

City of Brisbane

Agenda Report

To: City Council via City Manager

From: Maria Saguisag-Sid
Principal Analyst

Subject: Annual Rate Increase and Amendment to Franchise Agreement for Recology
Brisbane for Solid Waste Services

Date: Meeting of June 2, 2016

Purpose: To ensure solid waste is disposed of in a proper and environmentally effective fashion.

Recommendation: Acknowledge rate increase for solid waste services effective July 1, 2016 and authorize the Mayor to execute Amendment No. 1 to the Franchise Agreement with Recology Brisbane, for the collection and disposal of recyclable materials, organic materials, and solid waste in the City of Brisbane.

Background: The City of Brisbane currently holds a franchise agreement with Recology in Zone 3. This agreement was approved effective November 2014. Services under this agreement include commercial solid waste removal services, as well as providing service to City Facilities (Corporation Yard) and assisting with litter clean up along public

The Franchise Agreement with the Recology provides for annual adjustment of rates for customers in Zone 3. Section 6.2 of the Agreement provides for an adjustment based on a percentage amount equal to the Refuse Rate Index (RRI) calculated based on the following table:

Table 1. Refuse Rate Index

<u>Cost Category</u>	<u>Weighting</u>	<u>Source/Index</u>
Fixed Labor	0.60	As per Collective Bargaining Agreements
Variable/Processing Costs	0.25	CPI(U)
Biodiesel Fuel	0.05	Fuel Index (Total G-NGV1 Charge)
Total:	0.90	

For example, if the annual percentage change is 3.0% for CPI(U), 9.0% for the Fuel Index, and 4.0% under the CBAs, then the RRI Adjustment Percentage equals 3.60% (= (.60 x 4.0%) + (.25 x 3.0%) + (.05 x 9.0%)).

The agreements provide that rate increase requests be submitted by March 31st and the City act on the requests by June 30th of each year.

Discussion: On March 11, 2016, Recology submitted the attached Notice of Intent to adjust the current rates for the City of Brisbane. Based on the RRI formula in Section 6.2 as noted above, the proposed rate increase is 2.31%.

Recology also noted that actual services provided under Section 5.10, Service to City Facilities, has changed over the past year. Recology noted they have been providing more services than what is currently identified under Exhibit C and are requesting to amend the current agreement to clarify these additional services to the Corporation Yard, which are provided at no cost to the City.

On May 19, 2016, the Subcommittee met to discuss the proposed increases and amendment to the agreement. The Subcommittee agreed that this proposal was in line with what is permitted by the franchise agreement and agreed to recommend approval of the attached proposed rate increases and to the amendment to the franchise agreement to the City Council. For the rate increases, the agreement provides that the City act on the rate increase notice of intent by June 30. Representatives of Recology will attend the Council meeting to answer any questions.

Fiscal Impact: Based on these rates, the increase for a commercial 2-yard bin would be \$13.47 per month, or \$161.64 per year for Recology customers. The amendment to the agreement has no fiscal impact to the City.

Measure of Success: Is solid waste removal able to continue efficiently for the community?

Attachments:

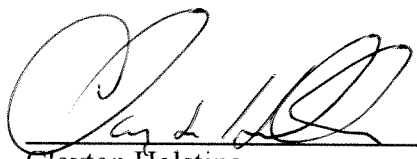
Notice of Intent letter from Recology, dated March 11, 2016

Recology Rate Book - Uniform Commercial Rates

Amendment No. 1



Maria Saguisag-Sid
Principal Analyst



Clayton Holstine
City Manager



March 11, 2016

Mr. Clay Holstine
City Manager, City of Brisbane
50 Park Place
Brisbane, CA 94005

Re: Annual franchise fee and notice of intent to modify rates based refuse rate index

Dear Mr. Holstine:

The purpose of this letter is to communicate our annual franchise fee payment and provide notice of Recology's intent to modify rates based on the refuse rate index. The franchise fee payment will be for the 13 months ending December 31, 2015 and totals \$14,879.38 or 14% of gross billings of \$106,281.30. The rate adjustment has been calculated in accordance with Section 6.2, *Modification Based on Refuse Rate Index*, of the Franchise Agreement between the City of Brisbane and Recology Brisbane for the Collection and Disposal of Recyclable Materials, Organic Materials, and Solid Waste in the City of Brisbane. If approved, the change will take effect on July 1, 2016.

