



THINK GREEN.®

March 29, 2017

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

SUBJECT: July 2017 Commercial Rate Adjustment

Dear Mr. Farfsing:

Waste Management deeply appreciates the long partnership that we have enjoyed with the City of Carson. In celebration of this partnership, Waste Management would like to extend to the City a reduction in the contractually-obligated rate increases for 2017. Pursuant to Article 6 of the Integrated Commercial Waste Management Services Agreement between Waste Management and the City of Carson. The 2017/2018 Commercial Rates should increase by 7.29%. However, to demonstrate its commitment to the City, its residents and your business community, Waste Management is requesting only the CPI-portion of the rate adjustment, which is 1.89%, a discount of 5.4% of the allowable amount in Article 6 of the Agreement. Calculations are attached for your review and approval.

In addition to the annual rate adjustment, Pursuant to Section 6.4 – Extraordinary Adjustments contained within the Franchise Agreement between Waste Management and the City of Carson, Waste Management respectfully requests the ability to discuss the changes in State law and recycling enhancement programs below, prior to staff seeking City Council's approval of our offered rate modifications.

AB341 & SB 1018 - Mandatory Commercial Recycling

AB 341 (2011) and SB 1018 (2012) requires any business that generates four cubic yards or more of commercial solid waste per week or any multi-family dwelling with five units or more to participate in a mandatory commercial recycling program. CalRecycle requires each jurisdiction to *"implement a commercial solid waste recycling program that consists of education, outreach and monitoring of businesses, that is appropriate for that jurisdiction and is designed to divert commercial solid waste from businesses, whether or not the jurisdiction has met the requirements of PRC Section 41780. Each jurisdiction shall report the progress achieved in implementing its commercial recycling program, including education, outreach and monitoring, and if applicable, enforcement efforts and exemptions, by providing updates in its electronic annual report."*

Since the mandated implementation date of July 1, 2012, Waste Management has provided the State-mandated services to the City of Carson and those businesses and multi-family complexes who fall within the thresholds of the law at no additional cost. Waste Management would like an opportunity to discuss these costs with you to ensure that they are included in the rates effective July 1, 2017.

AB1826 - Mandatory Commercial Organics Recycling

AB 1826 (2014) requires businesses that generate a specified amount of organic waste per week to arrange for recycling services for that waste, and for jurisdictions to implement a recycling program to divert organic waste from businesses subject to the law, as well as report to CalRecycle on their progress in implementing an organic waste recycling program. CalRecycle mandates that *“the jurisdiction shall implement an organic waste recycling program, including identifying regulated generators. The jurisdiction staff may do this or the jurisdiction may have its hauler conduct these activities or utilize other resources.”*

Waste Management has worked diligently to provide the required outreach and education as well as the mandated collection and processing of the source-separated organic material. First and foremost, Waste Management believes it has strategically aligned itself for the most affordable implementation of food waste and organics recycling in Southern California. With its investment in its Centralized Organics Recycling, or CORE®, Waste Management is prepared to implement programing designed to increase diversion and comply with AB 1826.

ORGANIC FOODWASTE RATES		1 x p/week	2 x p/week	3 x p/week
		Monday	Wednesday	Friday
64 Gallon Carts				
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

Changes In Law – SB 3 (Leno) Minimum Wage Increase

On April 4, 2016, California Governor Jerry Brown signed the SB 3, which raised the statewide minimum wage, into law. The amended law provides for six stepped annual statewide increases of the current minimum wage of \$10.50 per hour, starting on January 1, 2017 and increasing annually to \$15 per hour over time. This change in law has increased our costs at our local processing facilities. It is our hope to continue this discussion and identify a reasonable and fair approach going forward for both parties. Waste Management would like an opportunity to discuss these costs with you to ensure that they are included in the rates effective July 1, 2017.

