



March 31, 2016

Mr. Ken Farfsing  
City Manager  
City of Carson  
701 E Carson Street  
Carson, CA 90745

***Re: 2016 Commercial Rate Adjustment***

Dear Mr. Farfsing:

Waste Management deeply appreciates serving the City of Carson and has worked closely with the City and the Public Works Department to implement and enhance many environmental programs.

As per the new contract, Waste Management is officially submitting a rate adjustment request for the 2016/2017 Commercial Rates pursuant to Article 6 of the Integrated Commercial and Industrial Waste Management Services Agreement. Calculations are attached for your review and approval.

Furthermore, as you know, we are currently carrying over rate adjustments for the last two years that need to be resolved. We are hopeful that resolution to these – and the other issues before us all – will be forthcoming.

With the advent of new regulations from the State of California designed to increase diversion from landfills, there is increased urgency to establish rates for recycling (AB341 – Mandatory Commercial Recycling) and we are being forced to create rates for organics to aid our commercial customers in complying with AB1826 – Mandatory Organics Recycling. We are proposing rates on the attached rate sheet for Organics and are again proposing to enter into negotiations to establish fixed rates for commercial recycling that will ensure an even playing field for all.

**Overview of Changes in Recycling:**

Given that the issue of establishing a rate for commercial recycling has been on the City and WM's agenda for some time, I want to take the opportunity to share information regarding the state of recycling in the world today. Since the 1<sup>st</sup> Amendment was signed in 2010, there have been a number of significant changes in conditions. Soon after our Amendment was signed, commodity prices began a steep decline due in large part to

- the slowing of growth in China,
- the dramatic drop in oil and gas (key because new plastics are made from the byproducts of oil and gas production – with cheap, plentiful fossil fuel it is cheaper for many companies to purchase virgin plastic than recycled plastic),

- the strong US Dollar making US commodities more expensive on the global market, and
- the combination of steep reductions in paper (fewer newspapers in circulation, less paper being used by businesses focused on going green), and the consolidation of domestic paper mills meaning a more limited number of domestic purchasers of recycled paper.

In June 2011, one ton of single stream recycling generated by the City of Carson was worth \$209.70. As of January 2016, that same ton is worth \$95.90 – a drop of 42%. In the last six months alone, the drop has been from \$147.50 to the current rate of \$95.90.

This is a sustained low price environment and we don't see commodity prices improving for the foreseeable future. This is a particular problem as the value of recycling commodities has been the historical way that recycling programs have been funded. Most rate structures for recycling incentivizes recycling such that residential consumers only pay for trash and recycling and green waste are "free" and commercial customers pay greatly reduced recycling rates. To ensure the long-term sustainability of recycling, this is being reexamined across the board.

We are scrutinizing every part of our recycling business in order to adapt to the changes happening around us. Several years ago, we began working with companies that make the packaging and products that end up in recycling carts so we can all be better prepared for the future. In the process, we've all learned a lot about consumer-purchasing trends and their relationship to our operations and the environment.

WM is dedicated to ensuring the long-term sustainability of recycling – as the largest recycler in North America and the largest residential recycler in the world, we have a strong interest in solving this current crisis in the state of recycling. Recycling is the right thing to do for our environment, it's the right thing to do for our customers, and we are working hard to tighten our belts to make it the right thing to do for our shareholders as well.

**Rates that used to be on the rate sheet and need to be included again:**

There are two items that had been on rate sheets as recently as 2010 and 2011 that seem to have been omitted from later rate sheets. We request to get these both included in the new rate sheet:

- Extra Pick Up rate structure (see 2009/2010 and 2010/2011 Rate Sheets, adjusted to match area rates)
  - 2 Cubic Yards XF2      \$59.66
  - 3 Cubic Yards XF3      \$79.53
  - 4 Cubic Yards XF4      \$99.41
  - 6 Cubic Yards XF6      \$119.29
  - 50% of the rate for containers larger than 6 Cubic Yards
- Snapshot charges that mirror the Extra Pickup Charge (see 2009/2010 Rate Sheet)

**Rates that need to be on the rate sheet for transparency:**

Lastly, we have had recent requests for service that are not called out on our rate sheet. To ensure transparency, consistency and our ability to provide requested services to our customers in the City, Waste Management respectfully requests your consideration of the following service rates and fees to the current rate sheet. These particular fee requests will allow us to cover operational costs associated for services rendered, as well as help drive compliance and enforcement of California's recycle mandate, AB 341, ultimately also increasing the City's Franchise Fee payments.

