



## REPORT TO CITY COUNCIL

**DATE:** JANUARY 8, 2020

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** GREG RAMIREZ, CITY MANAGER 

**BY:** LOUIS CELAYA, DEPUTY CITY MANAGER 

**SUBJECT:** GI INDUSTRIES/WASTE MANAGEMENT RESIDENTIAL SOLID WASTE RATE ESCALATION AND CONSIDER REQUEST FOR ADDITIONAL SOLID WASTE RATE ADJUSTMENT FOR 2020

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On December 16, 2016, the City Council approved a new solid waste franchise agreement with GI/Waste Management Industries (Waste Management) for the provision of residential solid waste services. The new franchise agreement commenced on January 1, 2017, and will terminate June 30, 2023. The agreement was established to ensure the provision of future residential refuse services, for the protection of the residents, in light of the changing solid waste industry and pending State legislation, the rates the residents pay in the future, and securing of necessary services to insure all refuse and recycling disposal needs are conveniently met.

Per Section 5.4.1 of the solid waste agreement, Waste Management is entitled to future adjustments (escalation) annually. All solid waste rates are subject to escalation beginning January 1 of each year, and Waste Management is required to notify its customers at least fifteen (15) days prior to the effected increase. For this escalation request, March 1 is the beginning date. Escalation is to only reflect adjustments in the Consumer Price Index (CPI) for the twelve-month period ending September 30 of each year. For the 2018-2019 period, the CPI adjustment is 3.20%. The current agreement established a maximum CPI escalation of 3.0%, therefore the CPI adjustment for 2020 will be 3.0%. Staff has reviewed and confirmed that the rates being proposed (attached) reflect the CPI adjustment.

In addition to the CPI escalation for 2020, the current agreement permits Waste Management to request an additional solid waste rate adjustment. Waste Management has requested an additional solid waste rate adjustment (SWRA) for operation costs to reflect a \$30.00 per ton residential curbside recycling cost increase. The factors associated with the recycling cost increase are connected with the restrictions placed by China ("China Sword") for acceptance of recyclables from the United States. These restrictions have created challenges and rising costs for private solid waste collectors to continue to process these recyclable materials. Secondly, the passage of AB 1594 by the State Legislature mandated that on January 1, 2020, the use of green waste as alternative daily cover at landfills, to assist municipalities with their solid waste diversion,

would no longer be accepted. This has required solid waste collectors, like Waste Management, to transport green waste to other organic processing facilities in order for municipalities to still receive diversion credit for green waste. As there are no organic processing facilities locally, it now requires longer transportation distances for many solid waste collectors. These two factors have been the cause for increases in operation costs.

The SWRA request, in addition to the CPI escalation increase automatically received per the agreement, will result in an overall cost increase ranging from 9% to 13%, in applicable service categories. For the standard solid waste residential curbside service level (Level 1), this will equate to a \$1.14 cost increase.

Per the agreement, any SWRA must be substantiated with supporting documentation. The City's solid waste consultant Solid Waste Solutions Inc. (SWS, Inc.) has received supporting documentation (attached) from Waste Management and verified these cost increases.

It should be noted that Agoura Hills is not the only municipality experiencing cost increase requests in the solid waste arena. Waste Management has requested additional solid waste adjustment requests to neighboring cities (Westlake Village, Thousand Oaks, Hidden Hills, Moorpark, and Simi Valley) and received approval. The average percentage increase in the neighboring cities for similar type services have ranged from 6.75% to 10.90%.

For 2019, Waste Management continued to demonstrate compliance with its agreement by providing the required residential refuse services and timely submittals of diversion reports and fees. They successfully continue to implement the Household Hazardous Waste and Electronic Waste Collection Program at no cost, continue to implement the limited residential organics program as required under the agreement, and continue to assist the City with its State mandatory solid waste diversion requirement. This year, Waste Management prepared an electronic residential newsletter for its customers and the newsletter is available on the Waste Management and the City's website. Waste Management is also working with City staff to ensure commercial organics collection is being implemented to applicable commercial businesses.

As part of the residential agreement, Waste Management is required to adhere to specific service performance standards (i.e., collection reliability, collection quality, customer responsiveness, etc.) that are connected to monetary penalties for non-compliance. For 2019, the City and its solid waste consultant received no complaints attributed to service performance standards. Waste Management reported internally 157 complaints received that were attributed to missed pickups. The missed pickup complaints represent approximately 0.02% of the total customers served.

Waste Management continues to provide excellent customer service, with same-day or next-day responses or actions and immediate responses to staff inquiries and requests. Additionally, Waste Management continues their long-term involvement in many community programs and events, and has sponsored several City events. Based on

Waste Management's performance and compliance with the agreement, the escalation CPI increase of 3% is approved and will be implemented effective March 1, 2020. The additional solid waste adjustment request will require consideration by the City Council.

