



CONSULTING GROUP, INC.
RESOURCES • RESPECT • RESPONSIBILITY



Residential and Commercial Rate Adjustment Options



PRESENTATION TO:
City of Riverside City Council
September 15, 2020



0

Presentation Outline

- ▶ Factors Impacting Costs / Rates
- ▶ Residential Collection Services
 - Significant Investment is Needed
 - General Findings
 - Rate Adjustment Scenarios
- ▶ Commercial Collection Services
 - Background / General Findings
 - Required Refuse Rate Adjustment
 - Proposed Recycling, Organics and Green Waste Maximum Rates
 - Rate Impacts



SLIDE 1

1

Factors Impacting Costs/Rates

- ▶ Annual residential and commercial CPI rate increases have lagged well behind actual cost increases
- ▶ China Sword ~ \$100 shift in cost associated with processing recyclables net of revenues for commodities
(e.g., \$50 revenue per ton is now \$50 cost per ton)
- ▶ Legislation
 - AB 341 Mandatory Commercial Recycling
 - AB 1826 Mandatory Commercial Organics Recycling
 - SB 1383 Expanded Residential and Commercial Mandatory Organics Recycling
- ▶ COVID-19 – Short-term impacts = increased residential disposal cost / decreased commercial revenues - Long-term impacts???



SLIDE 2

2

Residential Collection Services – Significant Investment is Needed –

- ▶ Current daily route workloads (# of accounts per route per day) are not balanced among the routes and in some cases exceed what represents a reasonable daily workload.
- ▶ Estimates are that the Division needs at least two (2) additional routes; one (1) for refuse and one (1) for recycling – ***This does not include any additional resources needed to comply with SB 1383 effective January 1, 2022.***
- ▶ The vehicle fleet is old and does not provide sufficient reliable vehicle capacity to safely and effectively complete the daily workload.
- ▶ Average age of vehicle fleet is 10 years – At 10 years vehicles typically get replaced.
- ▶ Five (5) new fully automated side loaders are needed to provide a sufficient number of reliable primary route vehicles (23 total routes).



SLIDE 3

3

Residential Collection Services

– General Findings –

- ▶ The Division is doing a good job with available resources.
- ▶ Available resources are not sufficient to operate to Industry Standards – *As previously noted additional staff and vehicles are needed.*
- ▶ The Refuse Fund had a \$1.01 million shortfall in FY 2018/19.
- ▶ A shortfall of \$4.37 million is projected for FY 2019/20.
- ▶ A residential rate increase is required to:
 - Address annual shortfall associated with current operations;
 - Address recycling market and associated costs; and
 - Provide additional funding needed to support “Industry Standard” operations:
 - Staff for Additional Required Routes
 - New Vehicles for Additional Required Routes
 - Replace Older Existing Vehicles
 - Provide Technology and Resources to Support Operational Efficiency



SLIDE 4

4

Residential Collection Services

– Rate Adjustment Scenarios –

	Monthly Rate							FYE 25/26 Results		
	Current Rate	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	Total Rate Increase	FY 25/26 Rate	FY 25/26 Rate vs. Scenario 1 Rate
SCENARIO 1	\$ 26.85	\$ 30.92	\$ 31.85	\$ 32.80	\$ 33.78	\$ 34.80	\$ 35.84	\$ 8.99	\$ 35.84	

	Incremental Increase in Monthly Rate					
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
SCENARIO 1	\$ 4.07	\$ 0.93	\$ 0.96	\$ 0.98	\$ 1.01	\$ 1.04

*Additional Rate Adjustments to Comply with SB 1383 by January 1, 2022
will likely be required*



SLIDE 5

5

Commercial Collection Services

– Background / General Findings –

- ▶ Commercial Services are provided by Athens, Burrtec, and CR&R under non-exclusive franchise agreements that expire in June 2023.
- ▶ The City currently sets maximum commercial refuse rates.
- ▶ Haulers are required to provide commercial and multi-family recycling and green waste services to accounts that request those services – *Relatively few accounts currently subscribe to recycling and organic services*
- ▶ The City does not currently regulate commercial recycling, organics or green waste rates with haulers to “charge a rate representing the actual cost of service plus a reasonable profit”.
- ▶ The City has been referred to CalRecycle’s Jurisdictional Compliance Unit (JCU) due to lack of effective required mandatory commercial recycling (MCR) and mandatory commercial organics recycling services (MORe).
- ▶ With the implementation of required MCR and MORe programs the City requested proposed recycling, organic and green waste rates from the haulers.



