

April 27, 2012

Mr. Martin Nelis
Public Information Officer
City of Pleasant Hill
100 Gregory Lane
Pleasant Hill, California 94523

Subject: Allied Waste Services Franchise Extension Assessment

Enclosed is NewPoint Group's assessment of a franchise extension for Allied Waste Services' (AWS, a Republic Services company, and formerly Pleasant Hill Bayshore Disposal Service). The City of Pleasant Hill (City) has a Franchise Agreement with AWS for refuse and recycling collection services, which expires on July 1, 2015.

The purpose of this report is to provide background and comparative information for the City to use in evaluating an extension of the City's Franchise Agreement with AWS. The report provides pros and cons of granting an extension; a current comparative rate survey; results of a City customer satisfaction survey; various terms and conditions considered by other jurisdictions when extending franchises; and terms and conditions of a potential franchise extension with AWS.

This report is organized into six (6) sections as follows:

- A. *Franchise Extension Request Background*
- B. *Survey of Comparable Rates*
- C. *Allied Waste Services Performance*
- D. *Other Jurisdiction Franchise Extension Terms*
- E. *Recommended Franchise Extension Terms*
- F. *Recommended Franchise Term.*

There are seven (7) attachments to this report.

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A. Franchise Extension Request Background

The City is evaluating whether to extend its Franchise Agreement with AWS. On December 1, 2003, the City entered into a Franchise Agreement extension with AWS.¹ The City and AWS (dba Pleasant Hill Bayshore Disposal, Inc.) agreed to the Franchise Agreement, which requires AWS to provide collection, transfer, and transport of solid waste, recycling material, and greenwaste from single family and multifamily residential, commercial, and industrial premises.

Originally, the Franchise Agreement had a ten (10) year term, set to expire on July 1, 2006. In January 2004, the City granted AWS a nine-year extension to the Franchise Agreement, ending July 1, 2015. The contract included an expansion of services and programs, including the implementation of a mandatory commercial recycling program, with the goal of meeting California Integrated Waste Management Act of 1989 (Assembly Bill 939) requirements. The current collection Franchise Agreement with AWS expires on July 1, 2015, approximately three (3) years from now.

The contract provided for the annual adjustment in the service rates based on the inflation or deflation of the San Francisco-Oakland-San Jose Consumer Price Index (CPI). This annual rate adjustment is equal to 70 percent of the CPI. The Franchise Agreement also included an additional 3.5 percent commercial rate increase, each year, for the first three years of the Franchise Agreement. The revenues from the cumulative commercial rate increases, totaling 10.5 percent over the three years, were provided to cover the costs of the mandatory commercial recycling program that began in January 2004.

In 2007, the City amended its Franchise Agreement with AWS, to adopt a volume-based rate structure to promote recycling, expand services, and modify the rate structure.

AWS merged with Republic Services, Inc., in December 2008. AWS continued to operate under the same management and in compliance with the terms of the Franchise Agreement. In June 2009, the City amended its Franchise Agreement with AWS for a second time. As part of the second amendment, AWS agreed to the following City facility and special collection services:

- Provide collection and recycling services to all City facilities at no cost
- Provide collection services at special events for the City at no cost
- Provide collection services for all sidewalk litter containers (maximum 20 containers)
- Maintain an office within/near the City, providing customer services

¹ At that time the company name was Allied Waste Industries, Inc., dba Pleasant Hill Bayshore Disposal (PHBD). AWS purchased PHBD in 1999.

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- Convert or retrofit the AWS fleet to meet local, state, and federal clean air requirements.

In March 2010, the City amended its Franchise Agreement with AWS for a third time. This most recent amendment specifies authorized fee collection and payment for recycling and household hazardous waste, as part of the franchise fee payment.

B. Survey of Comparable Rates

Attachment 1 provides a comparison of current City residential and commercial rates with rates of ten (10) neighboring jurisdictions (as of March 2012). As shown in Attachment 1, the results of the City residential rate comparisons show that in general the City has lower than average rates. The City's 20-gallon and 32-gallon residential rates are approximately five percent below average, while the City's 64-gallon rate is 24 percent below average. The City's 96-gallon rates are 22 percent below average.

Approximately 84 percent of City residential customers either subscribe to the 20-gallon, 32-gallon, or 64-gallon service levels, and most City residential customers either subscribe to 32-gallon (40 percent) or 64-gallon (32 percent) service levels. Only 16 percent of City residential customers subscribe to the largest 96-gallon service level.

City commercial bin and debris box service rates are, in all cases, well below the comparative average. For each of the four commercial rate categories compared, commercial rates are well below average (i.e., at least 22 percent below average).

City rates have been relatively stable since 2004. The City experienced a compounded annual rate increase of 1.7 percent over the eight years between 2004 and 2012 compared with an increase of 2.3 percent in San Francisco-Oakland-San Jose CPI for a similar period. Implemented rate changes since 2005 were as follows:

- 2005: + 1.5 percent
- 2006: + 4.0 percent
- 2007: + 1.8 percent
- 2008: + 0.0 percent²
- 2009: + 2.5 percent
- 2010: + 0.5 percent

² The City adopted a volume-based residential rate structure in 2008. This residential rate restructuring had rate decreases for 20 gallon and 32 gallon container sizes, and rate increases for 64 gallon and 96 gallon container sizes. This rate structure provided an incentive for residential customers to downsize their refuse carts and promoted recycling.

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- 2011: + 0.9 percent
- 2012: + 2.2 percent.

C. Allied Waste Services Performance

We conducted a small survey of customer satisfaction with services provided by AWS. We administered the survey to residential and commercial customers. Survey questionnaire areas included:

- Garbage services
- Recycling services
- Yardwaste services (residential services only)
- Customer services
- New services.

We provide copies of the customer satisfaction survey, for the residential and commercial sectors, in **Attachment 2**.