## **RECOMMENDATION**

Staff respectfully recommends:

- 1) The City Council receive and file the report for the solid waste rate escalation increase (3%) for residential solid waste services for 2020; and
- 2) Consider the additional solid waste rate adjustment request being submitted by Waste Management.

Attachment: Curbside Service /Condo/Townhome Residential Rates - 2020  
Residential Bin Rates - 2020

**RESIDENTIAL CURBSIDE SERVICE/CONDO-TOWNHOME RATES 2020**

<b>Curbside Service</b>	<b>Trash Cart</b>	<b>Recycle Cart</b>	<b>Yard Cart</b>	<b>Monthly Rate</b>			
Minican	Blue 32	Grey 64	Green 96	\$ 19.47			
Level 1	Blue 64	Grey 64	Green 96	\$ 27.94			
Level 2	Blue 96	Grey 64	Green 96	\$ 33.93			
Level 3	2 -Blue 64	Grey 64	Green 96	\$ 51.40			
Level 4	1-64 & 1-96	Grey 64	Green 96	\$ 57.70			
Level 5	2-Blue 96	Grey 64	Green 96	\$ 58.56			
<b>Condos/Townhomes</b>	<b>Trash Cart</b>	<b>Recycle Cart</b>	<b>Yard Cart</b>	<b>Rate per unit</b>			
	Blue 32	Grey 64	n/a	\$ 14.93			
	Blue 64	Grey 64	n/a	\$ 21.83			
	Blue 96	Grey 64	n/a	\$ 28.74			
Valet/pullout service				\$ 15.04			

**SERVICE OPTIONS**

**RATE**

Start Charge	\$19.99	
Cut Off Restart Fee	\$22.71	
Customer Service Credit Card Processing Fee	\$9.18	
Senior Discount	15%	
Cut off/Start Activation Fee	\$22.71	
Third Additional 64 gal Trash Cart	\$11.79	
Third Additional 96 gal Trash Cart	\$17.71	
Additional 96 gal Green Waste cart	\$3.54	
Additional 64 gal Recycle Cart (2 <sup>nd</sup> N/C)	\$4.74	After two carts
Additional 96 gal Recycle Cart (2 <sup>nd</sup> N/C)	\$3.54	After two carts
96 gal Yard/Manure Cart	\$10.15	
Additional 96 gal Yard/Manure Cart	\$10.15	
Recycle Contamination Fee	\$28.23	
Greenwaste Contamination Fee	\$28.23	
Extra Pick Up on scheduled service day (bag)	\$3.44	Per bag
Extra Pick Up on scheduled service day (cart)	\$5.74	Per cart
Extra Pick Up on non-scheduled service day	\$28.70*	
*For 3 carts or 6 bags. Anything over this amount is extra. See Above		
Bulky Items Pick Up	4 items total; 2 trips per calendar year	
Additional Bulky Items Pick-ups	\$28.40	

**RESIDENTIAL BIN RATES 2020**

**RESIDENTIAL & MULTI-FAMILY TRASH BINS RATES**

1.5 yd. Trash Bin:	1x Week	\$ 79.21	5x Week	\$ 312.16
	2x Week	\$ 141.89	6x Week	\$ 368.93
	3x Week	\$ 198.66		
	4x Week	\$ 250.95		
3 yd. Trash Bin:	1x Week	\$ 97.11	5x Week	\$ 383.10
	2x Week	\$ 170.26	6x Week	\$ 454.04
	3x Week	\$ 241.22		
	4x Week	\$ 312.16		
4 yd. Trash Bin:	1x Week	\$ 103.51	5x Week	\$ 454.04
	2x Week	\$ 192.87	6x Week	\$ 539.19
	3x Week	\$ 276.00		
	4x Week	\$ 368.93		

**RESIDENTIAL & MULTI-FAMILY RECYCLE BINS RATES**

1.5 yd. Trash Bin:	1x Week	\$ 35.90	5x Week	\$ 178.64
	2x Week	\$ 71.51	6x Week	\$ 214.37
	3x Week	\$ 107.13		
	4x Week	\$ 143.04		
3 yd. Trash Bin:	1x Week	\$ 42.71	5x Week	\$ 201.44
	2x Week	\$ 84.03	6x Week	\$ 240.59
	3x Week	\$ 123.07		
	4x Week	\$ 162.38		
4 yd. Trash Bin:	1x Week	\$ 48.38	5x Week	\$ 218.51
	2x Week	\$ 91.98	6x Week	\$ 259.95
	3x Week	\$ 135.57		
	4x Week	\$ 177.19		



**G.I. Industries**

195 W. Los Angeles Ave  
Simi Valley, CA. 93065  
(805) 522-9400/(818) 782-2474  
(805) 581-5407 Fax

November 26, 2019

City of Agoura Hills  
30001 Lady Face Ct  
Agoura Hills, CA. 91301  
Attn: Louis Celaya

Dear Mr. Celaya;

Waste Management always strives to offer excellent solid waste and recycling alternatives at competitive prices. Providing the City of Agoura Hills with quality service is our number one priority. In order to maintain our caliber of service we must sometimes revise our pricing structure to accommodate the costs involved in transporting, handling and disposing of your waste.

