



DATE: June 15, 2021

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT Adopt a Resolution Approving Waste Management of Alameda County's Plan to Adjust Recycling Rates for Multi-Family Customers and Issue Refunds for Overcharges

RECOMMENDATION

That Council adopts a resolution (Attachment II) approving Waste Management of Alameda County's plan to adjust recycling rates for bin service for multi-family customers and issue refunds for overcharges.

SUMMARY

The City holds a franchise agreement with Waste Management of Alameda County (WMAC) to provide solid waste, recycling, and organic materials collection, and processing services. In early 2021, staff and WMAC discovered that some larger Hayward multi-family property accounts may have been overcharged for recycling services for about the last four years. The overcharge and the amount have been confirmed and WMAC is prepared to reimburse these fifty-nine customers a total of \$533,237.

BACKGROUND

WMAC sub-contracts with Tri-CED to provide recycling services for most residential customers in Hayward. The current franchise agreement requires multi-family dwellings pay a per-dwelling-unit fee for recycling service. The current fee is \$7.84 per unit. Tri-CED does not have front-end-load trucks used to service metal bin containers and only offers carts and 14-yard roll-off containers. However, some properties would rather use bins than carts or roll-offs, and properties that choose recycling bin service must be serviced by WMAC. Therefore, these properties would pay the per unit recycling fee so that Tri-CED is kept whole (although it does not provide the service) and also pay WMAC for recycling bin service for the service that they receive. However, in order to mitigate the cost for multi-family properties opting for recycling bin service, WMAC and the City agreed at the beginning of the franchise that these customers would be charged a discounted rate for recycling bins from WMAC. This discounted rate would equate to 20% the cost of an equivalent-sized solid waste bin. For example, a 1 cubic-yard solid waste bin cost \$155.80 per month; therefore, for a 1

cubic-yard recycling bin, a multi-family property should pay only 20% of that cost, which is \$31.16 per month.

DISCUSSION

For several years, to encourage recycling, the cost of recycling was included in the solid waste rates and commercial customers paid no additional rates for recycling service. Consistent with the terms of the current agreement, most commercial recycling rates gradually increased during the first few years of the agreement to be 50% the cost of an equivalent-sized solid waste bin. The rates for recycling bins for multi-family dwellings were supposed to remain at 20% the cost of a solid waste bin throughout the contract. However, when performing the annual rate review, it was overlooked that WMAC had inadvertently included the subset of multi-family recycling bin rates with the majority of the commercial recycling rate increases. This error resulted in WMAC mistakenly overcharging multi-family recycling bin customers. After realizing the mistake, City staff and WMAC analyzed the affected accounts, and worked together to develop a proposal to refund the affected multi-family property accounts.

Due to different billing methods and billing cycles for the affected properties, as well as limitations to WMAC's billing system, WMAC could not change the rates immediately. Therefore, if approved by Council, WMAC will update the rates effective September 1, 2021, and credit customers' accounts by September 2021. Prior to September, account holders will receive a letter explaining the credit, that the credit will show on the next billing statement, and that they can receive a refund check upon request.

The refunds for the fifty-nine accounts are listed in Attachment III and range in amounts from less than \$100 for some smaller accounts, to more than \$40,000 for two large accounts. If checks are not issued, most accounts would not need to pay for solid waste services for one to six months.

ECONOMIC IMPACT

Returning \$533,237 to fifty-nine multi-family properties would have a positive impact on the local economy. Maintaining reasonable solid waste and recycling service fees would also have a positive impact on the community.

FISCAL IMPACT

The reimbursement of the affected commercial accounts and resetting of the recycling rate for multi-family bin customers by WMAC will not have a significant impact on the City's General Fund or solid waste funds. The City received about \$96,000 in franchise fees for the \$533,237 in overcharges. The franchise fees will likely be deducted from upcoming payments from WMAC.

STRATEGIC ROADMAP

This agenda item does not directly relate to any of the six priorities outlined in the Council's Strategic Roadmap.

SUSTAINABILITY FEATURES

Solid waste management involves the safe and responsible management of discarded material from generation through processing to disposal. Reducing waste landfilled by maximizing the reuse, recycling, and composting of materials increases diversion, conserves natural resources, and plays an important role in making a community sustainable.

PUBLIC CONTACT

No public contact has been conducted.

NEXT STEPS

If Council approves, staff and WMAC will initiate a process of crediting or disseminating refunds to the accounts affected by the overcharge for recycling starting in September 2021.

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Recommended by: Alex Ameri, Director of Public Works

Approved by:



Kelly McAdoo, City Manager