AWS generated a list of customer contacts, including 200 residential customers and 100 commercial customers. NewPoint Group randomly selected customers from this list to survey. We surveyed forty (40) residential customers, and twenty (20) commercial customers, by telephone, between February 24, 2012 and March 6, 2012.³

Based on the survey results, we found the City's overall customer satisfaction rating for AWS was about 98.6 percent for residential collection services.⁴ The City's overall customer satisfaction rating for AWS was about 97.3 percent for commercial collection services.

Attachment 3 summarizes these customer survey results.

For both residential and commercial services, customers surveyed indicated they were at least satisfied with AWS garbage and yardwaste services. No customer rated AWS garbage and yardwaste services as poor. Only one commercial customer rated AWS recycling services as poor. A total of three residential customers and one commercial customer rated AWS customer services as poor. Most residential and commercial customers surveyed (i.e., 98 percent) indicated service levels were adequate.

For the residential sector, about 93 percent of customers surveyed rated the services (i.e., garbage collection, recycling collection, yardwaste collection, and customer services) as either

³ The survey was not based on a statistically valid random sample of the population of City customers.

⁴ Where we defined customer satisfaction as service quality that was fair, good, or excellent; and service levels that were adequate.

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excellent or good. Each residential customer surveyed rated their service levels (i.e., recycling and yardwaste) as adequate.

For the commercial sector, about 91 percent of customers surveyed rated the services (i.e., garbage collection, recycling collection, and customer services) as either excellent or good. Of the twenty 20 commercial customers surveyed, 95 percent rated their service levels (i.e., recycling) as adequate.

Residential and commercial customers also provided feedback regarding suggestions for additional services. Of the forty (40) residential customers surveyed, thirteen (13) customers suggested additional services. Additionally, five (5) of the twenty commercial customer respondents also provided feedback. These suggestions included the following:

- Provide food waste/compost pickup (five residential customers, one commercial customer)
- Provide battery and e-waste recycling - four (4) residential customers
- Provide hazardous material pickup - three (3) residential customers, one commercial customer
- Expand plastic recycling offerings - one (1) commercial customer
- Provide single stream pickup - one (1) residential customer
- Extend bulky pickup offering to commercial businesses - one (1) commercial customer
- Provide indoor recycling containers - one (1) commercial customer.

We compared the City customer satisfaction survey results with sixteen (16) other California jurisdictions (see **Attachment 4**). We found that these other cities determine customer satisfaction using various measures, including both numeric and non-numeric measurements. AWS's customer satisfaction ratings (98.6 percent residential, 97.3 percent commercial) compares favorably with the average 89.3 percent customer satisfaction rating of these other cities.⁵

Based on discussions with City staff, AWS has continued to provide professional services to the City over the franchise term. AWS has worked to implement new diversion-related programs, has kept rate increases to relatively acceptable levels, and has met the City's service needs. AWS complaints also have been minimal.

In conclusion, AWS currently has relatively high City customer satisfaction. This conclusion is supported by the survey results, and a comparison with the sixteen (16) other jurisdictions surveyed.

⁵ A total of eleven of the sixteen cities had numeric data.

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D. Other Jurisdiction Franchise Extension Terms

Attachment 5 shows terms agreed to by 32 jurisdictions that recently negotiated Franchise Agreement extensions (a total of 41 franchise negotiations). As shown in Attachment 5, a variety of outcomes result from extension negotiations, with terms based on the needs of each jurisdiction. The average franchise extension length, from this selected survey, was just under 7.5 years.

E. Recommended Franchise Extension Terms

For any jurisdiction considering a franchise extension there are pros and cons. Examples of these pros and cons are shown in **Attachment 6**.

Based on the City's own needs, we identified a list of twenty (20) potential franchise extension terms for initial consideration (identified in **Attachment 7**). We recommend that the City require AWS to agree to the twenty (20) franchise extension terms, presented below, in exchange for a Franchise Agreement extension.

Our recommendation rational, and the costs and benefits, of each franchise extension term are described below.⁶ In parenthesis following each franchise term is a notation whether the term is primarily a City direct benefit, a community benefit, a City ratepayer direct benefit, or a combination. AWS would be required to implement these changes immediately upon execution of a Franchise Agreement extension (unless specified otherwise).

1. **Fund Monthly Street Sweeping through Universal Building Services (UBS) (Primarily a City Direct Benefit)** – AWS would contract with UBS to provide the City monthly street sweeping services. AWS would fund the cost of this street sweeping service. This additional street sweeping cost would be an allowable cost in the rate base. The City Maintenance Division currently provides this service on a bi-monthly (every other month) basis.⁷ The estimated cost-savings to the City for shifting the street sweeping service from the City to UBS is approximately \$90,000 per year.
2. **Provide Graffiti Cover-Up Services (Primarily a City Direct Benefit)** – Upon request by the City, Allied would use recycled paint to cover areas in the City that have been marked with graffiti. This graffiti cover up cost would be an allowable cost in the rate base.

⁶ Where possible costs and benefits are linked either to City ratepayers, Community, or to the City. In some cases actual cost and benefit data is not quantifiable and therefore is presented qualitatively.

⁷ The City also provides service for one additional month (i.e., December), for a total of seven (7) service days to each City location per year.

