

DISCUSSION:

64-gallon Bin Service Cost, Revenue, and Tonnage Change Estimates

R3 Consulting Group, Inc. (R3), was engaged by the City to provide an analysis of the financial impacts associated with implementing a 64-gallon bin size. R3 will present their report.

Additional Pilot Program Idea

The following is an additional pilot program idea, to supplement R3's presentation.

Since 1999, the City of Modesto (population 218,069) has offered a program for neighbors to share one set of solid waste services (trash, organics, and recycling containers). Modesto provides their 57,000 residential solid waste accountholders with three 90-gallon bins for a monthly rate of \$56.01. This is Modesto's rate for standard weekly curbside service.

- The program is limited to two “next door neighbor” homes, multi-family property (5 or more units on one parcel), or commercial businesses located within the jurisdiction of the City of Modesto.
- All accounts must be in good standing with the City of Modesto.
- Shared services agreement does not supersede rental agreements with property owners and/or property management company. If property owner/property management company desires tenant to have their own solid waste service, then tenant must comply.
- Only one customer is billed for service (Modesto refers to this as Party B).
- The non-billed account (Party A) submits a no fee on-line application to the City of Modesto requesting cancelation of their services and to share service with Party B for one of the following reasons:
 - Total number of people residing in homes is less than 4 (includes adults and children)
 - Not enough space for all containers (may require a site visit)
 - Financial hardship (annual income is less than \$24,000¹)
- Party B is billed by and pays the City and Party A reimburses Party B directly for their half of the shared solid waste service.
- Modesto processes the requests within 10 business days for approval or denial.
- Every two years City staff conducts an in-person audit to verify that the same parties still reside at the approved addresses and that they have the correct service level.

Modesto manages the program in this manner for several reasons:

- It is challenging for the Billing Department to maintain split billing accounts. Though the program participants may be physical neighbors, they are not adjacent in the billing system and there is not a way to “link accounts” in the software (Riverside's billing software has a similar limitation).
- Split billing necessitates a separate rate structure which can be challenging to maintain due to the number of line items (calculations) involved in the rate structure.
- It is easier for Modesto to identify who receives the new cans when shared service is ended.
- An administrative process, rather than a billing system process, makes managing move ins/outs where new neighbors do not qualify or do not wish to continue participating in the shared program less complicated.

¹ Modesto's financial hardship level is less than the 2024 Federal Poverty Level for a family of four of \$31,200.

There are currently 94 participants in Modesto’s program. There have been few neighbor disputes since the program’s inception, and those customers chose to cancel their request. The City of Modesto reserves the right to cancel if customers do not comply with the municipal code but has not had to exercise this right.

Potential Benefits

A shared service pilot program offers several benefits, particularly for seniors living on fixed income, or living in mobile home parks where space for bins may already be limited, or for seniors who live alone and generate less trash than homes with multiple residents.

Guidelines and processes would need to be established ahead of implementing a pilot program. If a pilot program similar to Modesto’s were tested in Riverside, using our existing 96-gallon can service, potential monthly savings to participants would be as follows:

Solid Waste Rates through June 30, 2024

Service Component	Rate	Potential Monthly Savings with Shared Service
Curbside/Disabled	\$34.72	\$17.36
Mobile Home / Apartment	\$19.81	\$9.91
Condo/Townhouse	\$21.42	\$10.71

Solid Waste Rates effective July 1, 2024 - June 30, 2025

Service Component	Rate	Potential Monthly Savings with Shared Service
Curbside/Disabled	\$37.32	\$18.66
Mobile Home / Apartment	\$21.30	\$10.65
Condo/Townhouse	\$23.03	\$11.52

Solid Waste Rates effective July 1, 2025 - June 30, 2026

Service Component	Rate	Potential Monthly Savings with Shared Service
Curbside/Disabled	\$39.75	\$19.88
Mobile Home / Apartment	\$22.68	\$11.34
Condo/Townhouse	\$24.53	\$12.27

Solid Waste Rates effective July 1, 2026 - June 30, 2027

Service Component	Rate	Potential Monthly Savings with Shared Service
Curbside/Disabled	\$42.33	\$21.17
Mobile Home / Apartment	\$24.15	\$12.08
Condo/Townhouse	\$26.12	\$13.06

