Office of the City Manager

ACTION CALENDAR
February 25, 2014

To: Honorable Mayor and Members of the City Council

From: Christine Daniel, City Manager

Submitted by: Andrew Clough, Director, Public Works

Subject: Zero Waste Program: Establishing Sustainable Operations and Rates

RECOMMENDATIONS

1. Select Option A or B for the Zero Waste Rates:
   A. Apply the full increase in initial year of FY 2015 at a rate of 24.7% for residential customers, and 2.5% for commercial customers.
   -OR-
   B. Phase-in the residential increase over 3 Years (15.5% in FY 2015, 13.5% in FY 2016, and 6.5% in FY 2017) and apply the full 2.5% increase to commercial customers in FY 2015.

2. Direct Staff to initiate a Proposition 218 protest proceeding and set a Public Hearing on May 20, 2014 for the Zero Waste rate increases.

3. Adopt a Resolution authorizing the City Manager to execute an amendment to Contract No. 9400 with HF&H Consultants, LLC for a Sustainable Refuse Services Rate Study, increasing the amount by $17,208 for an amended total not to exceed $140,000.

SUMMARY

An initial worksession report and presentation to discuss current operations and proposed new rates for Zero Waste took place on December 3, 2013[1]. At that time, Councilmembers raised questions, and requested additional information on allocation of Zero Waste expenses and revenues, the relationship of Clean City services to the Fund, measureable improvements and cost savings in service delivery, and acceptable options for setting rates and introducing rate increases. This report follows up on these and other issues from the December presentation.

As reported in December, the Zero Waste Fund has a projected shortfall of almost $3 million in FY 2015. City staff and HF&H Consultants initially proposed rate increases of 24.7% for residential customers and 2.5% for commercial customers to balance the Fund (Option A in this report). Since then, other alternatives for residential rates have

[1] Zero Waste Program December 3, 2013 Worksession: www.cityofberkeley.info/Clerk/City_Council/2013/12Dec/City_Council__12-03-2013_-_Special_Meeting_Annotated_Agenda.aspx

been developed, including an approach to phasing in new residential rates (Option B) over 3 years. While both options include a commercial rate increase of 2.5% in FY 2015, commercial customer rates will be further reviewed as part of the upcoming Franchise Study, and the results of that Study will be presented to Council once completed.

The 2 options presented for Council consideration are: A) single increase of 24.7% for Residential customers in FY 2015; and B) phased-in increase for Residential customers over a 3 year period of 15.5% increase in FY 2015, 13.5% increase in FY 2016, and 6.5% increase in FY 2017. For both options, Commercial rates are proposed to increase 2.5% effective in FY 2015. All rates are based on container size and frequency of service.

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FISCAL IMPACTS OF RECOMMENDATION

Rate Structure: The fiscal impacts of changes in the Zero Waste Rate Structure will depend on the approved option. Option A is a 24.7% rate increase for residential customers and 2.5% rate increase for commercial customers in FY 2015. Option B is an increase for residential customers phased-in over 3 years and a 2.5% rate increase for commercial customers effective in FY 2015. Option B requires an interfund loan of $1.47 million in FY 2015 to cover the projected shortfall as a result of the lower rate increase in the first year, in comparison to Option A, for which no interfund loan would be needed in FY 2015. (An interfund loan of approximately $1 million will be required to balance the fund in the current fiscal year FY 2014. That loan will be appropriated as part of the Second Amendment to the FY 2014 Annual Appropriations Ordinance and will be repaid as part of the proposed rate increases.) All interfund loans are amortized over 3 years.

The following tables have examples of proposed new residential monthly rates for Option A and Option B, based on weekly collection for 20, 32 and 64 gallon containers. To compare both options over a 3-year period, including the Option A annual adjustment or CPI, the proposed rate increase is 32.3% for Option A and 39.6% for Option B.