The proposed rate adjustment is an increase of 2.31% to the current uniform commercial rate schedule. Table 1 details the calculations:

Table 1. Refuse Rate Index				
Cost Category	Weighting	Source/Index	Value from Source/Index	Weighted Value
Fixed Labor	0.60	As per CBAs	3.00%	1.80%
Variable/Processing Costs	0.25	CPI(U)	3.18%	0.80%
Biodiesel Fuel	0.05	Fuel Index	-5.71%	-0.29%
Total	0.90		Calculated COLA	2.31%

Additionally, we would like to inform you of events that are anticipated to result in an increase in our cost of providing services under Section 6.3, *Extraordinary Items*, but that will not be included until next year's annual notice of intent to modify rates.

On August 4, 2015, the State Water Resources Control Board (SWRCB) adopted Order WQ 2015-0121-DWQ, entitled "General Waste Discharge Requirements for Composting Operation" (General Order).

The General Order is a comprehensive regulation covering all aspects of composting operations relating to water quality. It includes detailed requirements regarding waste discharge amounts and characteristics; volume, types and quality of feedstocks, additives and amendments; infrastructure siting, design, construction and maintenance; site closure; monitoring and reporting; regulatory fees; and other aspects of facility operation.

All major compost facilities in the State of California will eventually be required to comply with the General Order, unless the facility's Regional Water Quality Control Board (RWQCB) determines that a site-specific order regarding waste discharge requirements (WDRs) is necessary, in which case site-specific WDRs will be developed. Site-specific WDRs are expected to be modeled on the General Order.

In the case of Recology's composting facility, Blossom Valley North (BVON), the Central Valley RWQCB is requiring that BVON have site-specific WDRs. Once approved, BVON will then have a period of time to come into compliance.

Recology is continuing to evaluate the infrastructure improvements and operational changes necessary for BVON to comply with the General Order (and by extension with the expected requirements of the site-specific WDRs).

Additionally, on January 15, 2016, Recology ceased landfilling at Waste Management of Alameda County's Altamont Pass landfill and began landfilling at Recology's Hay Road landfill. As a result, Recology is now incurring additional costs in the form of transportation and disposal charges.

Both the new landfill costs and organic compliance costs will translate into higher costs for disposal and composting the City's material, and consequently higher operating costs for Recology Brisbane. To compensate for these costs, Recology intends to apply for a rate adjustment under its franchise agreement with the City during next year's rate notice of intent to modify rates, and include appropriate documentation to support the cost increases, including additional details about the compliance measures, costs and schedule, and the method of allocation.

At this time next year, we look forward to working with the City of Brisbane in a cooperative and transparent manner so that you fully understand the cost impacts. We are happy to answer any questions, participate in council study sessions, and to assist with the City Council approval process as required. Please contact me if you have any questions.

Sincerely,



Mark Arsenault
Vice President and Group Manager
San Francisco Region

cc: Randy Breault, Public Works Director, City Engineer
John Porter, Recology San Francisco Region Group Controller
Daniel Negron, General Manager of Recology Sunset Scavenger

RATE BOOK

UNIFORM COMMERCIAL RATES

Commercial rates include the following components:

- Volumetric charges shown are for trash service
- Recycling services are charged at 25% of the volumetric rate for trash *
- Composting services are charged at 75% of the volumetric rate for trash *
- There are separate charges for premium services, such as key, distance and elevation

COMMERCIAL RATES

UNIFORM COMMERCIAL RATES

32 GALLON CARTS

NOTE:

These rates apply to Carts located outside.

Carts located inside:

- Less than 100 feet from the curb will be charged 10% more.

- More than 100 feet from the curb will be charged 25% more.

Carts located 4 feet or more above or below ground level will be charged 25% more.

