

The RR contract and the Council-approved MFD push services charges for recycling containers are shown in Table 3.

Table 3. MFD Push Service Rates for Recycling

Distance	0-25 ft	26-50 ft	51-75 ft	76-100 ft	100+ ft
Cost/month	\$ 152.20	\$ 308.62	\$ 456.05	\$ 617.24	\$ 773.67

To assess these charges to MFD customers, CWS invoices WMAC, and WMAC is obligated by the MM&O contract to bill in advance for CWS' push services. Following completion of route audits, CWS invoiced WMAC for MFD push service charges for the first time in October 2015, when they invoiced for several hundred MFD accounts and requested WMAC to bill \$152.20 for each service address. CWS has recently raised objection to WMAC's lack of billing for their recurring ancillary charges and the City is engaged with both parties to resolve the matter.

According to CWS' invoices, they provide push services at over 1,500 MFD service addresses, nearly half of all MFD buildings, and 92% more than the number of MFDs where WMAC bills for trash push services. It is expected that for January 2016, WMAC will bill for push services according to CWS invoicing. This may further inflame customers already aggrieved by the WMAC push service charges. The City has requested documentation from CWS to validate these customer charges.

FISCAL IMPACT

No fiscal impacts are associated with this informational report.

PUBLIC OUTREACH / INTEREST

This item legally did not require any additional public outreach other than that required by the State Brown Act and City's Sunshine Ordinance.

COORDINATION

Public Works staff has coordinated closely with the Office of the City Administrator and City Attorney for this report and ordinance.

SUSTAINABLE OPPORTUNITIES

Economic: Expanding and actively supporting use of discarded materials drives local economic and workforce development with 'green collar' jobs and value added production.

Environmental: Waste reduction and recycling conserves natural resources, reduces air and water pollution, protects habitat, and reduces greenhouse gas (GHG) emissions.


Social Equity: Increased jobs through additional diversion of materials from the landfill.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council receive a status report and recommendations on efforts and strategies to reduce zero-waste 'push\pull' service costs for multi-family buildings, including information provided by Waste Management of Alameda County.

For questions regarding this report, please contact Becky Dowdakin, Environmental Services Manager, at 238-6981.

Respectfully submitted,



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Environmental Services Division