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3. **On an As Needed Basis, Supply One Locking Top Dumpster at the Site of Homeless Camp Clean Up (Primarily a City Direct Benefit)** – Upon request by the City, AWS would provide one (1) 20-cubic yard locking top dumpster to sites of homeless camps located within the City, at no cost to the City. The City Maintenance staff would use this dumpster to clear debris and materials from homeless encampments. This cost would be an allowable cost in the rate base.
4. **Provide One Additional Dumpster at the City Corporation Yard for Green Waste (Primarily a City Direct Benefit)** – AWS would provide one (1) 20-cubic yard green waste dumpster at the City Corporation Yard served on an on-call basis. This cost would be an allowable cost in the rate base.
5. **Supply a Low Wall Wet Dumpster at the City Corporation Yard to Use For Material Cleaned Out of City Storm Drains by City Maintenance Crews (Primarily a City Direct Benefit)** – AWS would provide a 10 cubic yard low wall wet dumpster at the City Corporation Yard, which AWS would collect on an on-call basis. The City Maintenance crews would use this dumpster for materials cleared from City storm drains. This cost would be an allowable cost in the rate base.
6. **Provide Collection of Material Dumped Illegally Within the City (Primarily a City Direct Benefit)** – Upon request by the City, AWS would collect illegally dumped material within the City. This material would include larger bulky items (e.g., mattresses and water heaters). This cost would be an allowable cost in the rate base.
7. **Provide One (1) Additional Annual Residential On-call Recycling-Only Pickup at the Curb (Primarily a Ratepayer Direct Benefit)** – Currently, residents are allowed two (2) on-call recycling (cardboard/paper) and/or yardwaste collections per year. In addition to these two (2) on-call recycling and/or yardwaste cleanups, AWS would provide residents with one (1) more on-call recycling and/or yardwaste cleanup for a total of three (3) on-call recycling and/or yardwaste cleanups. This additional cost would be an allowable cost in the rate base.
8. **Add Household Battery and Compact Fluorescent (CFL) Bulbs to the Residential Solid Waste Collection Program (Primarily a Ratepayer Direct Benefit)** – AWS would instruct customers to place household batteries and bulbs into clear plastic bags next to the refuse cart. AWS drivers would get out of the truck and place these bags into a separate container located within the truck. This cost would be an allowable cost in the rate base.

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9. **Allow Customers to Place Additional Material Types in the Recycling Cart (Primarily a Ratepayer Direct Benefit)** – AWS would expand the types of material collected in the 64-gallon recycling container to include:
- E-waste peripherals (keyboards, mouse, speakers)
 - Hard cover books
 - Plastic bags
 - Rigid plastics (e.g., toys, buckets, trays, crates)
 - Scrap metal/aluminum (under ten pounds per item).

There would be no additional cost to the ratepayer for this additional service.

AWS will provide outreach to identify that these additional materials can be included in the recycling cart. This outreach will include identifying the service on the AWS website, within an annual newsletter, and within the bill as an insert.

10. **Provide Two Large Item Collections Per Year at No Charge (Primarily a Ratepayer Direct Benefit)** – As part of the current Bulky Waste Clean Up Program, AWS collects large bulky items, such as dishwashers, couches, and televisions for a fee. AWS would provide each residential customer with two (2) large item collections, per year, at no charge to the customer. This cost would be an allowable cost in the rate base.
11. **Freeze All Rates in Calendar Year 2013 (Primarily a Ratepayer Direct Benefit)** – AWS would agree not to change rates in calendar year 2013. AWS would not submit a rate application for 2013 (consistent with the current three-year cycle which allows the City to conduct an alternative rate review), but would submit a rate application for an alternative rate review on July 31, 2013 for rates to be implemented on January 1, 2014. This 2014 alternative rate setting year would start the new three-year rate setting cycle. Years 2015 and 2016 would be CPI years.

AWS would agree to implement all of the program changes identified in Items 1 through 10 without any changes to rates in 2013. AWS would agree that there would be no opportunity to recover the new costs for Items 1 through 8 and 10, until 2014. Year 2014 rates also would not reflect any retroactive rate increases to cover the costs of Items 1 through 8 and 10, implemented in years 2012 and 2013.

12. **Calculate Interim Year Rate Changes Based on 85 Percent of the Prior Year Consumer Price Index (Primarily a Ratepayer Direct Benefit)** – Currently the Franchise Agreement specifies that CPI year rates are calculated at seventy (70) percent of the CPI. The City and AWS would agree to maintain the current CPI-based rate

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calculations until the end of the current Franchise Agreement in 2015. The City and AWS would agree that, beginning in 2016, CPI-based rates would be adjusted by eighty-five (85) percent of the prior year change in the August-to-August San Francisco-Oakland-San Jose CPI applied to each rate in the rate structure. Rate changes could be either positive or negative.

13. **Add an Interim Year Rate Cap (Primarily a Ratepayer Direct Benefit)** – Currently, there is no limit to the size of a CPI-based rate increase. For this franchise term, beginning in 2015, AWS would agree to limit CPI rate increases in any given year to four (4) percent. There are no costs associated with implementing this term. This term would benefit City ratepayers by stabilizing the size of any annual CPI-based rate changes in times of higher inflation. While the past ten years have been a time of relatively low inflation, this protection has significant potential value to the City ratepayer over the length of a long-term Franchise Agreement.
14. **Add a Requirement for a Three-Year Rate Review for 2014 (Primarily a Ratepayer Direct Benefit)** – The City shall perform an “alternative” rate review beginning in June 2013 for rates set January 1, 2014. Per Section 5.06 (b) of the current Franchise Agreement, the City shall have the right to establish new maximum service rates pursuant to an alternative form of rate review based upon factors such as the revenues and costs incurred for the services provided by the Contractor under this Agreement. The City Council can set new maximum rates to compensate the company for its reasonable costs in performing its obligations under this Agreement.
15. **Provide the City with a \$500,000 Community Impact Payment (Primarily a Community Direct Benefit)** – The company would pay the City a one-time community impact payment of \$500,000 to cover various City costs incurred as a result of the refuse and recycling collection franchise with AWS. City services, covered by this payment, would include ongoing services such as City street pavement maintenance to cover differential impacts to roadways caused by AWS collection trucks operating on City streets.

The company would make \$250,000 of this community impact payment to the City on [REDACTED]. The company would make \$250,000 of this community impact payment to the City on [REDACTED]. This community impact payment would not be a cost recovered in the rate base.

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16. Provide Customers an Additional Recycling Cart or Yardwaste Cart Upon Request (Primarily A Ratepayer Direct Benefit) – For larger volume residential recyclers, AWS would provide an additional recycling or yardwaste cart, upon request, at no extra charge to the residential customer. Based on current request levels, this is likely a service that would only be used for a small number of customers. There would be no additional cost to the ratepayer from this additional service.

