

Item No.3

Supplemental Material

For

City of Sacramento

Utilities Rate Advisory Commission

Agenda Packet

Submitted: November 28, 2012

For the Meeting of: November 28, 2012

Additional Material

Revised Material

TITLE: Solid Waste & Recycling Division Business Plan and Rate Stabilization Update

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Please include this supplemental material in your agenda packet. This material will also be published to the City's Internet. For additional information, contact the City Clerk Department at Historic City Hall, 915 I Street, First Floor, Sacramento, CA 95814-2604, (916) 808-7200.



REPORT TO Utilities Rate Advisory Commission City of Sacramento

1395 35th Ave. Sacramento, CA 95822
www.cityofsacramento.org/utilities

New Additional Container Rates

Per City Council direction, new rates for extra recycle and yard waste cans have been developed to provide residents with cost effective solutions for handling additional materials that may result from the proposed new yard waste and curbside recycling program scenarios. The following proposed rates were developed according to a component based rate methodology that determines a proportional share of costs for labor, containers, fleet, and disposal associated with the additional can.

| <u>Additional Recycle Container</u> | |
|-------------------------------------|----------------|
| <u>Component</u> | <u>Cost</u> |
| Labor | \$ 0.52 |
| Container | \$ 0.52 |
| Overhead | \$ 0.24 |
| Fuel | \$ 0.05 |
| Vehicle Maintenance | \$ 0.23 |
| Disposal | \$ - |
| Routing | \$ - |
| General Fund Utility Tax | \$ 0.20 |
| New Monthly Rate | \$ 1.76 |
| Current extra container rate | \$ 5.13 |
| Savings | \$ 3.37 |

| <u>Additional Yard Waste Container</u> | |
|--|----------------|
| <u>Component</u> | <u>Cost</u> |
| Labor | \$ 1.04 |
| Container | \$ 0.52 |
| Overhead | \$ 0.24 |
| Fuel | \$ 0.08 |
| Vehicle Maintenance | \$ 0.35 |
| Disposal | \$ 0.75 |
| Routing | \$ - |
| General Fund Utility Tax | \$ 0.36 |
| New Monthly Rate | \$ 3.34 |
| Current extra container rate | \$ 5.70 |
| Savings | \$ 2.36 |

While the additional recycling container rate is brand new, the additional yard waste container rate is \$2.36 lower than the current rate due to reduced fleet costs associated with the division’s newer refuse trucks.

New Rate for ABNCU Oversized Piles

With the new neighborhood cleanup program, each resident can make one appointment annually for a free bulky waste collection up to five cubic yards. ABNCU piles



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determined by solid waste route supervisory staff to exceed the five cubic yard program limit will be subject to an oversized pile fee of \$28.60 for up to an additional five cubic yards of material. This rate is based on the cost of collection and disposal of the additional material at the City's current disposal rate of \$57.76 per ton.

Use of Fund Reserves

The division is drawing on fund reserves to avoid rate increases and keep rates steady through June 30, 2015 despite escalating costs for labor, fuel and disposal expenses incurred since the last Solid Waste fund rate increase in 2010. The table below summarizes the projected revenues and expenditures through FY2014/15 and the effect on solid waste fund reserves.

| | FY2012/13 | FY2013/14 | FY2014/15 |
|--|----------------------|-----------------------|-----------------------|
| Total Revenues | \$ 60,251,000 | \$ 57,361,250 | \$ 57,380,008 |
| Total Expenses | \$ 58,749,775 | \$ 60,448,097 | \$ 61,149,691 |
| Net Surplus/(Deficit) | \$ 1,501,225 | \$ (3,086,847) | \$ (3,769,684) |
| Total Rate (for typical single family residence) | \$ 38.31 | \$ 38.31 | \$ 38.31 |
| \$ change | | \$ - | \$ - |
| % rate change | | 0.00% | 0.00% |
| Fund Reserves | \$ 14,165,410 | \$ 11,078,563 | \$ 7,308,880 |

Proposition 218 Rate Notification

Contingent on City Council approval of the implementation plan, staff will prepare and mail Proposition 218 notices to all solid waste utility customers by December 21, 2012 regarding rate and residential service level changes through FY2014/15. A public hearing will be scheduled 45 days after the 218 notices are mailed. Over the next year, Solid Waste staff will monitor the actual costs associated with the new residential programs and return to the Utilities Rate Advisory Commission in 18 months with an update on any future rate adjustments.

4. New Rates for Additional Services

- Component Based Rate Methodology
 - Addresses major cost components (i.e. labor, equipment, fleet & disposal)
 - Proportional cost share on the second can

| <u>Component</u> | <u>Additional Recycle Can</u> | <u>Additional Yard Waste Can</u> |
|------------------------------|-----------------------------------|--------------------------------------|
| Labor | \$ 0.52 | \$ 1.04 |
| Container | \$ 0.52 | \$ 0.52 |
| Overhead | \$ 0.24 | \$ 0.24 |
| Fuel | \$ 0.05 | \$ 0.08 |
| Vehicle Maintenance | \$ 0.23 | \$ 0.35 |
| Disposal | \$ - | \$ 0.75 |
| Routing | \$ - | \$ - |
| General Fund Utility Tax | \$ 0.20 | \$ 0.36 |
| New Monthly Rate | \$ 1.76 | \$ 3.34 |
| Current Extra Container Rate | \$5.13 | \$5.70 |
| Savings | (\$3.37) | (\$2.36) |

