



THINK GREEN®

March 31, 2017

Mr. Darren Hernández, Deputy City Manager
City of Santa Clarita
23290 Valencia Boulevard, Ste. 300
Santa Clarita, CA 91355

RE: 2017/17 Rate Adjustment Review

Dear Mr. Hernández:

In accordance with Article 6.3 of the Amended and Restated Agreement (Agreement) between the City of Santa Clarita (City) and Waste Management (WM), we respectfully request an annual adjustment of service rates.

Carryover Adjustment for Residential Cart Service from 2015/16: 1.37%
Calculated 2017/18 Adjustment for Residential Cart Service: 1.55%
Total Proposed Adjustment for Residential Cart Service: 2.92% (subject to the limitations of Agreement Article 6.5.2)
Calculated Adjustment for Multi-Family Rates and Special Services: 1.55%

In addition to the rate adjustment, WM proposes the following amendments and additions to the scope of services and rates as stated in the Agreement:

Proposed Scout/Push Service:

Last year, WM reviewed waste and recycling services provided to multifamily customers within the City. At that time, approximately twelve properties were identified as potentially requiring additional labor or equipment to safely and properly service containers. Known by the industry terms "scout," "stinger," "push" or "valet" service, they describe similar labor-intensive, valued added services in the removal of waste or recycling material. Examples of Scout Service include the relocation of bins from confined locations (such as a parking garage) or driveways more than twenty feet by a motorized scout vehicle to a point where they can be serviced by a collection truck. Push Service refers to the physical relocation of bins by a collection driver and/or helper.

To demonstrate the viability of adding Scout Service, WM utilized the provision under Section 5.1.2 of the Agreement, that allows for the addition of new or additional services not provided for in the Rate Schedule for up to three customers. On May 1, 2015, two customers began utilizing Scout Service and do so presently at a monthly rate of \$25 per bin multiplied by the number of services per week. For reference, a customer with two trash bins that are serviced two times per week could add Scout Service for \$100 per month ($\$25 \times 2 \times 2$).

With several high-density and mixed-use, multifamily projects under development throughout the City, the number of accounts requiring this additional service is expected to double within the next decade. WM is requesting that the current monthly rate formula of (\$25 per bin x the number of weekly services) Scout/Push Service rate be added to the rate sheet. As the current industry standard for this service is a charge per bin per service per week, our proposed rate represents a substantial savings to the customer. Furthermore, this service charge will not be applied to recycling or organics services to ensure that the level of recycling participation is not negatively impacted by this new rate.

Proposed AB 341 / AB 1826 Non-Compliance Assessment:

In an effort to conserve natural resources, the State of California has passed legislation mandating jurisdictions require businesses and multifamily properties of five (5) units or more to divert their recyclable and organic waste materials from landfills. AB 341 (Mandatory Commercial Recycling [MCR]), was enacted in 2012 and AB 1826 (Mandatory Commercial Organics Recycling [MORe]) followed in 2014. Combined, the requirements of these laws intend to fulfill the state's goal of achieving 75% waste diversion by the year 2020.

While WM's early efforts to ensure Santa Clarita's compliance with AB 341 and AB 1826 through customer education and outreach have helped to satisfy the City's California Department of Resources Recycling and Recovery (CalRecycle) obligations, ongoing discussions with CalRecycle indicate that the City will need to demonstrate more intensive efforts to achieve and maintain MCR/MORe compliance among applicable waste generators during the next review cycle.

Most pointedly, CalRecycle has suggested cities adopt rate structures that reinforce compliance and/or discourage non-compliance. This provision was specifically authorized under Chapter 12.9, Section 42649.82(e)(1) of the California Public Resource Code to ensure compliance with AB 1826. Based on this, we recommend the establishment of a new MCR/MORe non-compliance charge of 20% of applicable solid waste service rates. With the agreement of city staff, this non-compliance charge would be assessed only on those multifamily customers who refuse to comply with the requirements of AB 341 and/or AB 1826. Adopting this charge is in keeping with the City's position of voluntary compliance and would provide additional documentation to satisfy future CalRecycle evaluation standards.