Key Charges:

1 Per Week =	\$15.24
2 Per Week =	\$26.83
3 Per Week =	\$38.15
4 Per Week =	\$49.09
5 Per Week =	\$60.07
6 Per Week =	\$76.55
7 Per Week =	\$94.26
Saturday =	\$16.48
Sunday =	\$17.72

Rates listed below are for carts up to 45 pounds. Any weight exceeding 45 pounds will be charged an additional \$0.0883 per pound.

PICKUPS	1 Cart
1 Per Week =	\$55.79
2 Per Week =	\$111.57
3 Per Week =	\$167.32
4 Per Week =	\$223.11
5 Per Week =	\$278.90
6 Per Week =	\$343.25
7 Per Week =	\$416.23
Saturday =	\$64.36
Sunday =	\$72.98

FOR ADDITIONAL CONTAINERS: MULTIPLY TIMES PER WEEK BY THE NUMBER OF CANS.

COMMERCIAL RATES

UNIFORM COMMERCIAL RATES 64 GALLON CARTS

NOTE:

These rates apply to Carts located outside.

Carts located inside:

- Less than 100 feet from the curb will be charged 10% more.
- More than 100 feet from the curb will be charged 25% more.

Carts located 4 feet or more above or below ground level will be charged 25% more.

Rates listed below are for carts up to 90 pounds. Any weight exceeding 90 pounds will be charged an additional \$0.0883 per pound.

EXTRA PICK-UPS:

Regular = \$35.63 Saturday = \$48.10 Sunday = \$64.16

Key Charges:

1 Per Week = \$15.24
 2 Per Week = \$26.83
 3 Per Week = \$38.15
 4 Per Week = \$49.09
 5 Per Week = \$60.07
 6 Per Week = \$76.55
 7 Per Week = \$94.26
 Saturday = \$16.48
 Sunday = \$17.72

ADD'L CARTS

PICKUPS	1 CART	2 CARTS	3 CARTS	4 CARTS	5 CARTS	6 CARTS	(EACH)
1 Per Week =	\$114.29	\$211.66	\$309.06	\$405.96	\$503.75	\$601.08	\$97.36
2 Per Week =	\$217.33	\$412.04	\$606.75	\$801.03	\$995.79	\$1,190.01	\$194.72
3 Per Week =	\$320.35	\$611.99	\$904.02	\$1,196.10	\$1,487.77	\$1,779.79	\$292.05
4 Per Week =	\$423.32	\$812.78	\$1,201.75	\$1,590.75	\$1,980.20	\$2,369.17	\$389.38
5 Per Week =	\$526.36	\$1,012.70	\$1,499.07	\$1,985.82	\$2,471.79	\$2,958.57	\$486.72
6 Per Week =	\$652.42	\$1,245.63	\$1,851.08	\$2,432.99	\$3,025.52	\$3,619.19	\$593.61
7 Per Week =	\$801.05	\$1,520.80	\$2,252.70	\$2,961.09	\$3,680.10	\$4,400.18	\$720.03
Saturday =	\$126.06	\$232.94	\$352.02	\$447.19	\$553.73	\$660.62	\$106.89
Sunday =	\$148.63	\$275.16	\$401.62	\$528.09	\$654.58	\$781.00	\$126.40

COMMERCIAL RATES

UNIFORM COMMERCIAL RATES 96 GALLON CARTS

NOTE:

These rates apply to Carts located outside.

Carts located inside:

- Less than 100 feet from the curb will be charged 10% more.

- More than 100 feet from the curb will be charged 25% more.

Carts located 4 feet or more above or below ground level will be charged 25% more.

Rates listed below are for carts up to 135 pounds. Any weight exceeding 135 pounds will be charged an additional \$0.0883 per pound.