AWS will provide outreach to identify that this additional recycling cart is available. This outreach will include identifying the service on the AWS website, within an annual newsletter, and within the bill as an insert.

17. Transition to Natural Gas Vehicles (CNG) (Primarily a Community Direct Benefit) – AWS would transition their current diesel-powered vehicle fleet to alternate fuel vehicles over the extended contract term. AWS will replace, retrofit, or retire the current fleet of 23 trucks for transition to a total of 25 Compressed Natural Gas (CNG) service vehicles.

18. Provide Outreach and Education as part of AB 341 Compliance (Primarily a Community Direct Benefit) – AWS will perform a public education and outreach campaign to meet the State’s mandatory commercial recycling program, as required in AB 341. As part of the State’s mandatory commercial recycling program, each jurisdiction must implement an education, outreach, and monitoring program, on or after July, 1, 2012. AWS will assist the City in meeting its goals related to commercial refuse and recycling collection.

19. Provide the City with Annual Funding for a Composting Program (Primarily a Community Direct Benefit) – AWS will provide an annual payment of \$10,000 until the end of the current Franchise Agreement in 2015, and \$10,000 annually thereafter throughout the extended franchise term, to support a City composting program. The City’s composting program would include composting bin purchases, community workshops, and outreach to promote composting in the community. This composting program payment would not be a cost recovered in the rate base.

20. Evaluate a Commercial Food Waste or Wet/Dry Commercial Recycling Program (Primarily a Community Direct Benefit) – The City and AWS would evaluate a commercial food waste program. The City and AWS also would evaluate a wet/dry commercial recycling program based upon near-term results from a wet/dry collection system pilot program, currently being performed in the City of San Jose, by AWS. As

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part of the wet/dry program, commercial businesses would have one or two collection bins. Under the wet/dry program, businesses selling or processing food (i.e., businesses generating substantial amounts of compostable organics) would receive two collection bins, one bin for wet materials (i.e., organics), and a second bin for dry materials (i.e., recyclables). The City and AWS would decide if either the commercial food waste program or the wet/dry commercial recycling program is cost effective, mutually beneficial, and results in sufficient diversion to merit the new program costs.

F. Recommended Franchise Term

Based on AWS's Franchise Agreement to the twenty (20) terms described above in Section E, all of which add significant value to both the City and the City ratepayer, we recommend an extension of up to eight (8) years beyond the current term. We recommend that this eight-year term include a six-year base extension plus two one-year optional extensions at the City's approval. The resulting term would expire on July 1, 2023. These twenty (20) new franchise terms improve both the quality and quantity of City solid waste and recycling collection services, and most importantly provide service and rate stability to the City ratepayers.

* * * * *

If you have any questions regarding this report, please call Mr. Erik Nylund at (916) 442-2456 in Sacramento.

Very truly yours,

NewPoint Group®, Inc.



James A. Gibson, Ph.D.
Director

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Attachment 1
Comparative Rate Survey

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**City of Pleasant Hill
Comparative Residential Rates
As of March, 2012**

No.	Jurisdiction	Size/Frequency of Collection				Annual Refuse Cleanups		Annual Recycling/ Yardwaste Only Cleanups
		20 gal.	32 gal.	64 gal.	96 gal.	Recycling	Yardwaste	
1	Antioch	\$ 20.99	\$ 24.65	\$ 39.80	\$ 46.75	64	96 B	2 on-call per year
2	Clayton	20.36	21.58	31.64	34.54	64	64	2 on-call per year
3	Concord	-	23.00	31.00	38.00	64	96	3 on-call per year
4	Danville	19.18	21.81	39.89	59.70	64	64	2 scheduled + 1 on-call per year
5	Lafayette	23.17	26.48	49.95	74.93	64	64	2 scheduled + 1 on-call per year
6	Moraga	20.64	23.84	47.67	71.51	64	64	2 scheduled + 1 on-call per year
7	Orinda	27.41	31.60	61.28	91.67	64	64	2 scheduled + 1 on-call per year
8	Martinez	19.15	27.45	30.60	64.30	64	96 B	0 per year
9	Uninc. County (CCCSWA)	18.50	21.00	40.00	60.00	64	64	2 scheduled + 1 on-call per year
10	Walnut Creek	15.85	18.80	35.94	53.92	64	64	2 scheduled + 1 on-call per year
	Average	\$ 20.58	\$ 24.02	\$ 40.78	\$ 59.53			
	Pleasant Hill	\$ 19.58	\$ 22.66	\$ 30.91	\$ 46.36	64	64	2 on-call per year, 1 spring cleanup
	Percent Difference	-5%	-6%	-24%	-22%			2 on-call per year

**City of Pleasant Hill
Comparative Commercial Bin Rates
As of March, 2012**

No.	Jurisdiction	2-yd/1 per week	2-yd/2 per week	3-yd/1 per week	3-yd/2 per week
1	Antioch	\$ 219.57	\$ 439.19	\$ 330.36	\$ 640.89
2	Clayton	196.16	392.24	264.91	529.82
3	Concord	269.00	490.00	364.00	680.00
4	Danville	259.86	519.75	389.80	779.60
5	Lafayette	323.33	646.65	477.74	955.49
6	Moraga	291.08	582.17	436.63	873.27
7	Orinda	371.42	742.85	557.14	1,114.27
8	Martinez	222.11	378.68	380.97	443.94
9	Uninc. County (CCCSWA)	252.62	505.23	378.92	757.85
10	Walnut Creek	184.94	369.85	277.40	554.79
	Average	\$ 259.01	\$ 506.66	\$ 385.79	\$ 732.99
	Pleasant Hill	\$ 189.84	\$ 379.16	\$ 284.40	\$ 568.93
	Percent Difference	-27%	-25%	-26%	-22%

**City of Pleasant Hill
Comparative Debris Box Rates
As of March, 2012**

No.	Jurisdiction	20 cu. yd.
1	Antioch	\$ 479.67
2	Clayton	393.98
3	Concord	420.00
4	Danville	615.23
5	Lafayette	646.32
6	Moraga	641.65
7	Orinda	719.47
8	Martinez	407.00
9	Uninc. County (CCCSWA)	604.35
10	Walnut Creek	688.21
	Average	\$ 561.59
	Pleasant Hill	\$ 349.83
	Percent Difference	-38%

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Attachment 2
Customer Satisfaction Survey
Residential and Commercial Sectors

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Allied Waste Services 2012 Residential Customer Satisfaction Survey

Hello, my name is _____. On behalf of the City of Pleasant Hill, we are conducting a customer satisfaction survey about your trash & recycling collection services provided by Allied Waste Services. We are not trying to sell anything, and we are only interested in your opinions about the quality of service provided by Allied Waste.