Temporary Roll-Off Service Rates – WM delivers temporary service to customers as a matter of business and the rate needs to be established in the rate sheet. This rate utilizes the permanent customer pull rate and then assumes 4 tons per trip. For any tons above that, WM has an overage ton rate.

Commercial Set Up Rate – This is to cover the administrative costs associated with setting up the customer's account on our system and for delivery of the container. WM recommends setting the rate at \$27.00 (the same as the commercial auto resume fee).

Roll Off Delivery Rate – This is an industry standard and customers are not being charged a consistent rate due to the fact that it's not included on the rate sheet. This is a one-time charge to deliver a new or additional container at the customer's request and merely covers the administrative and operational costs to process and perform the request. The average of all rates charged in the Southern California Market is \$80; WM recommends setting the rate at \$80.

Roll Off Auto Resume Rate – This fee already exists for our commercial customers but is missing for our roll-off customers. WM recommends establishing an auto-resume fee (when customer's accounts are turned off due to bad debt) to match the rate in commercial of \$27.00. Customers can avoid the auto-resume fee by paying invoices timely and maintaining their accounts in good standing.

Recycle Contamination Fee – With the new AB341 legislation, we would like to add a Contamination Fee. When a customer places trash into their recycling bin, our recycling driver contacts the office and a trash driver is dispatched to dump the bin as trash so that the recycling load does not become contaminated. WM is suggesting mirroring the rate established in South Gate of \$22.66.

AB 341 Non-Compliance Fee – A monthly charge would be applied to a commercial customer's account that is not subscribing to recycling services. Once a recycle bin is added, the fee would be removed. The revenue from this new fee will be used for public outreach materials and mailings that are required to be sent by CalRecycle. WM is proposing a charge of \$10.00 per month, per account.

As a company, we are dedicated to making a difference for the environment and the communities that we serve. With the City's approval, we will implement these adjustments effective July 1, 2016.

Thank you for your favorable consideration. Please let me know if you have any questions.

Sincerely,



Janine Hamner  
Manager, Community and Municipal Affairs

CC: Maria Slaughter  
Garrett Roberts  
Doug Corcoran  
Frank Guercio  
Kim Ohrt

# **City of Carson Commercial/Industrial Rates**

**Effective 7/1/10 to 6/30/11**

## **Standard Bin Rates**

Bin Size	Collections per Week						
	1x	2x	3x	4x	5x	6x	7x
2 Cubic Yards	139.96	250.65	354.97	464.09	557.38	694.52	839.79
3 Cubic Yards	152.66	303.95	434.07	570.29	689.80	857.70	1037.21
4 Cubic Yards	211.83	354.97	510.77	673.99	817.59	1018.59	1232.84
6 Cubic Yards	265.48	457.00	664.17	881.39	1073.12	1340.41	1624.04
<b>Optional Services:</b>							
Locking Lids	13.51	21.45	29.99	38.94	46.73	57.78	70.17
Scrap Service	45.00	83.37	124.99	168.73	207.63	261.31	323.22
Push-Out Service	33.75	59.55	87.49	116.82	142.75	178.82	220.14
Franchise Fee Incl.	10%	15%	19%	22%	22%	26.40%	26.40%

Compactor Bin Rates to be @ 150% of the standard bin rates.

Roll-Off Rate \$291.53 per pull and \$76.42 per ton disposal (10% franchise fee on pull-rate only)

Roll-Off compactor rate \$304.74 per pull and \$76.42 per ton disposal (10% franchise fee on pull-rate only).

## **Extra pick up:**

<b>2 Cubic Yards</b>	<b>XF2</b>	57.12
<b>3 Cubic Yards</b>	<b>XF3</b>	76.15
<b>4 Cubic Yards</b>	<b>XF4</b>	95.19
<b>6 Cubic Yards</b>	<b>XF6</b>	114.22

**City of Carson Commercial/Industrial Rates**  
**Effective 7/1/09 to 6/30/10**  
**Standard Bin Rates**

Bin Size	Collections per Week						
	1x	2x	3x	4x	5x	6x	7x
2 Cubic Yards	128.55	226.62	320.95	419.61	503.96	627.96	759.31
3 Cubic Yards	138.03	274.82	392.48	515.64	623.69	775.50	937.80
4 Cubic Yards	191.54	320.98	461.81	609.40	739.24	920.96	1114.68
6 Cubic Yards	240.04	413.20	600.51	796.92	970.28	1211.95	1468.39
<b>Optional Services:</b>							
Locking Lids	12.21	19.40	27.11	35.21	42.25	52.24	63.44
Scuff Service	40.68	75.38	113.01	152.56	187.73	236.28	292.24
Push-Out Service	30.51	53.85	79.11	105.62	129.07	161.68	199.04
Franchise Fee Incl.	10%	15%	19%	22%	22%	26.40%	26.40%

Compactor Bin Rates to be @ 150% of the standard bin rates.

