



HF&H Consultants, LLC

City of Berkeley Presentation to Zero Waste Commission

November 12, 2013



Rate Study Project Objectives

- Fiscal Responsibility
 - Inadequate current annual revenues
 - Inevitable decline in disposed tons
 - Previous cost savings measures by department
- 218 Compliance
 - Calculations
 - Processing
- Zero Waste Policy Commitment
 - Incentives



Tasks Performed

- HF&H allocated costs into specific lines of business
 - Residential
 - Refuse Collection
 - Recyclables Collection
 - Organics Collection
 - Commercial
 - Refuse Collection
 - Recyclables Collection
 - Organics Collection
 - Roll-off Collection



Tasks Performed

- Transfer Station
- Other Services
 - Streets & Sanitation
 - Litter Collection
- Extensive analysis of current and projected revenues



Reclasses were Necessary

- Reclassed revenues and expenditures to match the activity
 - \$4.0 million of “residential” revenue reclassified to “commercial” for small bin customers
 - Transfer, transport, disposal and processing costs reclassified from the transfer station to residential and commercial operations



Reclasses were Necessary

- Residential organics collection and Commercial organics collection costs were separately identified
- City department costs were allocated based on various factors, such as:
 - Personnel
 - Customers



Reclasses were Necessary

- Miscellaneous other reclasses
 - Fire Fuel Management



Summary of Revenues & Expenditures – Collection Operations

	Residential Collection				
	Refuse	Recycling	Organics	Other	Total
REVENUE					
Rate Revenue (current subscriptions levels @ current rates)	\$12,564,000	\$0	\$6,000	\$142,000	\$12,712,000
Commodity Revenue	0	196,000	0	0	196,000
Estimated Migration (5%) due to rate increase	(309,000)	0	0	0	(309,000)
Franchise Fee Allocation	348,000	0	0	0	348,000
Transfer Station					
City Collected Revenue	0	0	0	0	0
Gate Revenue	0	0	0	0	0
TOTAL REVENUE	12,603,000	196,000	6,000	142,000	12,947,000
EXPENDITURES					
Operating Costs including Allocated Department Costs	5,844,299	4,161,771	3,149,815	208,000	13,363,885
Additional Plastics Collection Program	0	128,000	0	0	128,000
1.7% Commission on Tax Roll Revenue	119,000	0	0	0	119,000
Allocation of:					
Streets & Sanitation	465,000	0	0	0	465,000
Litter Collection	0	0	0	0	0
Transfer/Transport/Disposal/Processing Costs	1,111,000	0	778,000	0	1,889,000
Capital	123,000	0	0	0	123,000
TOTAL EXPENDITURES	7,662,299	4,289,771	3,927,815	208,000	16,087,885
NET REVENUE SURPLUS (SHORTFALL)	\$4,940,701	(\$4,093,771)	(\$3,921,815)	(\$66,000)	(\$3,140,885)

PROJECTED RATE INCREASE **24.71%**



Summary of Revenues & Expenditures – Collection Operations

	Commercial Collection					Total
	Refuse	Recycling	Organics	Roll-off	Other	
REVENUE						
Rate Revenue (current subscriptions levels @ current rates)	\$10,898,000	\$6,000	\$1,421,000	\$1,106,000	\$0	\$13,431,000
Commodity Revenue	0	49,000	0	0	0	49,000
Estimated Migration (5%) due to rate increase	0	0	0	0	0	0
Franchise Fee Allocation	0	0	0	0	0	0
Transfer Station						
City Collected Revenue	0	0	0	0	0	0
Gate Revenue	0	0	0	0	0	0
TOTAL REVENUE	10,898,000	55,000	1,421,000	1,106,000	0	13,480,000
EXPENDITURES						
Operating Costs including Allocated Department Costs	3,714,000	1,976,000	951,000	708,000	10,000	7,359,000
Stopwaste Phase 2 Recycling Costs	0	0	775,000	0	0	775,000
Additional Plastics Collection Program	0	41,000	0	0	0	41,000
Allocation of:						
Streets & Sanitation	2,255,000	0	0	0	0	2,255,000
Litter Collection	330,000	0	0	0	0	330,000
Transfer/Transport/Disposal/Processing Costs	1,475,000	0	590,000	777,000	0	2,842,000
Capital	163,000	0	0	52,000	0	215,000
TOTAL EXPENDITURES	7,937,000	2,017,000	2,316,000	1,537,000	10,000	13,817,000
NET REVENUE SURPLUS (SHORTFALL)	\$2,961,000	(\$1,962,000)	(\$895,000)	(\$431,000)	(\$10,000)	(\$337,000)