Proposed Adjustments to C.L.E.A.N. Santa Clarita Program (formerly Snapshot)

Working with staff, we are continuing to address issues that negatively impact the City's health and safety codes as well as its diversion rate. This includes recording instances of recycling contamination (trash in the recycling container) and overfilled containers among multifamily customers. This information is then used in our C.L.E.A.N. Santa Clarita Program (formerly known as Snapshot) to implement corrective action to remove the contamination and/or right-size the customer's service level.

Unfortunately, the program as currently outlined in Article 4.17 E and Exhibit 6 of the Agreement, does not always provide the intended timely and engaged response by the customer. This has resulted in customers who regularly receive written overage warnings and charges declining to right-size their service because the per instance charge is less than the equivalent increase in service level. This creates potentially unsafe and unsanitary living environments for residents and hazardous working conditions our drivers.

For example, if a customer had one four cubic yard container serviced once per week, the monthly charge would currently be \$92.80 or \$1,113.60 per year.

If that customer overfilled the bin an average of 2 times per month, or 24 times per year (46% of all annual services), the resulting annual charges for both service and overages would be \$2,171.80, broken down as follows:

\$1,113.60 – Service charges

\$1058.20 (\$48.10 x 22) – Overage Charges (the first two instances in a rate year are warnings)

\$2,171.80

This is \$56.36 less than increasing the service to two times per week at a monthly charge of \$185.68 or \$2,228.16 per year.

To curb these situations from continuing to occur, we recommend the per incident rate be increased from \$48.01 to \$100.00 and the number of warnings be reduced from two to one. This removes the existing financial incentive to under-serve a multifamily property and ensures cleaner, safer multifamily properties throughout Santa Clarita.

2016/17 Service Highlights

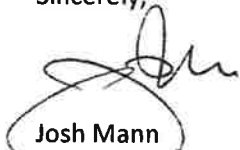
WM is proud to be a sustainability partner to the City of Santa Clarita and is committed to assisting the City in complying with State mandates, increasing diversion, being stewards of the environment and active participants in the community. We would like to take this opportunity to highlight just a few of our mutual successes:

- WM continues to promote the Super Saver and Senior Discount programs for Santa Clarita residents, which encourages active recycling participation and decreased disposal. For these program participants, WM has provided a 35-gallon “Super Saver” trash cart in lieu of their current 96-gallon trash cart at discounted rate to standard trash service. Combined, these two programs are now being utilized by over 4,300 residents.
- WM continues to provide collection containers for the Neighborhood Cleanup Program at no cost to residents. Through this program, local neighborhoods unite to clean the City, both creating community pride and preventing the health hazards associated with illegal dumping. Since spring of 2014, WM has supported numerous cleanup events, which collected more than 20 tons of illegal discarded materials.
- To assist the City of Santa Clarita with meeting the medical waste needs of residents and comply with State law, WM offers its home delivery program for sharps collection. This convenient mail-back container system prevents needle stick injuries cause by improper handling and disposal of sharps, lancets and needles. Since 2009, over 1750 Santa Clarita residents have participated in the Sharps Home Delivery Program.
- As part of our commitment to meeting the City’s environmental goals, we are working with staff on a research study to address stagnant recovery rates among multifamily properties. Conducted with the assistance of SCS Engineers, one of nation’s leading environmental consultancies, this study will be the basis for an enhanced outreach effort to improve recycling participation rates among Santa Clarita’s growing apartment, senior housing and townhome communities.

- For the past several years, the City of Santa Clarita's Environmental Services team and Waste Management have collaborated host the annual CArT aRt Competition at the Earth Arbor Day Festival. The art competition encourages creative local citizens to transform refuse carts into vibrant art pieces using paint, art supplies and recycled materials. School groups, clubs, teams, church groups and individual artists have participated in this community-building, educational event.
- WM has participated in many community and business events each year and has targeted efforts towards increasing diversion, public education, sustainability and community safety. Some highlights of this involvement include the Santa Clarita River Rally, Home and Garden Show/Emergency Expo/Earth Arbor Day Festival, SCV Senior Center's Touch-A-Truck and the 10th Annual Literacy Festival at the Old Town Newhall Library. In addition, during 2016 we provided monetary and in-kind support for Santa Clarita's Walk to End Alzheimer's, the Santa Clarita Track Club, COC Veterans Affairs, Back to the War Zone and Prayer Angels for the Military, Stevenson Ranch Elementary School PTO, Carousel Ranch and the Santa Clarita Sheriff's Station.

