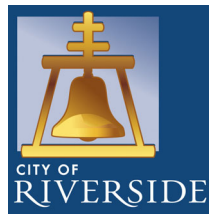


ADDING THE OPTION OF A SMALLER TRASH BIN

Cost, Revenue, and Tonnage Change
Estimates

June 13, 2024



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AGENDA

1. **Background, Objectives, & Assumptions**
2. **Estimated Costs**
3. **Estimated Revenue Impacts**
4. **Estimated Trash Waste Reduction**
5. **Recommendations**
 - > Pilot Program
 - > Shared Service Alternative

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Background, Objectives, & Assumptions

➤ Background

- 64,3000 residential solid waste service accounts
- City crews service 42,300 of those accounts; Athens services the remaining 22,000
- All residential accounts currently have 96-gallon bins for their solid waste collection service
- The City is considering offering a 64-gallon service option at a reduced rate for low waste generating residents, including seniors

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Background, Objectives, & Assumptions

➤ Objectives

- Estimate potential costs associated with implementing a 64-gallon option for low waste generating residents, including seniors.
- Estimate potential revenue impacts associated with the expected rates for the 64-gallon option.
- Estimate potential trash waste reduction impacts associated with a 64-gallon option.
- Suggest pilot programs or alternatives for consideration.

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3

Background, Objectives, & Assumptions

➤ Assumptions

- Low waste generating residents, including seniors, would be eligible for subscription to the new 64-gallon option.
- New expenses would be paid for out of the City's solid waste fund, and revenue reductions would impact the solid waste fund.
- No adjustments to existing rates would be made to pay for new expenses or back-fill revenue reductions.
- No modification to collection vehicles would be needed to service 64-gallon bins.
- There would be no collection service cost savings associated with 64-gallon bins compared to 96-gallon bins, because the fixed costs of collection would remain the same and it takes the same amount of time to service both bin sizes.

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Estimated Costs

➤ Primary Cost: \$75 per bin (x3 bins per household)

- Assumes City has space for storage of inventory at no additional costs
- Assumes City will do its own assembly and delivery of bins at no additional cost
- Analysis assumes these costs occur all at once
- So costs are a function of how many customers opt to subscribe to 64-gallon service AND whether the 64-gallon option includes all three waste streams

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Estimated Costs

Table 1: Estimated Expenses for 64-gallon Service for Trash, Recycling, and Organics

	# of Accounts	# of Bins	Est. Cost Per Bin	Estimated New Bin Expenses		
				5% Subscription	10% Subscription	15% Subscription
City	42,300	126,900	\$75	\$ 474,000	\$ 949,000	\$ 1,423,000
Athens	22,000	66,000		\$ 247,000	\$ 493,000	\$ 740,000

Table 2: Estimated Expenses for 64-gallon Service for Trash Only

	# of Accounts	# of Bins	Est. Cost Per Bin	Estimated New Bin Expenses		
				5% Subscription	10% Subscription	15% Subscription
City	42,300	42,300	\$75	\$ 158,000	\$ 316,000	\$ 474,000
Athens	22,000	22,000		\$ 82,000	\$ 164,000	\$ 247,000

Both tables assume that the City offers modest cost-of-service rate savings to customers rather than a linearly graduated (i.e., proportionate to number of gallons, or 33%) lower rate for the 64-gallon option.

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Estimated Revenue Impacts

Table 3: 64-gallon Rate Compared to 96-gallon Rate for Comparison Communities

Municipality	64-gallon Rate	96-gallon Rate	64-gallon Rate Compared to 96-gallon Rate
Anaheim	\$ 26.61	\$ 27.78	-4%
Ontario (Municipally Operated)	\$ 35.60	\$ 39.78	-11%
Chula Vista	\$ 29.73	\$ 35.02	-15%
Long Beach (Municipally Operated)	\$ 36.03	\$ 42.66	-16%
Stockton	\$ 45.78	\$ 55.46	-17%
Oakland	\$ 103.67	\$ 155.79	-33%

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Estimated Revenue Impacts

Table 4: Estimated Annual Revenue Reduction @ 5% Rate Reduction for 64-gallon Service

	# of Accounts	96-gallon Rate	64-gallon Rate	Revenue Reduction		
				5% Subscription	10% Subscription	15% Subscription
City	42,300	\$ 34.72	\$ 32.98	\$ 44,000	\$ 88,000	\$ 132,000
Athens	22,000			\$ 23,000	\$ 46,000	\$ 69,000

Table 5: Estimated Annual Revenue Reduction @ 10% Rate Reduction for 64-gallon Service

