



SUBCOMMITTEE AGENDA REPORT

Meeting Date: 4/24/2019

From: Maria Saguisag-Sid, Principal Analyst

Subject: Proposed Annual Rate Increase and Extension of Zone 2 Agreement with South San Francisco Scavenger Company, Inc.

Community Goal/Result

Ecological Sustainability

Purpose

To ensure solid waste is disposed of in a proper and environmentally effective manner.

Recommendation

- 1) Discuss extension of Zone 2 agreement and direct staff how to proceed.
- 2) Review and discuss proposed increases to be effective July 1, 2019 and direct staff how to proceed.

Background

The City of Brisbane currently holds a franchise agreement with South San Francisco Scavenger Company, Inc. (SSF Scavenger) in Zone 1 and 2. This agreement was approved in November 2014. Services under this agreement not only include weekly residential and commercial solid waste removal services, but also provides for other services such as residential curbside recycling including food waste, the annual citywide yard waste clean-up, management of annual diversion reports to CalRecycle, assistance in implementing new mandates such as the AB341 mandatory commercial recycling law, and other solid waste services. SSF Scavengers reported the diversion rate for Zone 1 and 2 was 79% in calendar year 2017.

Under Section 3.1 of the agreement, the term for Zone 2 is for a period of five (5) years, from December 1, 2014 to November 30, 2019, with an option for the City to extend the agreement for an additional period of five (5) years, either in writing by April 30, 2019, or by mutual agreement of the parties.

The Franchise Agreement with SSF Scavenger provides for annual adjustment of rates for commercial and residential customers in Brisbane. There are two formulas for adjusting the rates.

1. Section 6.2 of the Agreement provides for an adjustment of 80% of the change in the CPI for the previous year. For example, if the CPI had increased during the previous year by 3%, the rates would increase by 2.4%.

2. Section 6.4 of the Agreement provides that every third year, a survey is to be done of a “basket” of 32 Bay Area cities which are listed in the Franchise Agreement.

Discussion

Zone 2 Extension: Staff from SSF Scavenger reached out to City staff on April 12, 2019 and informed staff of their interest in extending the agreement for an additional five years in Zone 2. If the subcommittee is mutually agreeable to this, staff will work with the City Attorney to prepare an amendment to the current franchise agreement to extend the term of Zone 2 with SSF Scavenger, commencing on December 1, 2019 and ending November 30, 2024.

Annual Rate Increase: The franchise agreement provide that rate increase requests be submitted by March 31st and the City act on the requests by June 30th of each year. SSF Scavenger submitted their request in a timely manner. Based on the provisions noted above, the proposed increases under Section 6.2 is 2.63%.

Attached is the notice of intent from South San Francisco Scavenger, dated March 13, 2019 which includes the detailed rate increases by service level. Staff has reviewed the proposed rates and they appear to be in line with what is permitted by the franchise agreements. Should the subcommittee concur, staff will bring the rate increase to the full Council for approval at a future council meeting in May or June.

Fiscal Impact

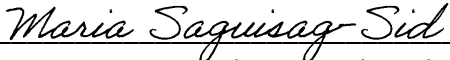
Based on the proposed rates, the increase for a standard 32-gallon residential can would be \$0.87 per month, or an additional \$10.44 for the year for solid waste removal service. The increase for a 96-gallon (1/2 yard) container would be \$3.37, or an additional \$40.44 per year. The increase for a 2-yard bin would be \$8.30 per month, or \$99.60 per year.

Measure of Success

Solid waste removal is able to continue efficiently for the community in a way that helps our city reach our diversion goals.

Attachments

1. Section 3.1, Term, of the Franchise Agreement Between the City of Brisbane and South San Francisco Scavenger Co., Inc., dated November 20, 2014
2. Notice of Intent from South San Francisco Scavenger Company, Inc. dated March 13, 2019



Maria Saguisag-Sid, Principal Analyst



Clay Holstine, City Manager

3. Term

3.1 The term of the franchise for Zone 1 shall be for a period of twenty (20) years, commencing on the effective date of December 1, 2014 and ending November 30, 2034, provided that City shall have the option, exercisable in writing to Scavenger Company not later than November 30, 2032, to extend this Agreement and the franchise granted hereunder on the terms and conditions herein for a period of (10) years commencing December 1, 2034 and ending November 30, 2044. The term may also be extended by the mutual agreement of the parties.

The term of the franchise for Zone 2 shall be for a period of five (5) years, commencing on the effective date of December 1, 2014 and ending November 30, 2019, provided that the City shall have the option, exercisable in writing to Scavenger Company not later than April 30, 2019, to extend this Agreement and the franchise granted hereunder on the terms and conditions herein for a period of five (5) years commencing on December 1, 2019 and ending November 30, 2024. The term may also be extended by the mutual agreement of the parties.