As a company, Waste Management is dedicated to making a positive difference in Santa Clarita's environment and quality of life. Thank you for your favorable consideration. We look forward to discussing this request in further detail.

Sincerely,



Josh Mann
Public Sector Solutions Manager

Enclosures:

Rate calculations

Scout / Push Service Prospective Customer List

cc: Travis Lange
Dale Sargent

SECTION 1. Exhibit "2" of the Agreement, entitled "Initial Maximum Rates" shall be amended to contain the following maximum rates starting on the rate year commencing July 1, 2017, and ending June 30, 2018:

- Standard Service Rate \$23.16 per month
- Reduced Rate for no Greenwaste services \$20.96 per month
- Reduced Rate for Super Saver/Senior/Lifeline Customers \$18.53 per month
- Mobile Home Service Rate \$17.38 per month

	Cart Service	Bin Serv + Other
Base Rate Increase Factor	1.55%	1.55%
Additional Factor	0.00%	0.00%
Total Rate Increase Factor	1.55%	1.55%
Carryover from Pior Years	1.37%	0.00%
Limit to MFN to County Rate	0.00%	0.00%
Allowed Rate Increase	2.92%	1.55%

The Multi-Family rates will be as follows:

Container Size	Number of Weekly Pickups						
	1	2	3	4	5	6	7
1.5 yd ³	\$69.84	\$139.69	\$209.53	\$279.34	\$349.19	\$419.03	\$488.87
2 yd ³	\$74.45	\$148.88	\$223.31	\$297.78	\$372.19	\$446.62	\$521.07
3 yd ³	\$83.64	\$167.24	\$250.91	\$334.55	\$418.16	\$501.82	\$585.44
4 yd ³	\$92.80	\$185.68	\$278.47	\$371.30	\$464.13	\$556.99	\$649.79

Special Services	Costs
Street Litter Carts	\$20.53 per set per month
Restart Charge	\$20.90
Refuse Overage Extra Pickup	\$6.98 per pickup
Extra Trash Cart	\$13.92 per month
Locking Bin	\$13.93 per bin per month
Bulk Billing Discount	8%
Extra Bulky Item Pickup	\$27.87 per pickup
Additional Bin Cleanings	\$48.75 per cleaning
Extra Bin Empties	\$48.75 per empty
Compactor Rates	2x comparable bin rate
Late Fees	1.50% per month
Emergency Services	\$97.55 per hour
Manure Collection	100% of comparable multifamily bin refuse r

Prepayment Discount	One Month Free with 11 month prepaid
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1.5 yd ³	\$69.84	\$139.69	\$209.53	\$279.34	\$349.19	\$419.03
2 yd ³	\$74.45	\$148.88	\$223.31	\$297.78	\$372.19	\$446.62
3 yd ³	\$83.64	\$167.24	\$250.91	\$334.55	\$418.16	\$501.82
4 yd ³	\$92.80	\$185.68	\$278.47	\$371.30	\$464.13	\$556.99

