

# Proposed Waste Hauler Agreement with Waste Management

**City Council Study Session  
July 13, 2022**



# Background

- Waste Management (WM) and predecessor companies have provided residential collection service in WLW for many years
- Agreement most recently renewed in 2015 and will expire August 22, 2022
- WM submitted request in July 2021 to extend agreement for 10 years with lower rates
- City requested comprehensive proposal including compliance with SB 1383 organic waste recycling
- WM submitted comprehensive proposal in October 2021



# Background

- Staff and City's expert consultant R3 evaluated WM's proposal
- Proposed rates are competitive and represent a decrease for most WLV households
- Most residents are generally satisfied with WM's service, and changing haulers is an arduous process
- Given current economic climate and WLV's small size, WM's rates are as good or better than what could be obtained through RFP process
- Staff and R3 concluded that negotiating with WM was the best course of action for the City, rather than competitive procurement process



# Overview of Agreement

- 10-year term, with two optional 5-year extensions
  - WM must meet specified performance standards to be eligible for extensions
  - Extensions subject to City Council approval “at its sole discretion”
- Continued exclusive agreement for residential service
- New exclusive agreement for commercial service
- For compliance with SB 1383:
  - Organic waste collection service for all customers
  - Reporting and compliance provisions
  - Inspection and route reviews
  - Containers and labeling
  - Education and outreach

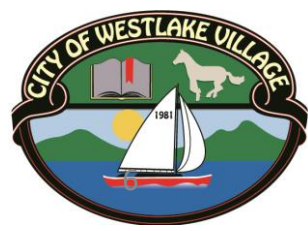
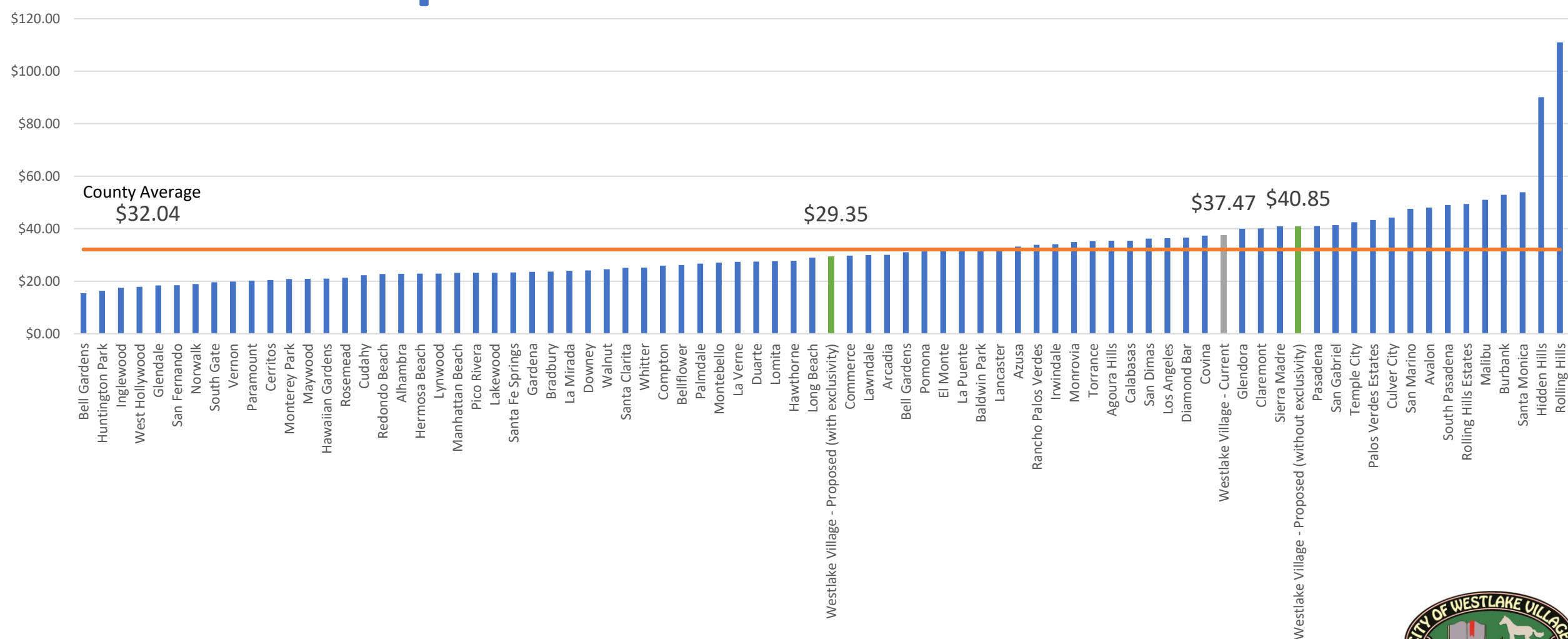


# Rate Comparison

Rate	Existing Agreement	Proposed Agreement
<b>Residential service rate</b>	\$37.47 for 3-cart service	\$29.35 for 3-cart service
<b>Residential service rate annual increase</b>	5% cap not tied to any index	Rate frozen for 3 years; then 4% cap tied to CPI Garbage & Trash; excess increase can be carried over up to 2 years
<b>Commercial service rate</b> <i>(3 cubic yard bin, 1x per week)</i>	Varies due to open market	\$212.06 (includes equal capacity of recycling service and one 64-gallon organic waste cart)
<b>Commercial rate annual increase</b>	No cap due to open market	5% cap tied to CPI Garbage & Trash; excess increase can be carried over up to 2 years



