



Zero Waste Division

Rate Study Review and Input

City Council Work Session

September 17, 2019

Zero Waste Rate Schedules

- ▶ Initial 5 Year Rate Schedules approved by City Council with Resolution No. 66,600 - N.S. on May 24, 2014
- ▶ Scheduled rate adjustments FY2015 through FY2019
- ▶ Work Session to provide input and feedback on the Rate Model for FY2021 – FY2025

2014 Rate Study Assumptions & Results

- ▶ Consumer Price Index (CPI) has been 3% or higher since FY 2015, 5 year average is 3.22%
- ▶ All recycling commodities pricing and revenues have collapsed to almost zero value since 2016
- ▶ Recycling & Marketing Revenue Contract to City to \$4 million Expenditure Contract for 19 months

2014 Rate Study Assumptions & Results (cont.)

- ▶ Landfill disposal, organics composting, and Construction & Demolition (C&D) recycling contracts ended during FY2014 - FY2019 with subsequent contracts' costs exceeding annual CPI increases
- ▶ City negotiated labor agreements in 2018, and personnel expenses exceeded CPI
- ▶ Rate Model utilized can be modified and assumptions revised within the Model to determine appropriate rates

Cost Challenges - Next 5 Years

Expenditure Contracts

Contracts via RFP/IFB or contract extensions:

- ▶ Residential recycling collection, 10 years, NTE = \$37.5 million, in negotiation
- ▶ Recycling processing & marketing, 19 months, NTE = \$4 million, Contract ends June 30, 2020
- ▶ Organics hauling & composting, 3 years, NTE = \$13 million, Up for extension Feb 29, 2020
- ▶ Landfill disposal, 10 year contract, NTE = \$22 million, Up for extension Dec 31, 2021

Cost Challenges - Next 5 Years

Infrastructure

- ▶ Electrification and support infrastructure of the collection fleet, cost study required
- ▶ New Solid Waste & Recycling Transfer Station, Feasibility Study preliminary cost estimate to be presented to City Council in November 2019

Cost Challenges - Next 5 Years

Legislation

- ▶ Single Use Foodware and Litter Reduction Ordinance with initial preliminary cost estimate of \$900,000 to \$1.3 million for:
 - ▶ business outreach
 - ▶ technical assistance
 - ▶ mini-grant program
- ▶ SB 1383 addresses Short-Lived Climate Pollutants for Organic Waste Methane Emissions Reductions, unknown compliance costs
- ▶ AB 341 & AB 1826 mandatory recycling and organics program for businesses and multi-family complexes

Cost Considerations of Rate Study

City Collection Operations

- ▶ Residential refuse and plant debris collection (24,000+ customers)
- ▶ Commercial & multi-family refuse, dual stream recycling, & green waste/food collection (5,000+ customers)
- ▶ Residential bulky waste & holiday tree pick-ups (no charge)
- ▶ Roll-off containers for C&D debris and commercial compactor hauling

Cost Considerations of Rate Study

City Operations

- ▶ Contracted residential dual-stream recycling operations
- ▶ Transfer Station operations and off-site hauling of both C&D and refuse to recycling and disposal facilities
- ▶ Fire Fuel Removal Program
- ▶ Clean City Program
- ▶ Mattress and carpet recycling
- ▶ Used motor oil recycling (residential only)

Costs to Provide Residential and Commercial Collection Services

Projected Annual Residential Collection Costs (FY 21)

Refuse Collection Costs*	\$ 9,165,615
Recycling Collection Costs	\$ 5,515,061
Organics Collection Costs	<u>\$ 6,234,063</u>
Total Projected Residential Costs	\$20,914,740

* Includes other refuse related costs (e.g., street sweeping, etc.)

Providing service to 24,000+ customers

Projected Annual Commercial Collections Costs (FY 21)

Refuse Collection Costs*	\$13,729,229
Recycling Collection Costs	\$ 3,964,841
Organics Collection Costs	\$ 2,354,646
Roll-off Collection Costs	\$ 1,108,361

Costs kept separate due to varying subscription level options by material type

* Includes other refuse related costs (e.g., street sweeping, etc.)