EXTRA PICK-UPS:

Regular = \$47.56 Saturday = \$64.22 Sunday = \$85.61

Key Charges:

1 Per Week = \$15.24
2 Per Week = \$26.83
3 Per Week = \$38.15
4 Per Week = \$49.09
5 Per Week = \$60.07
6 Per Week = \$76.55
7 Per Week = \$94.26
Saturday = \$16.48
Sunday = \$17.72

ADD'L CARTS

PICKUPS	1 CART	2 CARTS	3 CARTS	4 CARTS	5 CARTS	6 CARTS	(EACH)
1 Per Week =	\$152.55	\$281.66	\$412.04	\$541.53	\$671.50	\$801.03	\$129.49
2 Per Week =	\$289.89	\$549.41	\$808.83	\$1,067.91	\$1,327.42	\$1,586.85	\$259.03
3 Per Week =	\$427.22	\$816.25	\$1,205.22	\$1,594.72	\$1,983.67	\$2,372.69	\$388.54
4 Per Week =	\$564.54	\$1,083.16	\$1,602.04	\$2,121.04	\$2,639.97	\$3,158.93	\$518.05
5 Per Week =	\$701.96	\$1,350.44	\$1,998.91	\$2,647.38	\$3,295.85	\$3,944.78	\$647.54
6 Per Week =	\$869.76	\$1,660.72	\$2,452.27	\$3,243.23	\$4,034.29	\$4,826.20	\$790.54
7 Per Week =	\$1,067.96	\$2,027.59	\$2,987.74	\$3,947.38	\$4,907.06	\$5,867.60	\$959.15
Saturday =	\$167.80	\$310.28	\$453.36	\$595.84	\$738.44	\$881.42	\$143.01
Sunday =	\$198.21	\$366.87	\$535.48	\$704.15	\$872.77	\$1,041.40	\$168.61

COMMERCIAL RATES

UNIFORM COMMERCIAL RATES FOR CONTAINERS

NOTE:

These rates apply to containers located outside.

Containers located inside:

- Less than 100 feet from the curb will be charged 10% more.
- More than 100 feet from the curb will be charged 25% more.

Containers located 4 feet or more above or below ground level will be charged 25% more.

EXTRA PICK-UPS (per yard):

Regular = \$85.13 Saturday = \$114.96 Sunday = \$153.16

Key Charges:

1 Per Week = \$15.24
 2 Per Week = \$26.83
 3 Per Week = \$38.15
 4 Per Week = \$49.09
 5 Per Week = \$60.07
 6 Per Week = \$76.55
 7 Per Week = \$94.26
 Saturday = \$16.48
 Sunday = \$17.72

Uncompacted weight: 300 pounds per yard, plus \$8.83 per 100 pounds (\$0.0883 per pound) over 300 pounds.

PICKUPS	1 YD	1.5 YDS	2 YDS	2.5 YDS	3 YDS	4 YDS	6 YDS	7 YDS
1 Per Week =	\$335.15	\$515.47	\$596.74	\$746.29	\$832.32	\$1,040.53	\$1,477.76	\$1,723.75
2 Per Week =	\$596.74	\$911.43	\$1,123.96	\$1,405.59	\$1,602.49	\$2,053.64	\$2,913.37	\$3,399.26
3 Per Week =	\$894.93	\$1,366.89	\$1,685.95	\$2,107.97	\$2,372.25	\$3,038.51	\$4,308.10	\$5,025.72
4 Per Week =	\$1,193.08	\$1,822.42	\$2,247.92	\$2,810.78	\$3,121.55	\$3,995.62	\$5,660.70	\$6,604.30
5 Per Week =	\$1,491.67	\$2,277.91	\$2,809.91	\$3,513.61	\$3,850.48	\$4,925.30	\$6,972.06	\$8,133.75
6 Per Week =	\$1,944.14	\$2,973.75	\$3,615.73	\$4,518.47	\$4,973.59	\$6,330.08	\$8,767.51	\$10,461.22
7 Per Week =	\$2,547.00	\$3,901.70	\$4,689.70	\$5,861.94	\$6,471.38	\$8,202.93	\$11,427.06	\$13,179.44
Saturday =	\$452.47	\$695.85	\$805.82	\$1,004.86	\$1,123.11	\$1,404.78	\$1,795.46	\$2,327.48
Sunday =	\$602.85	\$927.95	\$1,073.97	\$1,343.47	\$1,497.80	\$1,872.86	\$2,659.55	\$2,718.22

COMPACTOR RATES

FRONT LOAD COMPACTOR RATES

PER YARD

Compacted = \$109.53 Saturday = \$120.43 Sunday = \$132.55

Compacted weight: 450 lbs. per yard, plus \$8.83 per each 100 lbs. over 450lbs..