PROJECTED RATE INCREASE **2.51%**



Summary of Revenues & Expenditures – Collection Operations

	Collection Operations	Transfer Station	Other Services		Total
			Sanitation	Collection	
REVENUE					
Rate Revenue (current subscriptions levels @ current rates)	\$26,143,000	\$0	\$0	\$0	\$26,143,000
Commodity Revenue	245,000	0	0	0	245,000
Estimated Migration (5%) due to rate increase	(309,000)	0	0	0	(309,000)
Franchise Fee Allocation	348,000	0	493,000	0	841,000
Transfer Station					
City Collected Revenue	0	3,841,000	0	0	3,841,000
Gate Revenue	0	6,028,000	248,000	0	6,276,000
TOTAL REVENUE	26,427,000	9,869,000	741,000	0	37,037,000
EXPENDITURES					
Operating Costs including Allocated Department Costs	20,723,000	9,452,000	3,294,000	311,000	33,780,000
Stopwaste Phase 2 Recycling Costs	775,000	0			775,000
Additional Plastics Collection Program	169,000	0			169,000
1.7% Commission on Tax Roll Revenue	119,000	0			119,000
Allocation of:					
Streets & Sanitation	2,720,000	0	(2,720,000)		0
Litter Collection	330,000	0		(330,000)	0
Transfer/Transport/Disposal/Processing Costs	4,731,000		167,000		4,898,000
Capital	338,000	417,000		19,000	774,000
TOTAL EXPENDITURES	29,905,000	9,869,000	741,000	0	40,515,000
NET REVENUE SURPLUS (SHORTFALL)	(\$3,478,000)	\$0	\$0	\$0	(\$3,478,000)



Other Services

- ZWF is charged for Streets & Sanitation and Litter Collection Activity
- Analysis of the charges allowed us to identify the beneficiaries of the services



Other Services

	Other Services		Allocation to:	
	Streets & Sanitation	Litter Collection	Residential	Commercial
REVENUE SOURCES				
Franchise Fee Allocation	\$493,000	\$0		
Transfer Station Net Revenues from Operations	248,000	0		
TOTAL REVENUE	741,000	0		
EXPENDITURES				
Clean Cities Handsweeping (Litter Collection)	616,000			616,000
Clean Cities- Mech Sweeping	977,000			567,000
Clean Cities-Steam Cleaning	751,000			751,000
Clean Cities-Illegal Dumping (Litter Collection)	465,000		465,000	
Clean Cities -Graffiti Abatement	331,000			
BOSS Contract	321,000			321,000
	3,461,000			
Litter Collection (Downtown cans)		330,000		330,000
Allocation of:				
Streets & Sanitation to Residential & Commercial	(2,720,000)		(465,000)	(2,255,000)
Litter Collection to Commercial		(330,000)		(330,000)
TOTAL EXPENDITURES	741,000	0	0	0
NET REVENUE SURPLUS (SHORTFALL)	\$0	\$0		



Uses of Franchise Fees

Currently receive \$841,000 from franchised haulers

Use	Amount
Anticipated residential revenue shortfall from migration	\$348,000
Mechanical street sweeping for residential areas	\$363,000
Graffiti Abatement	<u>\$130,000</u>
	\$841,000



Final Proposed Impact to Rates

ZWF has a projected shortfall of
\$3.5MM

Customer Class	Projected Shortfall	Proposed Rate Increase
Residential	\$3,140,000	24.7%
Commercial	<u>\$ 340,000</u>	2.5%
Total	\$3,480,000	



Proposed Rates

Residential

Service Levels Serviced 1 time per Week			Current Rate	Proposed Rate
<u>Refuse</u>	<u>Recycling</u>	<u>Organics</u>		
10 Gal	64 Gal	64 Gal	\$ 9.28	\$11.57
20 Gal	64 Gal	64 Gal	\$18.52	\$23.10
32 Gal	64 Gal	64 Gal	\$29.62	\$36.94
64 Gal	64 Gal	64 Gal	\$59.21	\$73.84
96 Gal	64 Gal	64 Gal	\$88.78	\$110.71



Proposed Rates

Commercial

Service Levels		Current Rate	Proposed Rate
<u>Container</u>	<u>Frequency</u>		
32 Gal Cart	1 X Wk	\$ 29.62	\$30.36
64 Gal Cart	1 X Wk	\$59.21	\$60.69
1 CY*	1 X Wk	\$143.42	\$147.01
2 CY*	1 X Wk	\$270.12	\$276.88
2 CY*	2 X Wk	\$536.85	\$550.28
4 CY*	1 X Wk	\$534.62	\$547.99

* Includes bin rental



Rate Comparisons

Rates for Residential 30-35 Gallon Collection Service
Weekly Recycling and Weekly Yard Waste