Transition

to

Integrated Zero Waste Service
Rate Model

What is a Residential Integrated Zero Waste Service Rate?

- ▶ Each resident receives collection of 3 materials types
- ▶ 3 trucks/drivers every week



Refuse

Organics

Recycling

It is not just “garbage” anymore!

Proposed Model of Service Rate Structure

- ▶ One residential rate for all 3 services
- ▶ Separate rates for commercial customers
 - ▶ Refuse
 - ▶ Recycling
 - Fiber and metal/plastic – collected separately
 - ▶ Organics

5 year plan
for all
container
sizes to
reach full
cost of
service

Cost of Service Methodology

Capacity-based Rate Structure

- ▶ Costs are segregated into 3 categories
 - ▶ Variable
 - ▶ Fixed
 - ▶ Disposal/Processing
- ▶ Variable Costs
 - ▶ Allocated based on container capacity
- ▶ Disposal/Processing Costs
 - ▶ Allocated based on container size and average pounds per container

Integrated Collection Service Rate

1x per Week - Residential Collection

Current:	Refuse:	13* gallon	\$	17.78
	Dual Stream Recycling	64gallon	\$	-
	Plant Debris	64gallon	\$	-
			Monthly Cost = \$	17.78
	* 813 residential customers of 24,000+			
Proposed Integrated Service Collection Rate:				
	Refuse:	13gallon	\$	27.80
	Dual Stream Recycling	64gallon		**
	Plant Debris	64gallon		**
			Monthly Cost = \$	27.80
	** Integrated Service Rate includes recycling and compost			

Integrated Collection Service Rate

1x per Week - Residential Collection

Current:	Refuse:	20*gallon	\$	27.30
	Dual Stream Recycling	64gallon	\$	-
	Plant Debris	64gallon	\$	-
			Monthly Cost = \$	27.30
* 3,333 residential customers of 24,000+				
Proposed Integrated Service Collection Rate:				
	Refuse:	20gallon	\$	42.83
	Dual Stream Recycling	64gallon		**
	Plant Debris	64gallon		**
			Monthly Cost = \$	42.83
**	Integrated Service Rate includes recycling and compost			

Integrated Collection Service Rate

1x per Week - Residential Collection

Current:	Refuse:	32*gallon	\$	43.66
	Dual Stream Recycling	64gallon	\$	-
	Plant Debris	64gallon	\$	-
			Monthly Cost = \$	43.66
* 13,512 residential customers of 24,000+				
Proposed Integrated Service Collection Rate:				
	Refuse:	32gallon	\$	50.23
	Dual Stream Recycling	64gallon		**
	Plant Debris	64gallon		**
			Monthly Cost = \$	50.23
** Integrated Service Rate includes recycling and compost				

Integrated Collection Service Rate

1x per Week - Commercial Collection

Current:	Refuse:	32gallon	\$	35.89
	Dual Stream Recycling	64gallon	\$	-
	GW/Food	64gallon	\$	57.39
			Monthly Cost = \$	93.28
Proposed:	Refuse:	32gallon	\$	39.67
	Dual Stream Recycling	64gallon	\$	15.62
	GW/Food	64gallon	\$	27.91
			Monthly Cost = \$	83.20

Integrated Collection Service Rate

3x per Week - Commercial Collection

Current:	Refuse:	3 cubic yd.	\$ 1,428.48
	Dual Stream Recycling	1 cubic yd.	\$ 88.48
	GW/Food	1 cubic yd.	\$ 391.70
		Monthly Cost =	\$ 1,908.66
Proposed:	Refuse:	3 cubic yd.	\$ 1,415.91
	Dual Stream Recycling	1 cubic yd.	\$ 223.45
	GW/Food	1 cubic yd.	\$ 420.67
		Monthly Cost =	\$ 2,060.03

Next Steps

- ▶ Incorporate Council Work Session input and feedback
- ▶ November 5, 2019 presentation to City Council on Solid Waste & Recycle Transfer Station Feasibility Study Proposal
- ▶ Reports to City Council on Funding of Feasibility Study's CEQA process, revised Transfer Station Fees and Collection Rate Schedules in Spring 2020

Work Session Wrap-up & Council Questions