Community Litter Prevention Program

Waste Management currently has the ability to charge commercial customers an overage fee for those who overload bins and litter enclosures areas with waste. While our drivers routinely clean and service these areas, Waste Management has identified that simply charging for this service fails to address a long-term solution that assists the customer from ongoing overage charges. To address this challenge, Waste Management developed an integrated approach appropriately named the Community Litter Environmental Protection Awareness Notification Program, or C.L.E.A.N Program. This program provides the customer with a concierge-level service that assists them in right-sizing its waste and recycling services to avoid future overage charges. The C.L.E.A.N. program, like our existing program, only affects commercial customers who overload bins and

enclosures, while providing the next level of service that assists customers in avoiding these charges in the future.

The process is seamless and simple. As our drivers arrive at a customer's location, they follow a standardized process to check for any abnormalities. Drivers are responsible for documenting overflowing bins and any waste in the surrounding enclosure. Using Waste Management's proprietary onboard computing system, the driver notates and photographs the overage. This information is automatically tagged to the customer's unique account number and becomes accessible for future reference. The driver then proceeds with collecting all materials in and around the bin.

Preventing litter means changing behavior and often that simply means making the right thing easier to do. Upon receiving an approved overage service charge on their invoice, a Waste Management team member proactively contacts the customer to provide technical support. With all account history and photo documentation at hand, Waste Management staff work one-on-one with the customer to help them resolve overflow issues and prevent future overage charges. Often this is accomplished through adjustments to container sizes, modifying collection frequency, adding recycling containers or pre-scheduling bulky waste pick-ups. The results are easy to see, preventing litter means **LESS** illegal dumping hotspots, odors and pests. Waste Management would like an opportunity to discuss these costs with you to ensure that they are included in the rates effective July 1, 2017. Working together, the City, our drivers, outreach staff and customers can potentially save customers money while keeping Carson C.L.E.A.N., attractive and environmentally protected.

Extra Pick-Up

From time to time, customers require an additional pick outside of the regular service. Waste Management would like to honor these requests and be able to offer businesses a rate for this requested service. Proposed rates are included below.

- 2-Cubic Yard Bin \$60.79
- 3-Cubic Yard Bin \$81.03
- 4-Cubic Yard Bin \$101.28
- 6-Cubic Yard bin \$121.54
- 50% of the rate for containers larger than 6 Cubic Yards

Temporary Roll-Off Service Rates

Waste Management delivers temporary service to City customers as a part of its everyday business. This temporary service rate utilizes the permanent customer pull rate and then assumes 4 tons per trip. For any tons above that, Waste Management has an overage ton rate. Currently, these rates do not exist on the approved rate sheet and need to be approved by City Council. The table below reflect Waste Management's proposed rates for July 1, 2017 to June 30, 2018.

Temporary Roll Off Services								
Type	Size	Material	Price Group	Delivery	Tons Included	Haul with Tons	Overage Tons	Collect
PrePay	40 Yard	MSW	CCT	86.15	4	761.48	102.3	847.63
PrePay	40 Yard	C&D	CCD	86.15	5	490.15	114.27	576.3
Temporary InstaBin CO Services								
Type	Size	Material	Price Group	One Pull - 7 Days	Extra Service	Per Day Over 7		Collect
PrePay	3-yard	MSW Only	CCT	197.49	86.15	10.77		197.49

Commercial Set Up Rate

This rate is a one-time rate issued to all new commercial customers who are required to establish service. This rate is necessary to recoup the administrative costs associated with setting up the customer's account in our system and for the delivery of the requested containers. Waste Management recommends establishing a rate of \$27.51 (the same as the commercial auto resume fee).

Roll Off Delivery Rate

This rate is customary within the solid waste industry. Waste Management has no ability to recoup its delivery costs since no rate has been approved by City Council. This is a one-time charge to deliver a new or additional containers at the customer's request and merely covers the administrative and operational costs to process and perform the request. Waste Management recommends setting the rate at \$81.51.