For the avoidance of doubt, and notwithstanding any other provision in this Agreement, all of Scavenger Company's rights and obligations hereunder with respect to either of Solid Waste Collection Zones 1 or 2 shall remain in effect only during the respective term of the franchise with respect to such Zone (other than any obligations with respect to such Zone that are specifically described as continuing after the expiration or termination of such term, such as the indemnification requirement for such Zone contained in Section 5.18(a) below).

4. Franchise Fee

4.1 Scavenger Company is obligated to pay City, on or before April 30th of each year during the term of this Agreement, a franchise fee in an amount equal to fourteen percent (14%) of Scavenger Company's annual gross revenues from the collection and disposal of all solid waste within Solid Waste Collection Zones 1 and 2 during the preceding calendar year in consideration of the provisions of such Agreement and the exclusive contract, right and privilege therein granted to Scavenger Company (the "Franchise Fee"). The full amount of the Franchise Fee will be included in the rates charged to the customers of Scavenger Company. In the event of any future increase in the Franchise Fee, or the direct or indirect imposition on Scavenger Company of any new government fees, the maximum rates hereunder shall be increased to cover the cost to Scavenger Company of all such increases or additional fees.

SOUTH SAN FRANCISCO
SCAVENGER
— COMPANY, INC. —

March 13, 2019

Ms. Maria Saguisag-Sid
Senior Human Resources Analyst/Special Projects
City of Brisbane
50 Park Lane
Brisbane, CA 94005

Dear Ms. Saguisag-Sid,

In accordance with the terms of Section 6.2 of the Franchise Agreement, please accept this letter as the required Notice of Intent to adjust the current rates in Brisbane.

We are applying for a rate adjustment equal to 80% of the change in the Consumer Price Index for Urban Wage Earners and Clerical Workers, as described in section 6.2. The calculation for this year yields an increase of 2.63%.

Copies of the calculation, the relevant CPI data, and a proposed rate schedule, are attached for your consideration. The new rates would take effect July 1, 2019, if approved.

Thank you for your consideration of this matter. If you have any questions, please contact me at (650) 589-4020 at your earliest convenience. We are, of course, available to meet with you to discuss any concerns or issues, at your convenience.

Sincerely,



Paul Formosa, CFO
South San Francisco Scavenger Co., Inc.

**SOUTH SAN FRANCISCO SCAVENGER, INC.
RATES AND CHARGES EFFECTIVE JULY 1, 2019
CITY OF BRISBANE, CALIFORNIA**

		<u>Current</u> <u>Rates</u>	<i>Proposed change</i>	<u>Proposed</u> <u>Maximum Rates</u>
1. RESIDENTIAL PROPERTY SERVICE -				
Single family, and up to four units. As per section 2.13				
Rate is per month, one pickup per week				
Includes 64 gallon weekly curbside recycling toter service				
Includes weekly mixed organic materials / yardwaste toter service				
20	Gallon Trash Toter	20.71		21.25
32	Gallon Trash Toter	33.12	2.63%	33.99
64	Gallon Trash Toter	66.24		67.98
 2. COMMERCIAL AND MULTIPLE UNIT RESIDENTIAL PROPERTY CAN SERVICE-				
Multiple Unit Residential Property, 5 or more units, as per section 2.14				
Rate is per month, one pickup per week, for Solid Waste and / or Source Separated Organic Materials				
Includes Source Separated Recyclable Materials				
0 - 30	Gallons	29.25		30.02
31 - 32	Gallons	31.24	2.63%	32.06
33 - 40	Gallons	38.98		40.01
41 - 45	Gallons	43.93		45.09
46 - 50	Gallons	53.63		55.04
51 - 64	Gallons	62.41		64.05
 3. COMPACTED YARDAGE				
Residential, Multi Unit Residential, Commercial, Industrial Customers				
Per Cubic Yard, per pickup				
		67.30	2.63%	69.07
 4. DEBRIS BOXES				
Temporary / One Time Use				
Residential, Multi Unit Residential, Commercial, Industrial Customers				
Rate is for each pickup				

**SOUTH SAN FRANCISCO SCAVENGER, INC.
 RATES AND CHARGES EFFECTIVE JULY 1, 2019
 CITY OF BRISBANE, CALIFORNIA**

	<u>Current Rates</u>	<i>Proposed change</i>	<u>Proposed Maximum Rates</u>
5 yard Container, 1 ton limit	276.13		283.39
7 yard Container, Dirt - Rock - Concre	602.87		618.73
14 yard Container, 3 ton limit	602.87	2.63%	618.73
20 yard Container, 5 ton Limit	820.68		842.26
30 yard Container, 6 ton limit	1,183.74		1,214.87
Rental Charge (per day, over 3 days for 5 yard and over 7 days for others)			
	27.19		27.91
Permanent Commercial and Industrial use			
7 yard Container, Dirt - Rock - Concre	508.28		521.65
14 yard Container, 3 ton limit	508.28		521.65
20 yard Container, 5 ton Limit	726.17		745.27
30 yard Container, 6 ton limit	1,089.26		1,117.91
Overweight Charge			
Per ton over limit	157.23		161.37