	# of Accounts	96-gallon Rate	64-gallon Rate	Revenue Reduction		
				5% Subscription	10% Subscription	15% Subscription
City	42,300	\$ 34.72	\$ 31.25	\$ 88,000	\$ 176,000	\$ 264,000
Athens	22,000			\$ 46,000	\$ 92,000	\$ 137,000

Table 6: Estimated Annual Revenue Reduction @ 15% Rate Reduction for 64-gallon Service

	# of Accounts	96-gallon Rate	64-gallon Rate	Revenue Reduction		
				5% Subscription	10% Subscription	15% Subscription
City	42,300	\$ 34.72	\$ 29.51	\$ 132,000	\$ 264,000	\$ 397,000
Athens	22,000			\$ 69,000	\$ 138,000	\$ 206,000

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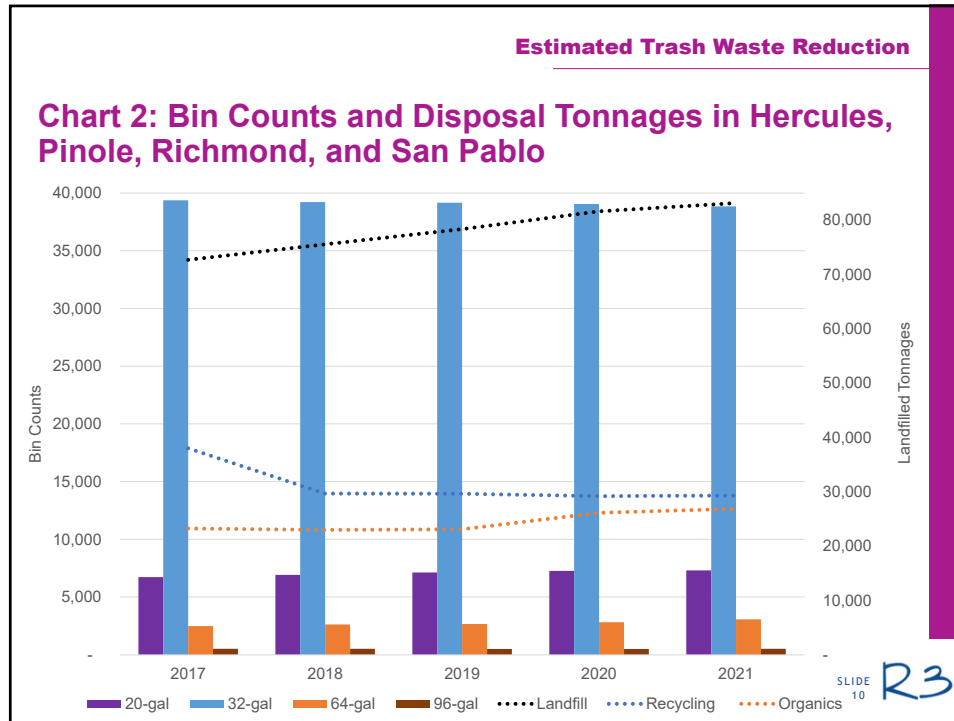
Estimated Trash Waste Reduction