Would you have a few minutes to participate in our survey? (IF YES – CONTINUE; IF NO – ASK)
Would there be a better time to call?

Garbage Services

(1) How would you rate your current garbage collection services?

Excellent Good Fair Poor

Recycling Services

(2) How would you rate your current recycling collection services?

Excellent Good Fair Poor

(3) Is your current recycling service level adequate?

Yes No If no, please explain _____

Yardwaste Services

(4) How would you rate your current yardwaste collection services?

Excellent Good Fair Poor

(5) Is your current yardwaste service level adequate?

Yes No If no, please explain _____

Customer Services

(6) How would you rate the company's customer services?

Excellent Good Fair Poor N/A

New Services

(7) Are there new waste and recycling collection services you would like to have made available?

Yes No If yes, please specify _____

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Allied Waste Services 2010 Commercial Customer Satisfaction Survey

Hello, my name is _____. On behalf of the City of Pleasant Hill, we are conducting a customer satisfaction survey about your waste collection services provided by Allied Waste Services. We are not trying to sell anything, and we are only interested in your opinions about the quality of service provided by Allied Waste.

Would you have a few minutes to participate in our survey? (IF YES – CONTINUE; IF NO – ASK)
Would there be a better time to call?

Garbage Services

(1) How would you rate your current garbage collection services?

Excellent Good Fair Poor

Recycling Services

(2) How would you rate your current recycling collection services?

Excellent Good Fair Poor

(3) Is your current recycling service level adequate?

Yes No If no, please explain _____

Customer Services

(4) How would you rate the company's customer services?

Excellent Good Fair Poor N/A

New Services

(5) Are there new waste and recycling collection services you would like to have made available?

Yes No If yes, please specify _____

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Attachment 3
Customer Satisfaction Survey Results

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Attachment 3
Allied Waste Services
2012 Customer Satisfaction Survey Results

2012 Residential Service Results								
<i>Basic Services</i>								
Rating	Satisfactory			Poor, or N/A		Total	Satisfaction Rate	
	Excellent	Good	Fair	Poor	N/A		Excellent+Good+Fair	Excellent+Good
Garbage Services	24	16	-	-	-	40	100.00%	100.00%
Recycling Services	21	18	1	-	-	40	100.00%	97.50%
Yardwaste Services	23	11	2	-	4	40	100.00%	94.44%
Customer Services	11	10	4	3	12	40	89.29%	75.00%
Subtotal	79	55	7	3	16	160	97.92%	93.06%
<i>Service Levels</i>								
Rating	Adequate			Non-Adequate	N/A	Total	Satisfaction Rate	
Recycling Services	40			-	-	40	100.00%	
Yardwaste Services	37			3	-	40	100.00%	
Subtotal	77			-	3	80	100.00%	
<i>Overall Services</i>								
Rating	Satisfactory			Non-Satisfactory	N/A	Total	Satisfaction Rate	
Total Rating	218			3	19	240	98.64%	
2012 Commercial Service Results								
<i>Basic Services</i>								
Rating	Satisfactory			Poor, or N/A		Total	Satisfaction Rate	
	Excellent	Good	Fair	Poor	N/A		Excellent+Good+Fair	Excellent+Good
Garbage Services	13	5	2	-	-	20	100.00%	90.00%
Recycling Services	12	5	2	1	-	20	95.00%	85.00%
Customer Services	13	2	-	-	5	20	100.00%	100.00%
Subtotal	38	12	4	1	5	60	98.18%	90.91%
<i>Service Levels</i>								
Rating	Adequate			Non-Adequate	N/A	Total	Satisfaction Rate	
Recycling Services	19			1	-	20	95.00%	
Subtotal	19			1	-	20	95.00%	
<i>Overall Services</i>								
Rating	Satisfactory			Non-Satisfactory	N/A	Total	Satisfaction Rate	
Total Rating	73			2	5	80	97.33%	
Customer Requested Waste and Recycling Collection Services								
Service	No Additional		Additional	Total		Type of Service Availability		
Residential	27		13	40		Food waste/compost pick up (5) Battery and E Waste recycling (4) Hazardous household material pick up (3) Single stream pick up (1)		
Commercial	15		5	20		Food waste/greenwaste pick up (1) Expanded plastic recycling (1) Hazardous waste pick up (1) Bulk pick up offering (1) Provided indoor recycling containers (1)		
Subtotal	42		18	60				

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Attachment 4
Comparative Jurisdiction
Customer Satisfaction Surveys Results

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Attachment 4
Comparative Customer Satisfaction Survey Results