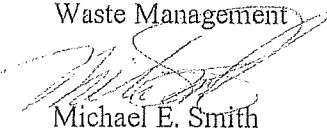
Due to changes in the law AB 1594 and a very challenging economic environment, it is simply beyond our control. Pursuant to section 5.3.1 Escalation we are requesting an increase effective January 1, 2020, as follows:

- 2019 current Residential rate: \$26.80 basic service
- 2019 CPI = 3.00% & SWR Adjustment = \$0.80
- Recycle Tip Fee Adjustment = \$1.09
- Green Waste Fee Adjustment = \$. 138
- 2020 new Residential rate: \$30.07 basic service

Upon the City's approval, WM will send a written notification to all our customers via U S mail.

We appreciate your business and look forward to our continued service with the City of Agoura Hills. If you have any additional questions please do not hesitate to call me at (805) 955-4301.

Sincerely,  
Waste Management

  
Michael E. Smith  
Director of Operations



## **Statement for Rate Review**

### **Collection Reliability**

Waste Management has always met or exceeded all collection requirements in accordance with the Residential Franchise Agreement. WM has furnished new start customers with necessary equipment within 24 hours of notice of start date. To date WM has never failed to complete any route collection service on a scheduled day, all miss picks will be collected within 24 hours of notification.

### **Collection Quality**

Waste Management performs ongoing routine inspections on all residential carts to ensure containers are in good working order, left standing after collection and uniform color with appropriate markings. Never at any time do WM drivers leave a site that has had a spill occurrence, Route Supervisors are notified and clean up starts immediately. WM starts collection at 7 am as stated in the Franchise Agreement. All equipment requests are delivered within 24 to 48 hours, in some cases if possible same day.

### **Customer Responsiveness**

At this time Waste Management has no unresolved complaints to address with any residential customer. WM is always quick to find solutions and resolve every issue because our Route Supervisors perform personal visits to each and every situation that may arise. WM is committed to providing the highest level of customer service. No equipment is allowed out of facility that is not in like new condition.

### **Timeliness of Submissions to the City**

Pursuant to the Franchise Agreement, Waste Management is in compliance with all reporting requirements, quarterly and annually.

### **Accuracy of Billing**

Waste Management has billed all residential customers by type of service, with a due date and in accordance with the approved rate schedule.

### **Implementation of Public Education Plan**

Waste Management has performed all public education plans set forth to meet all required deadlines.

**Imposition of Liquidated Damages**

Waste Management is not aware of any occurrences of events at this time through customer complaints or other investigation that would require liquidated damages. WM has not received a notice from the city of an incident of non-performance.

**Amount & Timing of Payment**

Waste Management has never been assessed by the City of Agoura Hills to pay for an assessment of Liquidated Damages.

**Extension of Time of Performance**

Since the inception of the Franchise Agreement July 2007 there has not been any interruption or discontinuance of service due to natural causes or other. WM has never asked for an extension for delayed services.

**Assurance of Performance**

Waste Management has made a commitment to the City of Agoura Hills to provide world class service to their customers and the environment. At no time during the beginning of the Franchise Agreement has WM provided untimely or unsatisfactory service.





## **CITY OF AGOURA HILLS**

### **Community Service Projects and Events Past and Present Completed By Waste Management/GI Industries**

Community Clean-Up events, multiple Roll-Off bins placed at requested locations.

The Great Race, 2/40yd Roll-Offs, 1/3yd trash bin, 1/3yd Recycle bin and 1 insta bin  
80 event boxes at multiple locations.

Trash Busters Day donate 2 trash trucks with staff to collect trash bags left on the side of  
roads through out the city.

Planet Earth Day, donate trash bins, recycle carts, trash truck with staff and hand-outs for  
kids.

Las Virgenes Schools District, 100 64 gallon recycle carts for various campus.

Agoura Hills Relay For Life, 1/25 cubic yard roll-off box and 25 event boxes.

Lindero Canyon Middle School Aluminum Can Drive sponsor, donate 1 40yd storage  
box for collection during fall & spring school session.

Lindero Canyon Middle School Ole World Fair, donate trash bins, recycle carts and  
sponsor game booth.