Chart 1: Bin Counts and Disposal Tonnages in El Cerrito

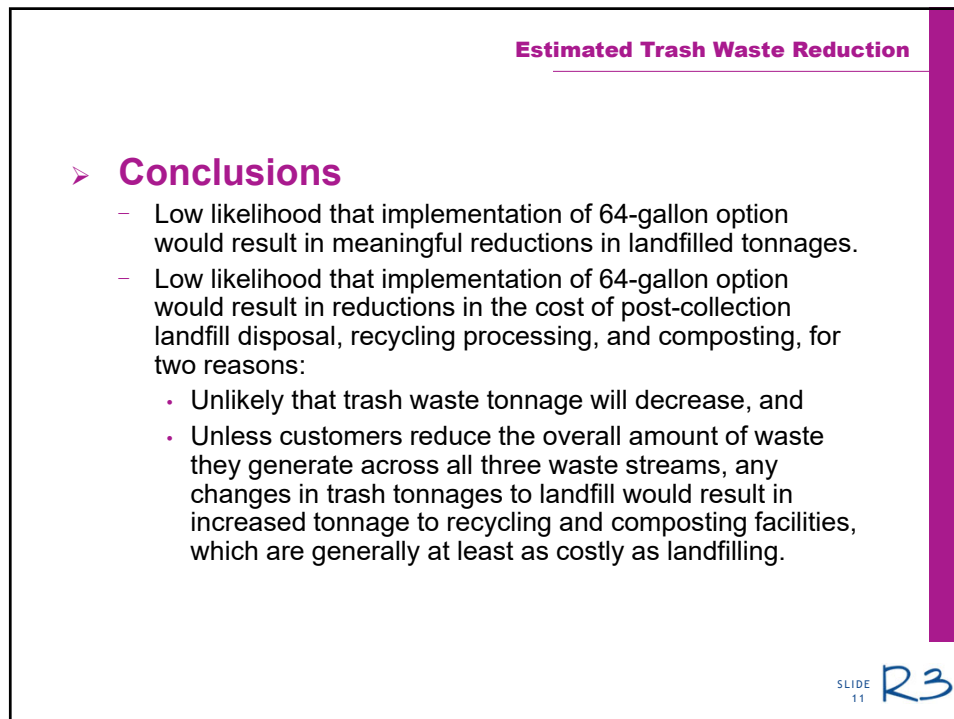


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Recommendations

➤ Pilot Program

- Low-end estimates for capital costs for 64-gallon option only for trash bins exceed the current available balance projection for the solid waste fund.
- However, City could afford to implement a pilot program to offer 64-gallon option to 5% of customers serviced by City (or to low waste generating seniors only), up to 2,100 customers.
- At this number of customers, City could afford to offer up to a 15% rate reduction for 64-gallon option without depleting solid waste fund.

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Recommendations: Pilot Program for 64-gallon Option

Table 7: Estimated Expenses, Revenue Reductions, and Available Fund Balance for Three-Stream 64-gallon Bin Pilot Program (5% of Residents) at 15% Rate Reduction

	FY 2024/25	FY 2025/26	FY 2026/27
Est. Starting Fund Balance	\$ 2,100,000	\$ 504,950	\$ 1,100
Revenues	\$ 4,461,000	\$ 36,523,000	\$ 38,710,000
Expenditures	\$ 35,965,000	\$ 37,007,000	\$ 38,080,000
Pilot Program New Bin Costs	\$ 71,200	\$ -	\$ -
Revenue Reduction	\$ 19,850	\$ 19,850	\$ 19,850
Est. Ending Fund Balance	\$ 504,950	\$ 1,100	\$ 611,250

Table 8: Estimated Expenses, Revenue Reductions, and Available Fund Balance for Trash Only 64-gallon Bin Pilot Program (5% of Residents) at 15% Rate Reduction

	FY 2024/25	FY 2025/26	FY 2026/27
Est. Starting Fund Balance	\$ 2,100,000	\$ 552,450	\$ 48,600
Revenues	\$ 34,461,000	\$ 6,523,000	\$ 38,710,000
Expenditures	\$ 35,965,000	\$ 7,007,000	\$ 38,080,000
Pilot Program New Bin Costs	\$ 23,700	\$ -	\$ -
Revenue Reduction	\$ 19,850	\$ 19,850	\$ 19,850
Est. Ending Fund Balance	\$ 552,450	\$ 48,600	\$ 658,750

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Recommendations: Pilot Program for 64-gallon Option

Table 9: Example Timeline for Pilot Program Implementation

Implementation Steps	Implementation Month (Early Range)	Implementation Month (Late Range)
Pilot Design Development	July 2024	
Final Pilot Design	August 2024	
Printing and Mailing of Outreach and Education	September 2024	February 2025
Customers Start Signing Up For Pilot Participation	October 2024	March 2025
Final Preparations for Pilot Implementation and Bin Delivery	November 2024	April 2025
Deliver Bins and Start Pilot Program	January 2025	June 2025

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Recommendations: Shared Service Alternative

- **Provide ratepayers the chance to opt out of collection service for trash, recycling, and/or organics service if they can document that they meet a set of criteria, such as:**
 - Prove that their waste diversion is equal to or greater than what it would be with City collection services,
 - Prove that their waste diversion and disposal is completed with equal to or less environmental impact than with City collection services, and
 - Prove that their waste diversion and disposal methods do not constitute a nuisance as defined in the City's Municipal Code.

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Recommendations: Shared Service Alternative

- **In practical terms, this might mean that customers fall under one or more of these scenarios:**
 - They'll be consensually sharing a waste bin or bins with another City customer.
 - They generate little waste material at their City address, already receive waste collection service at a second residence or business, and will be hauling their waste to that second residence or business for collection with no additional greenhouse gases generated.
 - They generate little waste material and will schedule a bulky pick-up or self-haul if they accrue enough waste material to warrant off-site handling.

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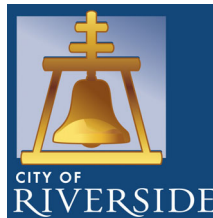
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