Jurisdiction	Rating of Refuse Collection Services
1. City of Berkeley	77 percent rated favorably
2. City of Burbank	In top two services rated
3. City of Carlsbad	89 percent satisfaction rating for residential trash, 80 percent for curbside recycling
4. City of Claremont	92 percent satisfaction
5. City of Concord	2008: 96 percent rated average or better (i.e., rated at least 5.0 out of 10.0)
6. City of Martinez	2010: 95 percent satisfaction rating for residential 2010: 92 percent satisfaction rating for commercial
7. City of Monterey	2003: 93 percent rated as average or better 2005: 94 percent rated as average or better
8. City of Palo Alto	2001: 96 percent rated excellent or satisfactory 2003: 94 percent rated as excellent or good 2005: 97.5 percent rated excellent or satisfactory
9. City of Sacramento	Among the top three highest rated services
10. City of San Diego	2001: 96 percent satisfaction rating (#1) 2002: 96 percent satisfaction rating for residential trash, 94 percent for curbside recycling 2003: 96 percent satisfaction rating for residential trash, 97 percent for curbside recycling 2004: 92 percent satisfaction rating for residential trash, 91 percent for curbside recycling 2010: Top service rated (rated 3.25 of 4.00 scale)
11. City of San Jose	87 percent satisfaction rating for garbage collection, 85 percent for recycling collection
12. City of San Rafael	Ranked garbage collection second highest of 31 services; recycling ranked fourth highest
13. Santa Barbara County	2009: 9.2 rating (out of 10) aggregate rating (residential and commercial customers) 2012: 9.2 rating (out of 10) aggregate rating (residential and commercial customers)
14. City of Santa Monica	2001: 78 percent rated as excellent or good 2009: 78 percent rated as excellent or good
15. City of Sunnyvale	2002: 97 percent rated as average or better, 88 percent above average 2005: 85 percent rated as above average
16. City of Temecula	2001: Among top three of ten services rated 2007: Among top four of twenty-one services rated
Average of eleven (11) cities with numeric rating of satisfactory or better	89.3 ¹

¹ Based on the most current data available for each City. As shown above, customer satisfaction ratings were not uniform. Some cities rate customer satisfaction using “average and above” data and others rate customer satisfaction using “good and above” data.

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Attachment 5
Comparative Jurisdiction
Franchise Extension Terms

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Attachment 5

Other Jurisdiction Franchise Extension Provisions
(As of March 2012)

No.	Jurisdiction	Year Extension Granted	Year Original Franchise Ended	Term of Extension (Years)	Year Franchise Ends (Ended)	Terms of Extension/New Award	Hauler
1	City of Albany	2003	2004	10	2014	Free collection from city parks (\$36,000/year), contractor provided green waste bins, increase in franchise fees.	Waste Management of Alameda County
2	City of Albany	2011	2014	10 (+10 year options)	2021	Provide solar trash/recycling compactor units along Solano Ave., expand residential curbside collection to include most plastics/household batteries/fluorescent lightbulbs/cellular phones, provide and promote annual on-call bulky pickup (and second pickup), provide public education program, provide focused outreach program for multi-family and commercial sectors, fund staff support to help cover program implementation costs (e.g., \$54,000 annual sustainability coordinator fee) and negotiation process consultant fees (e.g., \$20,000 one-time agreement negotiations fee), host two annual community compost give-away events, increase to current rate and annual rate increase cap (providing the city an estimated increase of \$11,000 per month from franchise fees).	Waste Management of Alameda County
3	City of Antioch #	2010	2015	10	2025	Community impact payment of \$1 million in exchange for the extension; expand existing services; increase the on-call pickup for one bulky item to two times per calendar year.	Allied Waste Services
4	City of Barstow	1996	2007	5	2012	Waive a \$2.51 increase that was necessary to fund recycling, freeze rates for two years.	Desert Disposal Service
5	City of Barstow	2009	2012	10	2022	Replace vehicles with alternative fuel vehicles, use the City-owned CNG/LNG fueling station.	Burrtec Waste Industries, Inc.
6	City of Belmont	2005	2006	4	2010	Enter a 15-year agreement with the South Bayside Waste Management Authority (SBWMA) for disposal at Ox Mountain landfill at "most favored client" rates, which would reduce Belmont's total costs about 7 percent. Make \$11.6 million cash payments to SBWMA over a period of three years beginning January 2005.	BFI Waste Systems of North America, Inc.
7	City of Belmont	2010	2020	10	2020	Provide "automated" collection services, introduce single-stream recycling, provide public education and outreach campaign, adhere to extensive reporting requirements, agree to extensive performance incentives/disincentives, and adhere to new rate setting specifications.	Recology San Mateo County (RSMC)
8	City of Clayton	2011	2012	10	2022	Collect minimal/maximum annual rate increases, provide one-time Community Enhancement Fee of \$100,000, pay increased franchise fee, provide larger or extra recycling and greenwaste containers residentially, include E Waste/household battery/fluorescent bulb in curbside pickup, provide free assistance to the City to enforce mandatory commercial recycling ordinance(s), and provide special bulky item pickups and additional recycling pickups at no additional	Allied Waste Services (dba Pleasant Hill Bayshore Disposal Inc.)
9	City of Concord	2006	2011	10 (+5 year option)	2021	Required relocation of maintenance facility. Established fixed city franchise fees through 2020. Established free City parks disposal and increased neighborhood cleanup debris boxes. Provided 70 percent of the CPI for interim year adjustments. Established a five (5) percent interim year rate cap.	Concord Disposal Service
10	City of El Cerrito	2009	2009	8	2017	No specific new provisions.	East Bay Sanitary Company
11	City of Fairfield	2011	2012	5 (+5 year option)	2017	Increase franchise fee from 10 to 13 percent over time, pay one-time community enhancement fee of \$600,000, pay negotiation expenses up to \$60,000, pay vehicle impact fee starting at \$150,000, and provide street sweeping.	Republic Services Inc. (dba Solano Garbage Company)
12	City of Hayward	2006	2007	7 (+3 one-year extension options)	2014	Provide service enhancements including: co-mingled recyclables collection; annual residential clean-up service; free disposal of two cubic yards of self-hauled waste; batteries collection; Christmas tree collection; public litter cans; free compost; food waste collection; dirt and debris; and biosolids disposal for residential services, commercial recycling services, and alternative fuel vehicles.	Waste Management of Alameda County

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Attachment 5
Other Jurisdiction Franchise Extension Provisions
(As of March 2012)