# Rate Comparison



# Revenue to City

- Procurement Reimbursement Fee
  - One-time payment of \$25,000
- Annual Reporting Program Fee
  - \$30,000
  - Will increase over time by same percentage as rates
- Solid Waste User Fee
  - \$1 per account per month
  - Estimated annual revenue \$39,000
- Franchise Fee
  - 10% of gross revenue
  - Estimated annual revenue \$120,000
  - Will increase over time as rates increase



# Existing Services to Continue

- 10% senior discount (62+)
- Free home compost bins on request
  - Current \$25 delivery fee will no longer be charged
- Backyard valet service on request
  - Free for disabled households, monthly fee for others
- Free bulky item pickup on request, 2x annually
  - Increasing from 2 items per pickup to 6 items total per year
- Collection service for City facilities
- Waste collection, portable toilets, and portable handwash stations for all City events
- Monthly Household Hazardous Waste collection on request
  - Increasing from 17 to 25 locations per month





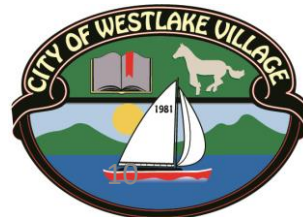
# New Services

- 10% low-income discount
- All new carts to be provided
  - Including organic carts for those that currently have 2 carts
- New kitchen food waste pails on request
- Annual curbside holiday tree collection
- Roll-off containers for City removal of fallen trees
- Abandoned waste and illegal dumping cleanup
- Free landfill days for residents at Simi Valley Landfill, 3x annually
- Mulch and compost giveaways, 2x annually
- Free paper shredding events, 2x annually



# Townhome/Condo Organic Waste Service

- Townhome and condo neighborhoods currently have 2-cart service
  - Have not traditionally had a need for green carts because all landscaping is maintained by HOA
- In some neighborhoods, residents do not have space for third cart
- Waste Management is working with each HOA individually to look at alternatives including shared carts or bins
- Residents may also downsize to smaller bins to take up less space and reduce service rate



# HOA Special Rates

- Neighborhoods where HOA pays for service on behalf of residents pay different rates that were individually negotiated in the past
- Households in most of these neighborhoods will experience a rate increase to be in line with negotiated Citywide rate
- Rate increases will be phased in three steps
- Highest increase is less than \$5 per month
- Staff has been communicating with affected HOAs and hosted two meetings



# Commercial Exclusivity

- Agreement terms are based on exclusive commercial service
- WM already services 107 out of 114 commercial accounts
- Inconsistent service levels and rates in the open market prevent apples-to-apples rate comparison
  - Affect on customer rates varies widely: some increase, some decrease, some will remain about the same



# Right-Sizing Commercial Customer Rates

- New bundled service (trash, recycling, and organics) will be provided to all commercial customers
- Bundled service options will provide more disposal capacity
- WM will work with businesses to right-size their service levels
- Businesses can limit rate increases by increasing recycling capacity and decreasing trash



### OPTION 1

(current service level)

2x per week

9.3 CY for **\$377.15**



64-Gal Organics

### OPTION 2

2x per week

8.3 CY for **\$337.48**



64-Gal Organics

### OPTION 3

1x per week

8.3 CY for **\$319.95**

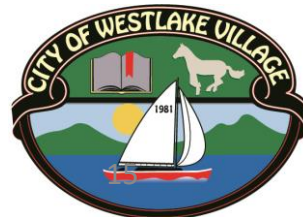


64-Gal Organics



# Commercial Exclusivity Benefits

- WM can offer lower rates, including residential, due to economies of scale and revenue certainty with commercial accounts
  - \$29.35 with exclusivity  
*versus*
  - \$40.85 without exclusivity
- Rate stability for commercial customers due to agreement protections
- Fewer waste collection trucks on City streets
- Streamlined compliance and reporting for recycling and organics with fewer staff and consultant resources required



# Communication and Education

## **What information will be communicated:**

- Rate adjustments
- What is organic waste?
- First-time green cart customer information
- Commercial recycling and organic waste requirements

## **How it will be communicated:**

- Website, social media, newsletter
- Postcards to all customers
- Kitchen food waste pail request form
- Brochure with all services
- New cart notices





# Is This a Good Deal?

- Negotiation vs. competitive procurement
  - No two contracts are alike
  - Exclusivity vs. non-exclusivity
  - Many unknowns with competitive process; no guarantees
- New agreement includes:
  - Rate decrease for most residential customers
  - Compliance with regulatory requirements, specifically SB 1383
  - Added industry standard performance measures (performance reviews, reporting requirements, and liquidated damages for failure to comply with contract requirements)



# Next Steps

- City Council provides direction on proposed/draft agreement
- Current agreement expires August 22<sup>nd</sup>
- City Council must act on July 27<sup>th</sup> to either:
  - Approve the new agreement with WM and
  - Adopt an ordinance to amend the Municipal Code to provide for commercial exclusivityor
  - Approve a month-to-month extension of the current WM agreement pending a new agreement