Residential Rates – Examples for Monthly Rates Option A

Option A	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**
Container	Current Rate	**24.7% increase**	**Annual adj. greater of 3% or CPI**	
20 gallon	$18.52	$23.10	$23.79	$24.50
32 gallon	$29.62	$36.94	$38.05	$39.19
64 gallon	$59.21	$73.84	$76.05	$78.33

Residential Rates – Examples for Monthly Rates Option B

Option B	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**
Container	Current Rate	**15.5% increase**	**13.5% increase**	**6.5% increase**
20 gallon	$18.52	$21.39	$24.28	$25.86
32 gallon	$29.62	$34.21	$38.83	$41.35
64 gallon	$59.21	$68.39	$77.62	$82.67

Zero Waste Fund Forecasts: The following tables reflect Zero Waste Fund forecasts without any rate increase, and then with each of the alternative rate increase proposals. In all cases, FY 2015 Projected Beginning Fund Balance assumes a year-end interfund loan of $1.05 million in FY 2014. *All amounts in millions; amounts in parenthesis are negative.*

Current Rates Zero Waste Fund 5-Year Forecast *(with annual 2% CPI increases)*

Current Rates Fund Forecast	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Beginning Fund Balance	$0.00	($2.97)	($5.64)	($8.62)	($11.00)
Total Revenues	33.70	34.26	34.84	35.43	36.04
Total Expenditures	36.67	36.93	37.82	37.81	38.65
Surplus/Shortfall	(2.97)	(2.67)	(2.98)	(2.38)	(2.61)
Ending Fund Balance	($2.97)	($5.64)	($8.62)	($11.00)	($13.61)

New Rates Option A: 5-Year Forecast
24.7% Residential Increase and 2.5% Commercial Increase

Option A Rates Fund Forecast	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Option A Rate Increase	24.7%	Annual adjustment greater of 3% or CPI			
Beginning Fund Balance	$0.00	$0.00	$0.67	$1.41	$3.14
Total Revenues	36.67	37.60	38.56	39.54	40.55
Total Expenditures	36.67	36.93	37.82	37.81	38.65
Surplus/Shortfall	0.00	0.67	0.74	1.73	1.90
Ending Fund Balance	$0.00	$0.67	$1.41	$3.14	$5.04

New Rates Option B: 5-Year Fund Forecast
Phased-in Residential Increase Over 3 Years and 2.5% Commercial Increase

Option B Rates Fund Forecast	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Option B Rate Increase	15.5%	13.5%	6.5%	Annual adj. greater of 3% or CPI	
Beginning Fund Balance	$0.00	$0.00	$0.14	$0.86	$2.84
Total Revenues	35.20	37.59	39.05	40.30	41.31
Total Expenditures	36.67	37.45	38.33	38.32	38.65
Surplus/Shortfall	(1.47)	0.14	0.72	1.98	2.66
Interfund Loan	1.47				
Ending Fund Balance	$0.00	$0.14	$0.86	$2.84	$5.50

HF&H Contract: This contract needs to be amended to fund additional work required for the project. Funding for the contract amendment is available in the FY 2014 Zero Waste Fund (Fund 820) budget. The contract amendment has been assigned CMS No. ARC63.

CURRENT SITUATION AND ITS EFFECTS: ZERO WASTE OPERATIONS/RATES
All Zero Waste services are intended to support and achieve the City's goal of Zero Waste[2] by 2020. These services and their customer bases are:

1. **Residential** garbage collection (23,133 residential customers).
2. **Commercial** garbage collection (2,003 commercial customers plus 2,934 multi-unit building bin customers served by the City; another 388 commercial customers currently served by franchise haulers).
3. **Recyclables** collection.
4. **Organics** (green waste) collection – residential and restaurant food, yard and other green waste.
5. **Roll-off** (temporary) containers: 341 serviced per year.
6. **Transfer Station** 104,517 incoming tons per year.
7. **Clean City Program** (street sweeping, hand sweeping, illegal dumping, and graffiti abatement).

Zero Waste Billing Terms: At Council's request, changes are being made in the terms used for Zero Waste bills: for City-billed customers, the top portion of the bill and the Total amount line will change from "Refuse" to "Zero Waste Services;" and the County has been directed to change the line on property tax bills from "CITY REFUSE COLLN" to "Zero Waste Services" effective October 2014, when FY 2014-2015 property tax bills are mailed.