No.	Jurisdiction	Year Extension Granted	Year Original Franchise Ended	Term of Extension (Years)	Year Franchise Ends (Ended)	Terms of Extension/New Award	Hauler
13	City of Healdsburg	2010	2010	Optional three (3) one-year extensions	2020	Provide contract extension fee (\$150,000), cash payment (\$15,000 annually), 20 percent low income discount, 20% discount in service fee component for Alliance and Healdsburg Hospital based on current service levels, Healdsburg annual fireworks display sponsorship (\$8,000), free hauling and disposal of wastewater treatment plant sludge, and increased education and community outreach; and conform/comply with applicable City and Sonoma County Waste Management Agency adopted ordinances and regulations; and City to modify annual rate adjustment formula, acknowledge rate changes based on governmental policies and regulations, and adoption of new rate schedule and surcharge for over-stuffed containers, return calls, and contaminated	Redwood Empire Disposal
14	City of Livermore*	2009	2010	10	2020	Develop an indoor recyclable materials transfer facility in the City to transfer recyclable and compostable material collected from within the City into large trailers for transport to offsite recycling facilities. Minimize rate increases for residential services. New compressed natural gas vehicles and new containers.	Livermore Sanitation, Inc.
15	City of Manhattan Beach	1998	1999	3	2002	Froze rate adjustments for 1998 and 1999, with a rate adjustment resuming in 2000. Put a specialized collection vehicle, one that is smaller and quieter, in the downtown area.	Waste Management
16	City of Manhattan Beach	2002	2002	9	2011	Divert at least 50 percent of the waste stream collected and controlled by Waste Management from landfills.	Waste Management
17	City of Martinez	2004	2011	2	2013	Reduction in cost of new single stream recycling program by extending the term (equipment depreciated over longer term).	Allied Waste Industries (dba PHBD)
18	City of Martinez	2011	2013	10	2023	Provide litter and debris control and collection on selected streets and public right of ways; provide addition \$25,000 for City implementation of AB 939 and Climate Action Plan initiatives; work with city to develop a mandatory commercial recycling program and a commercial food waste collection program; provide two additional annual residential on-call recycling pickups; provide for battery, cellular telephone, and compact fluorescent light bulb disposal; expand recycling program; provide free additional recycling and yardwaste carts residentially; freeze calendar year 2012 rates and use agreed upon rate setting; and provide the city a one-time \$500,000 community impact payment.	Allied Waste Industries (dba PHBD)
19	City of Menlo Park *	2009	2020	Negotiable	2020	New customer billing schedule, new compensation structure, weekly single stream recycling and other services.	Recology San Mateo County (RSMC)
20	City of Milpitas	2004	2007	10	2017	Waive the cost of the street sweeping program for up to 3 years (an approximately \$225,000 annual cost to the General	Allied Waste Industries (dba BFI)
21	City of Oceanside #	2010	2012	3	2015	Offered to pay the City at least \$1 million a year for five years in exchange for a three-year franchise extension.	Waste Management of North County, Inc.
22	City of Piedmont *	2008	2008	10	2018	Provide three new wheeled carts for garbage, recycling, and green waste to each household; and for the first time, provide an option for curbside pick-up services.	Richmond Sanitary Services, Inc.
23	City of Pleasant Hill	2003	2006	9	2015	Restructure franchise agreement entirely, set up rate setting process, fixed residential rates for one year.	Allied Waste Industries (dba PHBD)
24	City of Richmond	2003	2003	22	2025	Increase in franchise fee from 2.5 to 5.0 percent of gross revenues, City residents get free use of landfill.	Republic Waste Services
25	City of San Mateo	2005	2006	4	2010	Provide a total settlement payment of \$2.7 million to the City. The settlement payment represents reimbursement of a portion of the landfill disposal fees previously charged to the City. These funds were credited to the City over a four-year period and were used to moderate rate increases.	Republic Services (formerly Allied Waste)
26	City of San Rafael	2001	2021	1	2022	No specific new provisions.	Marin Sanitary Service