Rate Calculation Formula: Compacted Yards x Rate x 4.33

Yards	Regular	Saturday	Sunday
0.5	\$237.13	\$260.73	\$286.97
0.75	\$355.70	\$391.10	\$430.46
1	\$474.26	\$521.46	\$573.94
1.5	\$711.40	\$782.19	\$860.91
2	\$948.53	\$1,042.92	\$1,147.88
2.5	\$1,185.66	\$1,303.65	\$1,434.85
3	\$1,422.79	\$1,564.39	\$1,721.82
4	\$1,897.06	\$2,085.85	\$2,295.77
4.5	\$2,134.19	\$2,346.58	\$2,582.74
5	\$2,371.32	\$2,607.31	\$2,869.71
6	\$2,845.59	\$3,128.77	\$3,443.65

ROLL-OFF COMPACTOR RATES

Transportation Charge

\$542.46 per pull

Disposal Charge

\$176.67 per ton

\$176.67 per ton Overweight Charge

Container Rotation Charge

\$303.91 per pull

Rate Calculation Formula:

Transportation Chg. + Disposal Chg. + 10% + Rotation Chg.* = Per Pull Compactor Rate

* If applicable

DEBRIS BOX RATES

Debris Box Size	Monday-Friday	Saturday	Max. Weight
	Price	Price	
6yd	\$649.65	\$746.45	Clean fill only
9yd	\$692.80	\$796.61	Clean fill only
15yd	\$649.65	\$746.45	4,000 lbs.
20yd	\$740.62	\$851.42	6,000 lbs.
30yd	\$912.07	\$1,048.53	7,000 lbs.
40yd	\$1,003.05	\$1,154.67	8,000 Lbs
14yd covered	\$698.63	\$804.77	4,000 lbs.
20yd covered	\$802.44	\$921.40	6,000 lbs.

Overweight charged at **\$176.67** per/ton in excess of allowed weight.

6 & 9yd dirt/concrete boxes must be clean fill only-no bricks, wood, metal or trash

NO serpentine rock, metal, organic debris, or trash. Such loads must be dumped as general debris

AMENDMENT NO. 1

This Amendment No. 1 (this "Amendment") is made and entered into as of June 2, 2016 by and between the City of Brisbane, a California municipal corporation ("City"), and Recology Brisbane, a California corporation ("Recology").

WHEREAS, City and Recology entered into that certain Franchise Agreement for the Collection and Disposal of Recyclable Materials, Organic Materials and Solid Waste in the City of Brisbane, dated November 20, 2014 (the "Agreement"); and

WHEREAS, the parties wish to amend the provisions of the Agreement relating to services provided to the City at no additional charge, to reflect the services that Recology has actually been providing to the City since the Effective Date;

NOW, THEREFORE, the parties agree as follows:

1. The table in Exhibit C of the Agreement is hereby amended to read as follows:

Facility Name	Facility Address	Container Number/Volume/Type	Collection Frequency
Corporation Yard	1020 Tunnel Avenue	One 6 CY Front Load Bin – Recyclable Materials *	Weekly
		One 15 CY Debris Box – Solid Waste *	On call
		One 15 CY Debris Box – Metal Waste *	On call
		One 20 CY Debris Box – Green Waste *	On call

2. The 2nd sentence of Section 5.10 of the Agreement is hereby amended to read as follows:

"Such service shall be provided by Recology for the number, volume and type of containers set forth on Exhibit C, at the frequencies set forth on Exhibit C."

3. Except as expressly set forth in this Amendment, the terms and conditions of the Agreement remain in full force and effect.

CITY OF BRISBANE

By: _____
Name: _____
Its: _____

RECOLOGY BRISBANE

By: 
Michael J. Sangiacomo
President and Chief Executive Officer

Approved As To Form:



Michael Roush, City Attorney