

# Sustainable Rate Task Force Update

**Presentation to the Zero Waste Commission**  
Nashua Kalil, Chair

August 23 2011



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# Overview of Tonight's Presentation

## Sustainable Rate-Setting to Achieve the City's Zero Waste Policy:

- Subcommittee Process Update
- Division Rate Vision Statement
- Rate Structure Model & Comparables
- City Cost Model/R3 Update by Staff
- Rate-setting under Prop 218 & Questions for the City Attorney
- Next Steps: Process & Review Milestones



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# Subcommittee Process Update

## Recent Activities:

- Meetings with Division Manager to Define Rate Structure Categories
- Study of 2009 R3 City Cost Model
- Review of Current Multi-Family Service & Proposed Growth/Expansion Program
- Prop 218 & 26 Research
- Preparation for Meeting with City Attorney



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# Division Mission Statement

A Unified Goal :

*"To create a fiscally sound,  
zero waste-based rate policy  
and structure."*



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# Our Rate Structure Model:

## Organizing Principles

### 1. Categories of Service; *refuse, organics, recycling, & c&d, for property-based and non-property-based servicing, that differentiate type of discard & for property type & incentivize diversion to achieve zero waste*

- **Single-family**
- **Duplex** *(possibly same as single-family)*
- **Multi-family** *(unit size categories)*
- **Mixed-use residential**
- **Commercial & Industrial** *(need to refine based on scale of property)*
- **Institutional** *(schools, public facilities, University, medical/hospital)*
- **Transfer Station**
- **Debris Box**
- **Events**
- **Fire Fuel Management**
- **other special services**



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# Our Rate Structure Model:

## Organizing Principles

### 2. Level of Service: *for categories of property-based services*

- **Type of Discard** *(dry rubbish, organics, recycling, C&D)*
- **Service Frequency**
- **Special Circumstances**



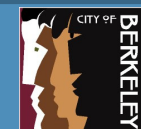
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# Our Rate Structure Model:

## Organizing Principles

3. **Service Volume & Efficiencies:** *for categories of property-based services in concert with new technologies (semi-automation/full automation)*

- Can Size
- Container Type
- Special Circumstances



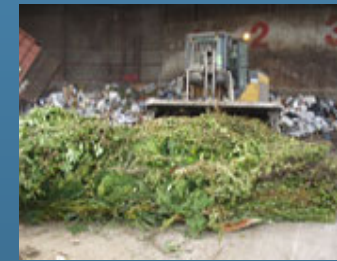
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# Our Rate Structure Model:

## Organizing Principles

### 4. Cost of Service: *for categories of property-based services*

- Collection & Disposal
- Vehicle Fleet & Transportation Costs
- Division & Service Center Labor
- City Overhead
- Outreach, Education & Staff Needs
- Capital Improvement Needs & Financing
- Other Cost Categories tbd, based on updated R3 cost model



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# Our Rate Structure Model:

## Subcommittee Recommendations to Date

- Clarify cost methodology, define efficiencies & update cost model
- Tier residential rates based upon logical categorical definitions in advance of proposed mandatory recycling
- Distinguish basic service cost versus regulatory fees as understood under Prop 218
- Identify diversion incentives
- Define compliant independent funding mechanisms for new multi-family services, Clean Cities Program (street sweeping in particular)
- Raise Franchise Fee to 36%
- Redefine commercial discard servicing and analyze franchise alternatives
- Analyze unified billing via property tax with mailed statements



# R3 Cost Model Update:

## Basic Understanding:

- R3 Created extensive cost analysis 2009 to test rates against 218 prohibitives
- Cost model based on 2008/2009 FY Budget, projected to 2010/2011
- Model very complex Excel spreadsheet & difficult to use
- Model illuminates budget structure inefficiencies
- Blanket 34% City overhead attributed to various cost divisions
- Additional overhead included for various staff
- Model requires major update including staff reductions & efficiency measures
- R3 currently working with City staff training
- Cost model IS NOT a Rate model



# Rate Comparison Studies

## Rate Structure Case Studies:

- City of El Cerrito
- City of Sacramento
- City of Fremont

## Street Sweeping Fee Case Studies:

- City of Sacramento
- City of Brea

## Franchise Fee Case Studies:

- City of Oakland
- City of Emeryville

No. Containers	Number of pick ups per week				
	1	2	3	4	5
1	34.16	68.31	102.47	136.62	170.78
2	46.81	93.61	140.42	187.22	234.03
3	63.25	126.50	189.75	253.00	316.25
4	79.70	159.39	239.09	318.78	398.48
5	96.14	192.28	288.42	384.56	480.70
6	112.59	225.17	337.76	450.34	562.93
7	129.03	258.06	387.09	516.12	645.15
8	145.48	290.95	436.43	581.90	727.38



Save Thousands on  
your Garbage Bill



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# Preparation for Meeting with City Attorney

## 3 Areas of Clarification:

- Berkeley's Ability to Raise or Modify Service Rates
- Clean Cities/Street Sweeping Fees
- Franchise Contracts & Fees



# Rate-Setting under Prop 218 & 26

## League Of CA Cities Analysis:

- **Exemption from Voter-Approval:** Fees related to sewer, water, and refuse collection services do not require voter approval.
- **Fees for Service Provided Only.** Revenues derived from fees for service may not be used for any purpose other than what the fee was imposed for.
- **Fees for Governmental Services Prohibited.** Fees for services may not fund general governmental services, including but not limited to police, fire, ambulance, or library services.
- **Fees not to Exceed Cost of Service.** Revenues derived from the fee may not exceed the funds required to provide the property related service.
- **Fee not to Exceed Proportional Cost.** The amount of the fee may not exceed the proportional cost of the service attributable to the parcel.
- **City's Police Power to impose rates.** Police power is the authority to enact laws to promote the public health, safety, morals and general welfare of the community. Weekly refuse collection is controlled by public health laws, and regulatory fees are found by the Court to be different from other fees and charges in that regulatory fees are imposed under the state's police power, rather than its taxing power, and are generally imposed for engaging in a regulated activity.
- **City's ability to establish a base cost of service.** Fees for refuse collection and domestic water supply often have more than one component of a service component and a regulatory component... Likewise, the fee payer pays the service component of a refuse collection charge in order to use the service (e.g. curbside collection of refuse). The fee-payer pays the regulatory component of a refuse collection charge to mitigate the impacts of their activity on the need to acquire, construct and operate a landfill, or for some other regulatory purpose related to the collection and disposal of refuse. The service component of a charge is subject to Article XIID.
- **City's ability to differentiate rates to deter and incentivize disposal.**



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# ZWC Process & Agency Review

## Next Step Milestones:

- City Attorney Meeting & Response
- Division Management Rate Model & Franchise Fee Increase Proposal
- Staff Presentation of Updated Cost Model
- Staff Cost-Benefit Unified Billing Assessment
- Assessment of Proposed Cost & Rate Model(s) by ZWC & Council
- Multi-Family Program Expansion including Ecology Center/StopWaste.org support & grants
- Subcommittee Final Report & Presentation to City Council



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# Discussion & Questions

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