[2] Zero Waste, in the City's terms, means that all discarded material is recycled, composted or reused, and none is sent to a landfill; the Alameda County definition is a mandate that less than 10% of recyclable materials are sent to landfill.

A Sustainable and Transparent Rate Structure

Assumptions for a Sustainable Rate Structure

1. Annual inflator rate of 3% or CPI, whichever is greater.
2. Not more than 5% of residential customers reduce their container size.
3. Fire Fuel Management charges will be subject to the annual inflator.
4. Recycling commodities remain stable at current market value.
5. Vendor contracts do not exceed annual 3% increases.
6. Personnel expenses not to exceed 3% increases.
7. No service for 10 gallon garbage containers (these are not in use); no new 13 gallon containers offered to customers; 20 gallon containers will be the smallest size serviced (except for remaining 13 gallons already in service).
8. No new 96 gallon garbage containers will be offered to single-family accounts effective July 1, 2014; and no more than 2 – 96 gallon carts will be given to multi-family accounts, when possible. Expectation is this service change will encourage customers to recycle, rather than place recyclable items in the garbage cart
9. Includes planned capital expenditures, based on the City's 5-Year Capital Improvement Program, of $774,124 in FY 2015, $981,751 in FY 2016, $964,493 in FY 2017 and an annual $500,000 in FY 2018 and FY 2019.

Transparent Rates

1. The rate model breaks down costs by line of business: Residential, Commercial, and Transfer Station.
2. The rate structure allows for more strategic thinking by staff and Council going forward.
3. Rates include funding sufficient to:
   a. Fund a plan to rebuild the Transfer Station; all options are being considered for the Transfer Station.
   b. Implement Transfer Station underground storage tank upgrades.
   c. Repave/infrastructure improvement of Transfer Station.
   d. Rebuild the Materials Recovery Facility (MRF), if other processing options are not chosen.
   e. Hire a consultant to conduct an outreach and educational campaign for recycling.
   f. Execute a temporary high diversion materials processing contract to assist with achieving recycling goals.

Proposed Rate Model Based on These Factors

1. Costs of recycling exceed revenue from sale of recyclables:
   a. The market for paper and containers fluctuates;
   b. Operations costs exceed market value of recyclables;
   c. New requirements from StopWaste will add costs for recycling.
2. Rates are based on garbage container/cart size:
   a. More recycling = reduced garbage, and thus smaller containers for the customer;
   b. Smaller containers = less revenue.

Cost Controls

Refuse rates were last increased in 2009. Since then, major operational changes have been implemented in Zero Waste operations, resulting in $2.5 million in annual cost reductions. The City has taken many steps to prudently manage the Zero Waste Fund, including renegotiating contracts with vendors, eliminating vacant positions, and implementing 1-person collection routes for many residential customers. While these cost controls reduced the gap between revenues and expenditures, annual CPI rate increases have not kept pace with the increase in expenditures and new recycling programs. Consequently, in addition to the proposed rate increase, the Fund is projected to require a loan by the end of FY 2014 to cover the shortfall.

Current Strategic Approach to Balance the Fund and Meet Zero Waste Goals

Since 2010, the City has followed a strategic approach to balance the Fund and continue to improve our diversion rates to meet the Zero Waste Goals. This approach initially focused on operational changes and controls to reduce costs and bring operations up to industry standards. Working with the Union (SEIU Local 1021), vendors, and the Zero Waste Commission, the following improvements are in process or have been accomplished:

1. Increased internal operational efficiencies ($2.5M annual ongoing savings to date).
2. Establish a sustainable rate structure.
3. Conduct a franchise study and implement changes prior to September 2016.
4. Material Recovery Facility (MRF): rebuild or seek other options for recycling processing.
5. Continue to increase recycling diversion by implementing the adopted Climate Action Plan (CAP) targets as described in Chapter 5[3]. The Zero Waste Division (ZWD) has used the CAP as the guiding document to achieve the City's Zero Waste Goals.

