



EXHIBIT B

**WASTE MANAGEMENT of
ALAMEDA COUNTY, INC.**
172 98th Avenue
Oakland, CA 94603
(510) 383-2404

April 22, 2019

Christine Daniel
City of Emeryville
1333 Park Ave.
Emeryville, CA 94608

Dear Christine,

As a follow-up to the City's letter dated March 21, 2019, Waste Management of Alameda County, Inc. ("WMAC") is pleased that City Council provided authorization to City Staff to offer an extension of the Collection Service Agreement as provided for in Article 5, "Term and Scope of Franchise" for an additional five (5) year period, from January 1, 2021 through December 31, 2025.

WMAC is willing to accept the offer contingent on a limited number of modifications to our existing agreement. The modifications that WMAC proposes are as follows:

1. The City of Emeryville and its constituents benefit from having some of the lowest rates in Alameda County. We have included a comparison chart below that illustrates the current rates and includes an example with the rates increasing by ten percent. WM anticipates needing an approximate 10% increase to rates that allow for the capture of increased costs and provide the City the benefit of continuing to enjoy very competitive rates and excellent service.

City	Single Family 32-gallon	Commercial / Multi-Family 1-yard bin; 1Xweek	Commercial / Multi-Family 3-yard bin; 1Xweek	40 Yard Bin
Emeryville Current	\$18.92	\$112.67	\$338.01	\$1,133.60
Emeryville +10%	\$20.81	\$123.94	\$371.81	\$1,246.96
Albany	\$42.65	\$169.95	\$509.85	\$1,430.00
Berkeley	\$41.49	\$167.07	\$462.36	\$3,386.03
Oakland	\$47.17	\$230.70	\$549.39	\$1,864.54
Piedmont	\$84.60	\$173.04	\$346.16 (2yd bin)	\$510.97
San Leandro	\$29.91	\$131.15	\$396.53	\$464.24 + \$128.46 ton

2. We have included a modified rate-making mechanism that allows for WMAC to keep pace with escalating costs. Specifically, the cost of labor, in the Bay Area, continues to outpace traditional rate-making mechanisms. As an example, the current cost of sorting personnel has increased from \$12.51/hour in 2014 to \$20.94/hour in 2019 resulting in an annual average wage increase of 13% in

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the past few years, while our current rate escalator has only allowed for increases that have averaged 1.88% over the past five (5) years.

WMAC suggests that a modified rate increase mechanism would be based upon an RRI calculation that utilizes the six Cost Categories in the current agreement. However, for the Labor Cost Category, these costs would include union wages and related labor benefits and the index applied to these costs would mirror the annual increases contained in our Local 70 Collective Bargaining agreement. All non-union labor and non-labor benefits would be included in the All Other Cost Category.

Since most of our trucks operate using compressed natural gas, we propose using the index listed below.

Pacific Gas and Electric Company
<https://www.pge.com/tariffs/GRF.SHTML#GNGV1>
Schedule G-NGV1
Natural Gas Service for Compression

3. Continued instability and deterioration in recycling markets have negatively impacted WMAC's recycling operations and have increased our processing costs significantly. Policy changes and restrictions imposed by governments on imports of specified recyclable commodities have had severe impacts on recycling collection and processing globally, including those materials processed for the City of Emeryville. Consequently, WMAC proposes modifications to current language that allows for the implementation of charges that discourage contamination in both mixed recycling and organics streams. WMAC requests that we meet to discuss the processes that will be implemented to address this critical issue.

If the City is agreeable to the proposed changes in the current contract language, WMAC is amenable to exercising both five (5) year extensions allowed in the contract. A potential ten (10) year extension allows for capital investments both in vehicles and facility improvements to be amortized over a longer period. WMAC asks that the City consider this petition.

We look forward to continuing our partnership with the City and to providing exemplary service for the residents and businesses of Emeryville at very reasonable rates. Please do not hesitate to contact me with any questions or for further discussion of a potential extension.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Todd Nienhouse', written over a white background.

Todd Nienhouse
Senior District Manager
Waste Management of Alameda County Inc