Roll-Off Rate \$263.59 per pull and \$69.10 per ton disposal (10% franchise fee on pull-rate only)

Roll-Off compactor rate \$275.53 per pull and \$69.10 per ton disposal (10% franchise fee on pull-rate only).

**Extra pick up:**

2 Cubic Yards	<b>XF2</b>	51.65
3 Cubic Yards	<b>XF3</b>	68.85
4 Cubic Yards	<b>XF4</b>	86.07
6 Cubic Yards	<b>XF6</b>	103.27

Charges for Snap shot - same as extra pick up.

Insta Bins-138.63 That Includes Delivery and Removal

Extra pickup's 68.85

Rental for 10days, after 10th day 5.00 per day after 10th day

*New  
60.94*  
  
*Old  
54.95*  
*CLO-54.95*



# City of Carson Commercial/Industrial Rates

Effective 7/1/16 to 6/30/17

Standard Bin Rates

Calculated Rates per Contract

Bin Size	Collections per Week						
	1x	2x	3x	4x	5x	6x	7x
2 cubic yards	\$182.33	\$326.53	\$462.43	\$604.58	\$726.11	\$904.76	\$1,094.02
3 cubic yards	\$198.87	\$395.96	\$565.48	\$742.93	\$898.62	\$1,117.33	\$1,351.20
4 cubic yards	\$275.97	\$462.43	\$665.39	\$878.02	\$1,065.09	\$1,326.93	\$1,606.04
6 cubic yards	\$345.85	\$595.34	\$865.23	\$1,148.21	\$1,397.98	\$1,746.17	\$2,115.67
Optional Services:							
Locking Lids	\$17.60	\$27.95	\$39.07	\$50.73	\$60.88	\$75.27	\$91.41
Scout Service	\$58.62	\$108.62	\$162.83	\$219.80	\$270.48	\$340.42	\$421.07
Push-Out Service	\$43.97	\$77.57	\$113.98	\$152.18	\$185.96	\$232.96	\$286.78
Franchise Fee incl.	10.00%	15.00%	19.00%	22.00%	22.00%	26.40%	26.40%

Compactor Bin Rates to be @ 150% of the standard bin rates.

Roll-off Rate \$362.15 per pull and \$94.92 per ton disposal (10% franchisd fee on pull-rate only)

Roll-Off compactor rate \$370.59 per pull and \$94.92 per ton disposal (10% franchisd fee on pull-rate only)

## Proposed Rate Additions

AB341 Non-Compliance	\$10.00
CM set-up rate	\$27.00
Delivery Fee R/O	\$80.00
Recycling Contamination fee	\$22.66
Reactivation/Auto Resume R/O	\$27.00

Organics		1x	2x	3x
		Monday	Wednesday	Friday
64 Gallon				
Collection		\$45.58	\$81.63	\$115.61
Processing		\$35.62	\$75.44	\$118.74
TOTAL		\$81.20	\$157.07	\$234.35
Each Additional Cart		\$67.53	\$132.58	\$199.67

Organics collections is currently offered on Mondays, Wednesday and Fridays only

Temporary RO Services								
Type	Size	Material	Price Group	Delivery	Tons Included	Haul with Tons	Overage Tons	Collect
PrePay	40 Yard	MSW	CCT	\$80.00	4	\$ 824.26	\$ 95.00	\$904.26
PrePay	40 yard	C&D	CCD	\$ 80.00	5	\$ 530.56	\$ 106.11	\$ 610.56

  

Temporary Insta Bin CO Services							
Type	Size	Material	Price Group	One Pull 7 days	Extra SVC	Per Day over 7	Collect
PrePay	3 yard	MSW Only	CCT	\$ 183.39	\$ 80.00	\$ 10.00	\$ 183.39