

Λ

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

Factors Impacting Costs/Rates

- SITY OF ERSIDE
- 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???



2

Residential Collection Services - Significant Investment is Needed -

represents a reasonable daily workload.

- Current daily route workloads (# of accounts per route per day) are not balanced among the routes and in some cases exceed what
- 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).



Residential Collection Services

- General Findings -



- 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



4

Residential Collection Services - Rate Adjustment Scenarios -



	Monthly Rate												FYE 25/26 Results							
	Curre		FY	FY 2020/21		FY 2021/22		FY 2022/23		FY 2023/24		FY 2024/25		FY 2025/26		Total Rate Increase		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 20	20/21	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



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.





6

Commercial Collection Services

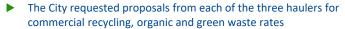
Refuse Rate Adjustment –

- 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%



Commercial Collection Services

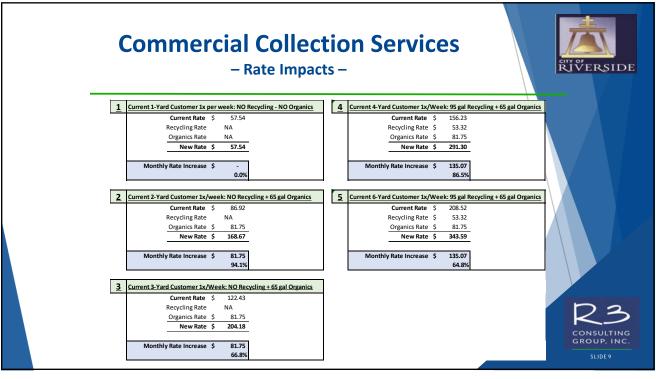
Proposed Maximum Recycling, Organics and
 Green Waste Rates –



- ▶ 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.

CONSULTING GROUP, INC.

8





10

THANK YOU FOR YOUR TIME

For additional questions, contact:

Richard Tagore-Erwin, Principal (916) 813-3702 | rterwin@r3cgi.com William Schoen, Project Director (916) 947-4880 | wschoen@r3cgi.com

