



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: May 21, 2019

TO: Christine Daniel, City Manager

FROM: Andrew Clough, Director Public Works

SUBJECT: Resolution Of The City Council Of The City Of Emeryville Appropriating In Fiscal Year 2018/2019 \$15,000 From Fund 204; And Authorizing The City Manager To Enter Into A Professional Services Agreement With HF&H Consultants, LLC, In The Amount Of \$15,000 For Analysis Of Proposed Contract Terms For The City's Collection Service Agreement With Waste Management Of Alameda County

RECOMMENDATION

Staff recommends that the City Council adopt the above-entitled Resolution authorizing the City Manager to enter into a contract with HF&H for analysis of amendments to the terms of the Collection Service Agreement (Agreement) between the City of Emeryville (City) and Waste Management of Alameda County, Inc. (WMAC), as proposed by WMAC, in order to consider an extension of the Agreement by an additional five (5) years from January 1, 2021 to December 31, 2025 as provided for in Section 5.01.1 of the Agreement.

BACKGROUND

On December 21, 2010, the City Council approved Resolution No. 10-204 authorizing entering into a franchise Agreement with WMAC for the term of ten (10) years from February 1, 2011 to December 31, 2020 for the collection and processing of solid waste, recycling, and compostable materials.

The goals of the franchise Agreement were to:

- Maintain quality solid waste services
- Add programs to meet the General Plan Sustainable Element as well as countywide solid waste diversion goals and objectives
- Maintain low/competitive solid waste rates

The Agreement's initial term is ten years. The City has an option to extend the term for two additional five year periods. The City, to exercise the first of its five-year options, must notify WMAC no later than seventeen (17) months prior to the termination date of the Agreement, December 31, 2020. Seventeen months prior to December 31, 2020 is August 1, 2019.

On March 19, 2019, the City Council authorized the City Manager to notify WMAC of the City's intent to exercise the option to extend the Agreement for five years. The bases for that decision were: (1) residents and businesses receive reliable service, (2) Emeryville customers experience some of the lowest rates in Alameda County, and (3) WMAC is

meeting the required diversion goal. The City Manager sent the notice and WMAC provided a timely response as described in more detail below.

DISCUSSION

In December 2018, the City engaged HF&H Consultants, LLC. (HF&H) to conduct a performance and billing review, as provided for in the Agreement, to verify that provisions in the Agreement were being adhered to and calculations were accurate. The review was an opportunity for the City and WMAC to examine procedures and communications and identify ways to improve administration of the Agreement, and it resulted in findings that residents and businesses are receiving reliable service with among the lowest rates in Alameda County, and that WMAC is meeting its diversion goals.

In response to the City's offer of extension, WMAC sent a letter dated April 22, 2019 (**Exhibit B**) proposing several changes to the contract terms, including a base rate adjustment, changes to the Refuse Rate Index (RRI) calculation, and a request to discuss potential new charges related to contamination in recycling and organics streams. The proposed changes may result in rate adjustments for customers within Emeryville; in order to fully understand the financial impact of these proposals, staff wish to contract with HF&H to perform a thorough analysis of the proposed terms.

During the course of HF&H's initial review, they obtained and analyzed data from WMAC that will be needed for this second review, and given the City's short deadline to agree on terms with WMAC, it is recommended that HF&H perform this phase of the review as well. The payment to HF&H for the initial review was \$44,000 (those costs will be covered by WMAC under the terms of the Collection Service Agreement); this Agreement would be an additional \$15,000. HF&H's proposal is attached here as **Exhibit A**.

FISCAL IMPACT

This Agreement will be funded with \$15,000 appropriated from Fund 204, Environmental Programs.

STAFF COMMUNICATION WITH THE PUBLIC

There were no communications with the public.

CONCLUSION

The City of Emeryville has an option to extend its current Collection Services Agreement with WMAC; WMAC has proposed several revisions to the terms. This Agreement with HF&H will enable the City of Emeryville to understand the financial and operational impacts to Emeryville residents and businesses of the proposed terms.

PREPARED BY: Nancy Humphrey, Environmental Programs Supervisor

**APPROVED AND FORWARDED TO THE
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



Christine Daniel, City Manager

ATTACHMENTS

- Draft Resolution
- WMAC Letter dated April 22, 2019
- Contract
- Exhibit A – Proposal and Scope of Work