SLIDE 6

6

Commercial Collection Services

– Refuse Rate Adjustment –

- ▶ Existing commercial rates are generally below market rates, and in some cases significantly below (e.g., 95-gallon cart = \$2.12 per pickup paid to haulers)
- ▶ Commercial rates are adjusted annually based on the change in the CPI and transfer station disposal tip fee.
- ▶ October 1, 2020 commercial refuse rate adjustment = 3.03% per contract.
- ▶ Haulers have requested further increase to refuse rates on October 1, 2020 to more accurately reflect the actual cost of service.
- ▶ In response, staff offer the following annual adjustments above the City’s contractually obligated rate adjustments for City Council’s consideration:
 - October 1, 2020 – 1%
 - July 1, 2021 – 2%
 - July 1, 2022 – 1%



SLIDE 7

7

Commercial Collection Services

– Proposed Maximum Recycling, Organics and Green Waste Rates –

- ▶ The City requested proposals from each of the three haulers for commercial recycling, organic and green waste rates
- ▶ Based on those proposals the City has prepared maximum commercial recycling, organics and green waste rates for the City Council's consideration
- ▶ Commercial accounts with 4 or more cubic yards of weekly service will be required to subscribe to commercial recycling services with a minimum monthly service level of 95-gallons per week at a maximum rate of \$53.32 per month
- ▶ Commercial accounts with more than 2 cubic yards of weekly service will be required to subscribe to commercial organic collection services with a minimum service level of 64-gallons per week at a maximum monthly rate of \$81.75 per month.



SLIDE 8

8

Commercial Collection Services

– Rate Impacts –

1 Current 1-Yard Customer 1x per week: NO Recycling - NO Organics <table> <tr><td>Current Rate</td><td>\$ 57.54</td></tr> <tr><td>Recycling Rate</td><td>NA</td></tr> <tr><td>Organics Rate</td><td>NA</td></tr> <tr><td>New Rate</td><td>\$ 57.54</td></tr> <tr><td>Monthly Rate Increase</td><td>\$ - 0.0%</td></tr> </table>	Current Rate	\$ 57.54	Recycling Rate	NA	Organics Rate	NA	New Rate	\$ 57.54	Monthly Rate Increase	\$ - 0.0%	4 Current 4-Yard Customer 1x/Week: 95 gal Recycling + 65 gal Organics <table> <tr><td>Current Rate</td><td>\$ 156.23</td></tr> <tr><td>Recycling Rate</td><td>\$ 53.32</td></tr> <tr><td>Organics Rate</td><td>\$ 81.75</td></tr> <tr><td>New Rate</td><td>\$ 291.30</td></tr> <tr><td>Monthly Rate Increase</td><td>\$ 135.07 86.5%</td></tr> </table>	Current Rate	\$ 156.23	Recycling Rate	\$ 53.32	Organics Rate	\$ 81.75	New Rate	\$ 291.30	Monthly Rate Increase	\$ 135.07 86.5%
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3 Current 3-Yard Customer 1x/Week: NO Recycling + 65 gal Organics <table> <tr><td>Current Rate</td><td>\$ 122.43</td></tr> <tr><td>Recycling Rate</td><td>NA</td></tr> <tr><td>Organics Rate</td><td>\$ 81.75</td></tr> <tr><td>New Rate</td><td>\$ 204.18</td></tr> <tr><td>Monthly Rate Increase</td><td>\$ 81.75 66.8%</td></tr> </table>	Current Rate	\$ 122.43	Recycling Rate	NA	Organics Rate	\$ 81.75	New Rate	\$ 204.18	Monthly Rate Increase	\$ 81.75 66.8%											
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SLIDE 9

9

QUESTIONS & ANSWERS

10

THANK YOU FOR YOUR TIME

For additional questions, contact:

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11