   The CAP has also informed ZWD management in development of its strategic plan for waste reduction. The following targets in the CAP have already been implemented or completed:

   a. Increased residential recycling, composting, and source reduction: the Zero Waste Division has implemented weekly collection of food waste and compostable paper in the organics program.
   b. Distributed food waste pails to single-family accounts for increased recycling.
   c. Implemented outreach programs and conducted meetings with the Berkeley Unified School District and businesses on recycling programs.
   d. Distributed new split-carts to all residential customers for recycling.
   e. Targeted multi-family properties for increased recycling efforts.
   f. Expanded commercial food waste services to local businesses.

[3] Climate Action Plan: www.cityofberkeley.info/uploadedFiles/Planning_and_Development/Level_3_-_Energy_and_Sustainable_Development/Berkeley%20Climate%20Action%20Plan.pdf

g. Increased Construction and Demolition (C&D) recycling diversion at the Transfer Station from 61% to 93%.
h. With the Zero Waste Commission, drafted an Extended Producer Responsibility (EPR) Policy, adopted by Council in June 2013.
i. Equipped all City Departments with recycling containers and provided education to staff on the use of the recycling services.
j. Perform Waste Audits to customers for recommendations on additional recycling.
k. Ongoing education with the Rent Board on current recycling services offered by the City and how to start new recycling services.
l. Perform "Alameda County Green Business Program" audits for small businesses.
m. Participate in StopWaste, Bay Friendly landscaping program.
n. Provide recycling containers and staff for City sponsored public events.

6. Phase 1 Mandatory Recycling Program[4] (StopWaste): fully implemented.
7. Phase 2 Mandatory Recycling Program[5]: increases diversion of waste from landfill; moves City toward Zero Waste Goal; and implementation costs are built into rates.
8. Fixed operational inefficiencies and incorporated as an on-going internal effort.

Continuing the Strategic Approach: What is next? How do we get to Zero Waste?
In addition to the steps the ZW Division has already taken, including implementing elements of the Climate Action Plan, additional recycling diversion programs will be required to achieve success with the City's Zero Waste Goal. These programs include:

1. Develop a written Strategic Plan to address steps to be taken for achieving Zero Waste beyond the Climate Action Plan. The Strategic Plan would include action steps, costs, and timeline to achieve the goal.
2. Rebuild the Transfer Station to accommodate added recycling efforts.
3. Evaluate a change to every other week garbage collection to increase recycling and cost reductions associated with the service. The State of California requires garbage collection every week, and discussions with the State would include a waiver of this requirement. There are currently no cities in California that offer every other week garbage collection.
4. Fully implement Phase 2 Mandatory Recycling, including outreach and education.
5. Create an interim program for commercial and multi-family routes in defined sectors of the City that are not achieving required recycling targets. This approach includes delivering garbage to a High Diversion facility, where garbage containers are emptied into City trucks and transferred to a facility that separates recycling

[4] Phase 1 is mandatory recycling based on garbage container size and it covers business and multi-family buildings by size of the account.

[5] Phase 2, effective July 1, 2014, requires all businesses and multi-family buildings to have recycling and organics collection services, which includes food-soiled paper and food waste; Phase 1 did not.

and organic materials from the garbage. High Diversion facilities can achieve as much as 50% diversion of recyclable materials that would have been sent to landfill, helping to meet the City's Zero Waste Goal.

The temporary use of a High Diversion facility also provides City staff time to work with customers, in the defined areas, and time to distribute additional outreach and educational information on how to recycle rather than placing these materials in the garbage container. The ultimate goal is to have the customer place recyclables in the correct container, not to rely on a High Diversion facility. While implementing a High Diversion pilot program would be invisible to the customer, the cost of this temporary program is estimated at $400,000/year and is not built into the projected expenditures in this Rate Study. Even with the proposed rate increases, the Fund would not be healthy enough to start supporting these costs until FY 2016 for Option A and FY 2017 for Option B. These costs would reduce the fund balance available for other expenses such as the Transfer Station rebuild, however, this approach would address the Zero Waste goal by diverting more recycling sooner. Staff would report on the results of any pilot project undertaken.

6. Examining the use of a split-body, garbage and organics collection truck to perform services in residential areas. The truck would carry garbage on one side and organics on the other side of the body. For every other week collection of garbage, this collection system may offer lower operation costs for the service.