Concerts In The Park, donate trash bins and special event boxes for each weekend event  
at Chumash Park.

Agoura High School Varsity Baseball League, 1/3 cubic yard trash bin for season.

Agoura High School Football Buster Club, 25 event boxes for family picnic.

Agoura High School Grad Night Sponsor.

July 4<sup>th</sup> Concert In The Park Event, Gold Level Sponsor donate \$4,000.00 plus Footballs  
and Frisbee hand-outs for kids. Recycle game wheel and WM reusable bags for prizes.

**Page Two**

4<sup>th</sup> of July Community Block Party, 20 event boxes for clean-up.

Agoura High School Theater Booster Group, donate trash bins, recycle carts for event day.

Agoura High School Beautification Day, donate 2 Roll-Off boxes and Landfill charges for clean-up day.

Agoura High School Food Truck Festival fundraiser for Science Department, 2 insta bins for event clean-up.

Reyes Adobe Days trash truck with WM staff for parade day, 50 event boxes, 4 – 3yd bins and late dumps on all trash bins for two days. WM Pooper Scooper Crew for Parade. 10K RAD race 1/4yd at race site and 25 event boxes.

Santa Comes to Agoura donate 1 – 3yd trash bin, 3 – 3yd recycle bins and 8 events trash boxes for collection of food, clothing and toys.

Sumac Elementary Pre-School community helper Month, 1 Recycle truck with WM staff to demonstrate collection of recyclables, with question & answer session.

Willow Elementary Pre-School Community Helper Month, 1 truck with WM staff to demonstrate collection of recyclable, with question & answer session.

Conejo Jewish Day School, donate 2 used 64gal recycle carts for aluminum cans & plastic bottle fundraiser.

Amgen Tour of California, 1/40yd Roll-Off, 1/3yd bin and 100 special event boxes.

Sumac Elementary PTA fund raiser 10 event boxes for clean-up.

Community Service Day, deliver 1 – Roll-off/Landfill fees to Old Agoura Park, 1 – Roll-Off/Landfill fees to Agoura Hill School and 1 insta bin to Chumash Park.



GI Industries  
195 W Los Angeles Ave  
Simi Valley, California 93065  
(805) 955-9400 (818) 782 2474  
(805) 581-5467 Fax

November 26, 2019

Mr. Louis Celaya  
Deputy City Manager  
City of Agoura Hills  
30001 Lady Face Court  
Agoura Hills, CA 91301

Re: Request for Special Recycle Rate Adjustment – Agoura Hills Franchise Area

Dear Mr. Celaya;

As of January 2018, China began restricting imports of certain recyclable materials, including mixed paper and most plastics. Furthermore, China adopted new stringent purity standards, allowing recyclables to have no more than 0.5% contamination. This has caused significant burdens to waste haulers across the country in that the cost of recycling has become more expensive than disposal.

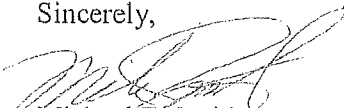
Article 5 Escalation 5.3.1 allow for a rate adjustment for the increase cost of recycling. 2020 fee for recycle from GI will be \$80.00 per ton at our Azusa Transfer Station & MRF, which includes handling/loading and transportation fees. Gold Coast Recycling & Transfer Station in Ventura will increase to \$80.46 per ton for 2020.

GI states prior to 2016 they were able to use the value of recyclables material sales to offset a portion of the collection and processing. However, this is no longer sustainable as there is now a smaller market for recycling.

For this reason, G.I. Industries respectfully requests a residential adjustment of \$1.09 per unit per month to take effect on January 1, 2020. Fifteen days' notice would be given prior to initiation of this additional service charge.

Thank you in advance for your consideration of this request. Please feel free to contact me if you have any questions, or wish to discuss.

Sincerely,

  
Michael E. Smith  
Director of Operations



October 31, 2019

Steve Lee  
District Manager  
G.I. Industries  
195 W. Los Angeles Ave  
Simi Valley, CA. 93065

Dear Mr. Lee,

This letter is to inform you of your recycling processing fee for January 2020. As you are aware, we continue to face stringent export quality standards for all our fiber products. To reach these tougher standards, it has been necessary for this operation to increase labor while at the same time reduce throughput, increasing our cost per ton. Moreover, prices for all fiber products continued their decline as China is no longer in the market for our product.

	January 2019	January 2020
Recycling Processing Fee	\$50.00	\$80.00

Thank you for understanding. Feel free to contact me with any questions.

Regards

A handwritten signature in black ink, appearing to read 'Peter Branda', written over a horizontal line.

Peter Branda  
Recycling Manager  
Azusa Transfer Station and MRF