Roll Off Auto Resume Rate

This fee currently is in place for the commercial customer base. Adding this rate keeps the commercial sector consistent with the fees assessed to its customers. Waste Management recommends establishing an auto-resume fee (when customer's accounts are turned off due to bad debt) to match the rate for permanent commercial customers of \$27.51. Customers can avoid the auto-resume fee by paying invoices timely and maintaining their accounts in good standing.

Recycle Contamination Fee

WM recommends the addition of a Commercial Recycling Contamination rate of \$56.85 per instance be added to the existing rate sheet. In collaboration with the City, Waste Management would like the ability to charge a commercial recycling contamination rate to businesses who refuse to comply with the recycling requirements of the City. This rate will be a per occurrence charge, applied in instances of contamination in commercial recycling bins which either prevents the driver from servicing the bin, requiring a separate truck to the location to service the bin and the cost to service the container as trash, or increases the cost to separate the contamination out at a processing facility. This fee provides an incentive to recycle properly and compensation for increased disposal costs.

Proposed Updates to Rate Adjustment Calculation

Waste Management also wishes to discuss an update to the current rate calculation methodology from the current "Consumer Price Index for All Urban Consumers (CPI-U), Los Angeles-Anaheim-Riverside Area as identified in Section 6.3 of the Franchise Agreement.

Over the past two decades, there have been significant changes across the country as to how we view and handle waste, most visibly in California. The State legislature and regulatory agencies have enacted first-in-the-nation policies to address waste diversion, materials recycling and greenhouse gas emissions. Working closely with your staff, we have been successful in the City of Carson meeting these regulatory requirements. We believe that examining newer calculation methodologies could be mutually beneficial.

Waste Management is proud to be your partner in providing meaningful environmental programs to the residents and businesses of Carson and remains committed to assisting the City in complying with State mandates, increasing diversion, being stewards of the environment and being active participants in the community.

Sincerely,

A handwritten signature in black ink, appearing to read "Chip Monaco".

CHIP MONACO
Municipal Market Manager
Waste Management of Southern California

Enclosures:

2017 Rate Adjustment Calculation Tables

c: Robin Wilson
Darrel Kato
Bill Higginbotham
Fatima Haidin
Nancy Padilla

City of Carson Commercial/Industrial Rates

Effective 7/1/17 to 6/30/18

Standard Bin Rates

Calculated Rates per Contract

Bin Size	Collections per Week						
	1x	2x	3x	4x	5x	6x	7x
2 cubic yards	\$161.52	\$289.26	\$409.65	\$535.58	\$643.23	\$801.49	\$969.15
3 cubic yards	\$176.17	\$350.77	\$500.93	\$658.13	\$796.05	\$989.80	\$1,196.98
4 cubic yards	\$244.47	\$409.65	\$589.44	\$777.81	\$943.52	\$1,175.48	\$1,422.73
6 cubic yards	\$306.38	\$527.39	\$766.47	\$1,017.15	\$1,238.42	\$1,546.87	\$1,874.19

Optional Services:

Locking Lids	\$15.59	\$24.76	\$34.61	\$44.94	\$53.93	\$66.68	\$80.98
Scout Service	\$51.93	\$96.22	\$144.24	\$194.71	\$239.61	\$301.56	\$373.01
Push-Out Service	\$38.95	\$68.72	\$100.97	\$134.81	\$164.73	\$206.37	\$254.05
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 \$316.53 per pull and \$82.97 per ton disposal (10% franchised fee on pull-rate only)

Roll-Off compactor rate \$330.88 per pull and \$82.97 per ton disposal (10% franchised fee on pull-rate only)

Proposed Rate Additions

CM set-up fee	\$27.51
Delivery Fee R/O	\$81.51
Recycling Contamination fee	\$56.85
Roll Off Auto Resume	\$27.51

Organics		1	2	3
		Monday	Wednesday	Friday
64 Gallon				
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Extra Pickup

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6 Cubic Yards	\$121.54
50% of the rate for containers larger than 6 cubic yards	

Snapshot Charges to be 100% of the extra pickup charge

			Temporary Roll Off Services					
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