CURRENT SITUATION AND ITS EFFECTS: PROPOSITION 218 PROCESS

As already noted, Zero Waste fee increases must comply with Proposition 218. HF&H Consultants was retained to provide analytical support for developing new rates, and to assist with the City's Proposition 218 process for the proposed increase. A Proposition 218 process is required because Zero Waste/refuse charges are "property related fees" and as such are subject to majority protest.

As part of the Proposition 218 review, HF&H reviewed the costs of providing residential, commercial and Clean City services. Once the costs were confirmed, HF&H studied the revenues resulting from the individual lines of service. HF&H noted several discrepancies in how costs and revenues have been assigned to lines of business. The discrepancies, detailed below, were corrected for purposes of the proposed new rates:

1. $4 million of revenue previously attributed to residential collection was reclassified to commercial as the accounts are small bin commercial customers.
2. Transfer, transport, disposal and processing costs for City hauled refuse were previously assigned to the Transfer Station revenues, however, they should more properly be assigned to the operations which generate them, i.e. residential and commercial collections.
3. Residential organics collection costs and Commercial organics collection costs were separated out and assigned to the relevant line of business.

New Rates

The new rates assume that 5% of customers with larger cans will "migrate" to smaller cans after the new rates are imposed. Additionally, any new single-family accounts will

not be offered an option of 96 gallon carts for garbage; and multi-family accounts will not be offered more than 2 – 96 gallon carts for garbage, when possible. This change will encourage customers to give closer attention to separating recyclables into either the organics cart or the recycling cart.

The new rates resulting from all of this analysis include a 24.7% increase (Option A) for residential customers, and a 2.5% increase for commercial customers. Or, Option B includes a phased-in increase over 3 years for residential customers. For commercial services, most costs are already covered in the current rate. Below are proposed rates based on weekly service:

Proposed Rates: Residential Option A

Serviced 1-Time per Week			Current Rate	Proposed Rate FY 2015
Refuse	Recycling	Organics		
13 Gal	64 Gal	64 Gal	$12.06	$15.04
20 Gal	64 Gal	64 Gal	$18.52	$23.10
32 Gal	64 Gal	64 Gal	$29.62	$36.94
45 Gal	64 Gal	64 Gal	$41.64	$51.93
64 Gal	64 Gal	64 Gal	$59.21	$73.84
96 Gal*	64 Gal	64 Gal	$88.78	$110.71

*No longer available for new single-family residences

Proposed Rates: Residential Option B

Serviced 1-Time per Week			Current Rate	Proposed Rate		
Refuse	Recycling	Organics		FY 2015	FY 2016	FY 2017
13 Gal	64 Gal	64 Gal	$12.06	$13.93	$15.81	$16.84
20 Gal	64 Gal	64 Gal	$18.52	$21.39	$24.28	$25.86
32 Gal	64 Gal	64 Gal	$29.62	$34.21	$38.83	$41.35
45 Gal	64 Gal	64 Gal	$41.64	$48.09	$54.59	$58.14
64 Gal	64 Gal	64 Gal	$59.21	$68.39	$77.62	$82.67
96 Gal*	64 Gal	64 Gal	$88.78	$102.54	$116.38	$123.95

*No longer available for new single-family residences

Proposed Rates: Commercial

Commercial Service Levels*		Current Rate	Proposed Rate
Container	Frequency		
32 Gal Cart	1 X Wk	$29.62	$30.36
64 Gal Cart	1 X Wk	$59.21	$60.69
1 Cubic Yd*	1 X Wk	$143.42	$147.01
2 Cubic Yd*	1 X Wk	$270.12	$276.88
3 Cubic Yd*	1 X Wk	$396.92	$406.85
4 Cubic Yd*	1 X Wk	$534.62	$547.99

*Cubic Yard Containers include bin rental fee

The Zero Waste Commission discussed the proposed rate structure at its meeting on January 27, 2014, and approved the following motion: In response to the findings in the rate study, The Zero Waste Commission recommends the addition of an environmental fee of $1.00 per parcel to be earmarked for on-site technical assistance to increase

diversion and meet our zero waste goal. (M/S/C: Schultze-Allen/Frink; Ayes: Davis, Frink, Halperin, Schultze-Allen, Twu; Noes: None; Abstain: None; Absent: McCarter.) Under either Option A or B, funding will be available for this purpose. The Commission will have met again on February 19th to comment on the Report.