Solid Waste Rates effective July 1, 2027 - June 30, 2028

Service Component	Rate	Potential Monthly Savings with Shared Service
Curbside/Disabled	\$45.08	\$22.54

Mobile Home / Apartment	\$25.72	\$12.86
Condo/Townhouse	\$27.82	\$13.91

Athens Services Audit Findings on Contaminated Commodities

Athens Services (Athens) “audit team” conducted quarterly audits in Riverside during the week of October 16-20, 2023. This team of six goes out ahead of the Refuse trucks in the morning to “flip lids” and conduct random spot checks for contaminated recycling and green waste. Where contamination (commingling) was observed, the team member placed a customer notification tag on the bin (sample tag attached). Athens’ audit team’s observations of residential solid waste bins are summarized in the following table.

Athens Audit Team Spot Checks

	Observations	Contaminated	% Contaminated
Trash	5,366	10	0.2%
Recycling	1,594	14	0.9%
Organics	1,070	48	4.5%
Total	8,030	72	0.9%

As part of their monthly reporting to the City, Athens provides a contamination report. Since October 2023 when they began tracking, among their approximately 21,000 residential accounts Athens identified the following instances of contaminated commodities:

Athens Driver Contamination Reports

	Organics Contaminated	Recycling Contaminated
October 2023	110	25
November 2023	147	23
December 2023	162	13
January 2024	185	21
February 2024	128	19
March 2024	157	24
Total	889	125

Costs For Processing Commingled (Contaminated) Commodities

Costs to the City to process waste are incurred through tip fees at the Agua Mansa Materials Recovery Facility/Transfer Station (MRF). The following are the current fiscal year’s tip fees:

- Trash - \$66.17/ton
- Residential recycling - \$73.17/ton
- Mixed Organics (bagged food + green waste) - \$105.40/ton

Though not every instance of contamination results in contaminated loads, one residential bin of commingled organics or recycling may contaminate at least a portion of the truck’s 10-ton load (on average). Contaminated organics and recycling are ultimately handled as trash at the Agua Mansa Materials Recovery Facility (MRF) and could have a higher financial impact to the City.

For example:

A green waste truck delivers a 10-ton load to the MRF which is received and processed at the green waste tip fee of \$105.40 x 10 tons = \$1,054.

Contamination is identified by the MRF (may be a broken bag of food waste, or food waste placed directly into the bin with the green waste), and the amount of the spoiled load called “residue” (for purposes of this example, assume ½ the load or 5 tons is spoiled) is removed from the green waste load and transferred to process as trash at the trash tip fee of \$66.17 x 5 tons = \$330.85.

The total cost to the City for this single trash truck is now \$1054 + \$330.85 = \$1,384.50.

Public education is a critical component in keeping commingled (contaminated) at a minimum, and the notification tags placed by Athens and City staff on bins where commingling is identified are an important communication tool in that effort.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 – High Performing Government**.

The item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** –Review of the Solid Waste program for new options to enhance service to the community serves the public interest and results in greater public good.
2. **Equity** – Riverside is committed to advancing fair treatment and equitable distribution of services to ensure every member of the community has equal access to share in the benefits of community progress.
3. **Fiscal Responsibility** – Riverside is a prudent steward of public funds and ensures responsible management of the City’s financial resources while providing quality public services to all.
4. **Innovation** – Riverside is inventive and timely in meeting the community’s changing needs and prepares for the future through adaptive processes.
5. **Sustainability & Resiliency** – Riverside is committed to meeting the needs of the present without compromising the needs of the future and ensuring the City’s capacity to persevere, adapt and grow during good and difficult times alike.

FISCAL IMPACT:

There is no immediate fiscal impact associated with receiving this report.

While several options have been identified to more quickly provide smaller bins coupled with some potential cost savings to customers, the costs to implement a large-scale smaller bin option could be very high depending on demand, fixed costs including driver salaries, cost to maintain

and operate solid waste vehicles, tipping fees, and implementation would take several months. Due to financial challenges faced by the Solid Waste Fund, a supplemental appropriation from another financing source such as the General Fund or Measure Z, may be required for the outlay for bin inventory.

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Attachments:

1. Report by R3 Consulting Group, Inc.
2. Athens Services Customer Notification Tag
3. City of Modesto Shared Container Service Contract Application
4. Presentation