**Attachment 5
Other Jurisdiction Franchise Extension Provisions
(As of March 2012)**

No.	Jurisdiction	Year Extension Granted	Year Original Franchise Ended	Term of Extension (Years)	Year Franchise Ends (Ended)	Terms of Extension/New Award	Hauler
27	City of Santa Clara	2009	2010	10	2020	Provide enhanced commercial recycling program, CNG-powered vehicles, enhanced special event services, added drop-off opportunities for recyclable and specific household hazardous waste materials, continued residential household battery collection, and option to implement an expanded Clean Green program.	Mission Trail Waste Systems, Inc.
28	City of Santa Clarita (Residential)	2011	2013	10	2023	Uses updated rate setting terms, provides collection and disposal of illegally dumped items, provide enhanced litter abatement, provides split recycling containers to multifamily complexes, provides smaller cart size for super saver rate, extends age of collection vehicles to 15 years, and pays for third-party audit of financial records.	USA Waste of California, Inc., (Waste Management)
29	City of Santa Clarita (Commercial)	2011	2013	5 or 10 (additional extension based on terms)	2018 or 2023 (2033)	Uses updated rate setting terms, provides 90 gallon recycling carts for small business recycling, provide enhanced litter abatement, extends age of collection vehicles to 5 years, pays for third-party audit of financial records, comply with AB 32 mandatory commercial recycling requirements, and possible completion of a recycling facility by 2018 (providing for extension of contract to 2033)	Burrtec Waste Industries, Inc.
30	City of Santa Rosa	2010	2012	5 (+5 year Option)	2017	Increase franchise fee from 10 to 11 percent; establish an additional franchise extension fee of 4.5%, which cannot be passed on to the rate payer; and provide service enhancements to benefit ratepayers.	North Bay Corporation
31	City of Seaside	2003	2010	5	2015	City option to increase citywide clean ups from existing two (2) per year to four (4) per year (at \$0.50 per customer, per month, additional cost).	Carmel Marina Waste Management
32	City of Stockton	2003	2003	15 (+5 year option)	2018	Create 10 percent senior rate discount (at age 65, or 6,000 customers); free stickers for extra waste pickup; seasonal leaf collection; enhanced neighborhood cleanup with free bins and boxes for target areas; televisions, computer monitors, and appliances added to curbside collection; a best effort requirement to meet 50 percent diversion; a cap on rate increases; interim year adjustments limited to 50 percent of the CPI and subject to City approval.	Stockton Scavenger/Sunrise Sanitation
33	City of Sunnyvale*	1991	1991	10	2001	Reduction in rates by 16 percent.	Bay Counties Waste Services
34	City of Sunnyvale	1992	2001	3	2004	Change to OR-based rate setting; purchased new trucks.	Bay Counties Waste Services
35	City of Sunnyvale	1996	2004	7	2011	Change in operating ratio (OR) level.	Bay Counties Waste Services
36	City of Sunnyvale	2003	2011	7	2018	Changes in depreciation schedule to 10 years for rolling stock and containers (from 7 years and 5 years, respectively). Savings with conversion split 50%/50% to the City/hauler.	Bay Counties Waste Services
37	City of Sunnyvale	2011	2018	3	2021	Changes ownership of Bay Counties Waste Services assets, adjusts asset purchase timing, caps existing residential refuse collection incentive payment currently paid to hauler (\$93,853/year City savings), and reduces the number of commercial and residential refuse routes.	Bay Counties Waste Services
38	Central Contra Costa Solid Waste Authority	2004	2005	10 (+2 year option)	2015	Implementation of single stream recycling by 9/1/2004, minimum diversion tonnage goals, incorporation of food waste pickup with yardwaste, website required, pre-set compensation levels in years 1 and 2, company guarantee of recycling revenues. Pre-set tipping fees over the life of the contract.	(1) Allied Waste Industries (2) Valley Waste Management
39	Pebble Beach Community Services District	2003	2010	5	2015	Rate increase of 3.5 percent vs. 5.1 percent and implementation of single stream.	Carmel Marina Waste Management
40	Monterey County	2010	2012	8	2020	Consolidation of the two existing franchise agreements (Northeastern and Western Franchise Agreements) into a single, unified franchise agreement that would provide economies of scale. Standardized service package featuring wheeled refuse and recycling carts.	USA Waste of California, Inc. (dba Carmel Marina Corporation)
	San Mateo County (South Bay Waste Management Authority - SBWMA, 12 member agencies)	2009	2011	Negotiable	2021	Expansion of unincorporated territory, expansion of recycling and organics program, increased franchise fee 5 percent, and new rate setting process.	Recology San Mateo County (RSMC)
41	Santa Clara County	2007	2007	7	2014	No specific new provisions.	Los Altos Garbage
	Average			7.50			

* Franchise re-bid. All of the other examples in this table were negotiations with franchise holders and were not re-bid.

Currently under negotiations.

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Attachment 6
Franchise Extension Pros and Cons

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Attachment 6 **Franchise Extension Pros and Cons**

Pros

- Maintains continuity of collection services
- Takes advantage of hauler's local knowledge of City streets/operations (e.g., route optimization, customer requirements, and service delivery methods)
- If applicable, retains a high quality hauler (in terms of minimal complaints, consistent on-time delivery, other measurable parameters)
- Retains rates which may be competitive with other jurisdictions with similar service offerings and objectives
- Rewards a current hauler, who may have demonstrated a willingness to implement program changes at affordable costs, with the ability to gage the impact of those changes
- Realizes that refuse collection contracts are best served by long-term business partnerships between the City and hauler (due to their capital intensive nature of the business, the high costs of new vehicles/equipment, and the time required to depreciate new purchases)
- Recognizes that a formal procurement can be expensive and administratively time-consuming for the City, without a guarantee that all service parameters will be met
- A new franchisee requires rebuilding the City/hauler relationship. Potentially, results in a new hauler who may not be motivated to work as closely with the City to meet program needs (e.g., in the case where margins already are slim)
- A new franchisee may displace local laborers

Cons

- Potentially reduces the quality of service if let out to bid (particularly by simply selecting a low bidder), though this may be for a limited timeframe
- Restricts potential leverage gained from competition. A formal competitive procurement has the potential to provide benefits to the City, which may include:
 - A one-time reduction in rates
 - New programs or changes to existing programs
 - Guaranteed periods of rate stabilization
 - Changes to the rate structure (if desired)
- If granted with limited benefits realized by the City, potentially fails to recognize that a contract extension has tremendous value to a hauler in terms of future profitability. Many jurisdictions use this value proposition to negotiate some service modifications, or possibly some rate relief. Absent a fair negotiation result, a procurement often becomes the only solution
- Limits the time required for a hauler to demonstrate an extension is merited (if granted early in the franchise term)

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Attachment 7
Potential Franchise Extension Terms

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Potential Franchise Extension Terms

City benefit - At ratepayer expense

1. Increases in franchise fees
2. New programs to increase diversion (so that 50 percent goal is met and sustained, e.g., convert more apartments to recycling, single stream recycling, more commercial recycling)
3. Increase in free services to City (e.g., drop boxes)
4. Commercial foodwaste program
5. Mandatory commercial recycling

City benefit - At hauler expense

6. Franchise re-assignment fees
7. Diversion penalty payments
8. Performance penalties

Ratepayer benefit – At hauler expense

Rates Stability and Relief

9. Rate freezes over specific intervals
10. Rate reductions
11. Identify a target profit level in the Franchise Agreement (e.g., a 90 percent operating ratio)
12. Caps on interim year rate changes (a discounted percent of CPI and an overall CPI cap)
13. Long-term caps on tipping fees
14. Rate reviews at the extension point, where if rates not “at market” then deny extension
15. Community impact payments

Service Changes

16. On-call clean ups (customer identified)

Other Changes

17. Website
18. Newsletter
19. Credit card and bank bill pay