5. CONTAINER SERVICE

Residential, Multi Unit Residential, Commercial, Industrial Customers
 Rate is per month, one pickup per week, for Solid Waste
 and / or Source Separated Organic Materials
 Includes Source Separated Recyclable Materials

A) Regular Pickup (Rate per month, one pickup per week)

1/2 - yard (96 gal)	Container	127.97		131.34
1 - yard	Container	255.92		262.65
2 - yard	Container	315.62	2.63%	323.92
3 - yard	Container	473.40		485.85
4 - yard	Container	631.10		647.70
5 - yard	Container	788.89		809.64
6 - yard	Container	946.67		971.57

B) On Call Pick-up Per yard

Per pick-up, per yard	36.46		37.42
Plus Container Rental per Month			

**SOUTH SAN FRANCISCO SCAVENGER, INC.
RATES AND CHARGES EFFECTIVE JULY 1, 2019
CITY OF BRISBANE, CALIFORNIA**

	<u>Current Rates</u>	<i>Proposed change</i>	<u>Proposed Maximum Rates</u>
Rental charges (per month)			
1 - yard Container	56.95		58.45
2 - yard Container	61.58		63.20
3 - yard Container	66.21		67.95
4 - yard Container	71.14		73.01
5 - yard Container	80.54		82.66
6 - yard Container	85.48		87.73

6. In the case of any additional service not described in the Agreement, Scavenger Company shall charge such amount as is agreed to by the customer.

7. Trash Container Management Policy Fees

Maximum fees allowed pursuant to approved Policy, as per Section 5.1.

Residential, Multi Unit Residential, Commercial, Industrial Customers

<u>Container Size</u>	<u>Admin fee</u>	<u>Extra Trip Fee</u>		<u>Total Fee</u>
30 gallon	30.00	-	\$	30.00
32 gallon	30.00	-	\$	30.00
40 gallon	30.00	-	\$	30.00
45 gallon	30.00	-	\$	30.00
55 gallon	30.00	-	\$	30.00
64 gallon	30.00	-	\$	30.00
96 gallon	30.00	-	\$	30.00
1 yard	30.00	60.61	\$	90.61
1.5 yard	30.00	90.92	\$	120.92
2 yard	30.00	74.75	\$	104.75
3 yard	30.00	112.12	\$	142.12
4 yard	30.00	149.47	\$	179.47
5 yard	30.00	186.84	\$	216.84
6 yard	30.00	224.21	\$	254.21

South San Francisco Scavenger Co.

City of Brisbane

Rate Computation
March 31, 2019

CPI Index February 2018	275.699
CPI Index February 2019	284.758
Numerical change	9.059
Percentage change	3.29%
80% of change	2.63%

Index Used -

Consumer Price Index
Urban Wage Earners and Clerical Workers
San Francisco-Oakland-Hayward, CA
All Items
1982-84 = 100
New Series ID - CWURS49BSAO
Previous Series ID - CWURA422SAO
(replaced as of January 2018)


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include graphs include annual averages

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Data extracted on: March 12, 2019 (11:51:03 AM)

CPI-Urban Wage Earners and Clerical Workers (Current Series)

Series Id: CWURS49BSA0
Not Seasonally Adjusted
Series Title: All items in San Francisco-Oakland-Hayward, CA, urban wage earners and clerical workers
Area: San Francisco-Oakland-Hayward, CA
Item: All items
Base Period: 1982-84=100

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2009		216.797		218.587		220.996		221.279		221.708		220.121	219.645	218.182	221.109
2010		222.049		223.821		224.185		224.195		224.352		224.152	223.624	223.012	224.236
2011		226.638		231.600		230.605		231.445		232.371		231.109	230.337	229.074	231.600
2012		234.648		236.626		236.890		238.445		240.864		236.454	237.097	235.572	238.622
2013		240.262		241.764		243.052		242.903		243.711		242.602	242.125	241.141	243.109
2014		245.148		247.932		250.085		249.877		250.508		247.680	248.326	247.097	249.555
2015		249.809		252.875		254.736		256.060		256.107		255.492	253.910	252.041	255.780
2016		257.141		259.386		261.017		262.326		264.026		263.222	260.830	258.715	262.946
2017		265.569		268.896		269.508		269.827		271.272		271.342	268.990	267.426	270.555
2018		275.699		278.039		280.219		281.536		283.183		283.278	279.572	277.035	282.110
2019		284.758													

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RESOURCES

- Inspector General (OIG)
- Budget and Performance
- No Fear Act
- USA.gov
- Benefits.gov