BACKGROUND

As a self-supporting enterprise fund, the Zero Waste Fund must generate revenue to meet its expenses. The Zero Waste Program includes: residential and commercial refuse collection and disposal; recycling collection and processing; organics collection and processing; recycling drop-off and buyback center; commercial food waste collection; Transfer Station operations; fire fuel removal program in the Fire Fuel District; and Clean City services.

During discussion at the Zero Waste Commission meeting in November 2013, Commissioners felt that although the proposed rates encourage recycling by offering lower rates for smaller garbage containers and higher rates for larger garbage containers, the rates should be even higher for large containers to encourage more recycling. This approach would be subject to challenge under Proposition 218.

In FY 2009, the City conducted a Proposition 218 process to adjust refuse collection fees in FY 2010. Despite the approved rate increase effective in FY 2010 and annual CPI adjustments, the Zero Waste Fund is still projecting a deficit.

RATIONALE FOR RECOMMENDATION

The cost for Clean City services, refuse collection, and recycling services exceeds the revenue collected. The Zero Waste Fund has a projected shortfall of $1.05 million in FY 2014, which will require a 1-time interfund loan from other City funds. With the additional costs for Phase 2 of the Alameda County Mandatory Recycling Ordinance, the need to fund Clean City services, additional capital improvements at the closed landfill and the Transfer Station, and the repayment of the loan, the Zero Waste Fund has a projected shortfall in FY 2015 of about $3 million. A rate increase is needed to maintain the current service level for refuse collection and recycling, as well as to cover the capital maintenance and Phase 2 mandated recycling costs, the next significant step to increase diversion of waste from landfill and moving the City toward its Zero Waste Goal.

With the new rates, based on the selected Option, the Zero Waste Fund is projected to have a fund balance of between $5.04 million and $5.50 million at the end of FY 2019. The ending Fund balance will be used to cover deferred capital maintenance costs and other expenditures to:

1. Fund a plan to rebuild the Transfer Station; all options are being considered for the Transfer Station.
2. Implement Transfer Station underground storage tank upgrades.
3. Repave/infrastructure improvement of Transfer Station.
4. Rebuild the Materials Recovery Facility (MRF).
5. Hire a consultant to conduct an outreach and educational campaign for recycling.
6. Execute a high diversion disposability contract.

In order to move forward with a rate increase, the following schedule allows a new rate to be in place by July 2014:

- March 28, 2014: Mail notices to Berkeley property owners
- May 20, 2014: Public hearing on rate increases; protests tabulated; rates adopted if no majority protest
- July 1, 2014: New rates go into effect

ALTERNATIVE ACTIONS CONSIDERED

Given the projected deficits in the Zero Waste Fund, if a rate increase is not approved, the continued provision of Zero Waste services in their current configuration would need to be subsidized by other City funds. No such funds have been identified that would provide a sustainable, ongoing subsidy to these operations.

CONTACT PERSON

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Attachments:
1: Current Zero Waste Fund Projected FY 2015 Revenues and Expenditures
2 Clean City Program Expenditures
3: Comparative Rates with Other Jurisdictions for Select Collection Service
4: Resolution: Contract No. 9400 Amendment: HF&H Consultants

Current Projected FY 2015 Revenues[6] and Expenditures: Residential Collection

	Residential Collection				
	Refuse	Recycling	Organics	Other	Total
REVENUE					
Rate Revenue (current subscription 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	(308,000)	0	0	0	(308,000)
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	12,604,000	196,000	6,000	142,000	12,948,000
EXPENDITURES					
Operating Costs including Allocated Department Costs	5,778,000	4,107,000	3,110,000	208,000	13,203,000
StopWaste Phase 2 Recycling Costs	0	0	0	0	0
Additional Plastics Collection Program	0	128,000	0	0	128,000
Zero Waste Fund Loan Repayment	66,000	55,000	40,000	0	161,000
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:					
Inter-Departmental / Transfer Station	1,111,000	0	208,000	0	1,319,000
Third Party Processing	0	0	570,000	0	570,000
Capital	123,000	0	0	0	123,000
TOTAL EXPENDITURES	7,662,000	4,290,000	3,928,000	208,000	16,088,000
NET REVENUE SURPLUS (SHORTFALL)	$4,942,000	($4,094,000)	($3,922,000)	($66,000)	($3,140,000)

[6] The "current revenues" and net surplus (shortfall) in this table do not include any CPI increase in FY 2015.