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SVROUTNL	COMPNY	CUSTOMEF	SERVICE_NM	HOUSE#	SERVICE_STREET_NM	SVQNTY	Time to Service	Proposed Monthly Rate
B2J1	160	179	BOBROFF, PATRICIA	23340	CHAMPAGNE LN	1	:06	25
B1J1	160	129471	CALIFORNIA APTS	24347	NEWHALL AVE	1	:24	25
B3J1	160	129471	CALIFORNIA APTS	24347	NEWHALL AVE	1	:41	0
B5J1	160	129471	CALIFORNIA APTS	24347	NEWHALL AVE	1	:24	25
B2J1	160	152095	CLARE, MIKE (3YD)	24920	WALNUT ST	1	:06	25
B5J1	160	152095	CLARE, MIKE (3YD)	24920	WALNUT ST	1	:06	25
B2J1	160	72259	DEOM PROPERTIES	25006	WALNUT ST	1	:24	25
B5J1	160	72259	DEOM PROPERTIES	25006	WALNUT ST	1	:06	25
B5J1	160	72259	DEOM PROPERTIES	25006	WALNUT ST	1	:11	25
B2J1	160	136802	HASTINGS, JEFF	21550	CLEARDALE ST	1	:11	25
B1J1	160	115897	HOLLYWOOD CARLTON PROPERTIES	24857	WALNUT ST	1	:11	25
B3J1	160	115897	HOLLYWOOD CARLTON PROPERTIES	24857	WALNUT ST	1	:11	25
B5J1	160	115897	HOLLYWOOD CARLTON PROPERTIES	24857	WALNUT ST	1	2:45	0
B1J1	160	58927	NEWHALL AVE APTS	24856	NEWHALL AVE	4	2:45	0
B3J1	160	58927	NEWHALL AVE APTS	24856	NEWHALL AVE	4	:11	100
B5J1	160	58927	NEWHALL AVE APTS	24856	NEWHALL AVE	4	:11	100
B1J1	160	128893	PORTOFINO APTS 29183	24452	VALENCIA BLVD	10	:11	250
B5J1	160	128893	PORTOFINO APTS 29183	24452	VALENCIA BLVD	10	:11	250
B2J1	160	336	RODGERS, JOYCE	23328	CHAMPAGNE LN	1	:22	25
B2J1	160	266	ROTHSCHILD, RICK	23350	CHAMPAGNE LN	1	:11	25

B2J1	160	96820 SIENNA VILLAS	24113	DEL MONTE DR	30 :08	750
B2J1	160	96820 SIENNA VILLAS	24113	DEL MONTE DR	30 :24	750
B5J1	160	96820 SIENNA VILLAS	24113	DEL MONTE DR	30 :16	750
B5J1	160	96820 SIENNA VILLAS	24113	DEL MONTE DR	30 :08	750
B2J1	160	153418 STREAMLINE PROPERTIES LLC	24817	WALNUT ST	1 :08	25
B5J1	160	153418 STREAMLINE PROPERTIES LLC	24817	WALNUT ST	1 :08	25
B1J1	160	151942 SUSSEX PALMDALE LLC	24724	VALLEY ST	2 :32	50
B3J1	160	151942 SUSSEX PALMDALE LLC	24724	VALLEY ST	2 :08	50
B5J1	160	151942 SUSSEX PALMDALE LLC	24724	VALLEY ST	2 :45	0
B2J1	160	28207 THOMPSON, JAMES	24862	MEADVIEW AVE	1 :45	0
B2J1	160	226 VILLA MADRID	24884	WALNUT ST	1 :07	25
B5J1	160	226 VILLA MADRID	24884	WALNUT ST	1 :24	25
B1J1	160	220 WALNUT CREEK APTS	24832	WALNUT ST	1 :41	0
B3J1	160	220 WALNUT CREEK APTS	24832	WALNUT ST	1 :14	25
B5J1	160	220 WALNUT CREEK APTS	24832	WALNUT ST	1 :07	25
B2J1	160	229 WALNUT PARK APTS	24934	WALNUT ST	2 :07	50
B5J1	160	229 WALNUT PARK APTS	24934	WALNUT ST	2 :07	50
B1J1	160	129020 WALNUT VILLAGE APARTMENT	24938	WALNUT ST	4 :07	100
B3J1	160	129020 WALNUT VILLAGE APARTMENT	24938	WALNUT ST	1 :07	25
B3J1	160	129020 WALNUT VILLAGE APARTMENT	24938	WALNUT ST	4 :14	100
B5J1	160	129020 WALNUT VILLAGE APARTMENT	24938	WALNUT ST	4 :24	100
B1J1	160	115894 WESTSIDE HABITATS	24969	WALNUT ST	1 :07	25
B3J1	160	115894 WESTSIDE HABITATS	24969	WALNUT ST	1 :07	25