Current Projected FY 2015 Revenues[7] and Expenditures: Commercial Collection

	Commercial Collection					
	Refuse	Recycling	Organics	Roll-off	Other	Total
REVENUE						
Rate Revenue (current subscription 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	3,677,000	1,951,000	938,000	700,000	10,000	7,276,000
StopWaste Phase 2 Recycling Costs	0	0	774,000	0	0	774,000
Additional Plastics Collection Program	0	41,000	0	0	0	41,000
Zero Waste Fund Loan Repayment	37,000	25,000	13,000	8,000	0	83,000
1.7% Commission on Tax Roll Revenue	0	0	0	0	0	0
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:						
Inter-Departmental / Transfer Station	1,475,000	0	158,000	722,000	0	2,355,000
Third Party Processing	0	0	432,000	55,000	0	487,000
Capital	163,000	0	0	52,000	0	215,000
TOTAL EXPENDITURES	7,937,000	2,017,000	2,315,000	1,537,000	10,000	13,816,000
NET REVENUE SURPLUS (SHORTFALL)	$2,961,000	($1,962,000)	($894,000)	($431,000)	($10,000)	($336,000)

[7] The "current revenues" and net surplus (shortfall) in this table do not include any CPI increase in FY 2015.

Current Projected FY 2015 Revenues[8] and Expenditures: Collection, Transfer Station and Other Services

	Collection Operations	Transfer Station	Other Services		Total
			Streets & Sanitation	Litter Collection	
REVENUE					
Rate Revenue (current subscription 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	(308,000)	0	0	0	(308,000)
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	26,428,000	9,869,000	741,000	0	37,038,000
EXPENDITURES					
Operating Costs including Allocated Department Costs	20,479,000	9,452,000	3,294,000	311,000	33,536,000
StopWaste Phase 2 Recycling Costs	774,000	0			774,000
Additional Plastics Collection Program	169,000	0			169,000
Zero Waste Fund Loan Repayment	244,000				244,000
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:					
Inter-Departmental / Transfer Station	3,674,000		167,000		3,841,000
Third Party Processing	1,057,000				1,057,000
Capital	338,000	417,000		19,000	774,000
TOTAL EXPENDITURES	29,904,000	9,869,000	741,000	0	40,514,000
NET REVENUE SURPLUS (SHORTFALL)	($3,476,000)	$0	$0	$0	($3,476,000)

[8] The "current revenues" and net surplus (shortfall) in this table do not include any CPI increase in FY 2015.

Clean City Program

The Clean City Program includes the following services, which are part of the Other Services: Streets & Sanitation expenses (see Attachment 1: Projected FY 2015 Revenues and Expenditures: Collection and Other Services.

- Handsweeping (Litter Collection)
- Mechanical Sweeping
- Steam Cleaning
- Illegal Dumping (Litter Collection)
- Graffiti Abatement
- Building Opportunities for Self-Sufficiency (BOSS) Contract

Comparative Rates with Other Jurisdictions for Select Collection Service

Rates for Berkeley Residential customers are based on proposed rates **as of FY 2016**

- Option A: 24.7% increase in FY 2015 over current rates
- Option B increase phased-in over 3 Years: 15.5% in FY 2015, 13.5% in FY 2016, and 6.5% in FY 2017

Rates for Berkeley Commercial customers are based on proposed rates **as of FY 2015**

- Option A or B: 2.5% increase in FY 2015

Rates for other jurisdictions are from their currently available information.

	Residential – CoB FY 2016 1-time per Week Service			
	20 Gallon	30-35 Gal	60-65 Gal	90-96 Gal
CoB Option A FY16	$23.79	$38.05	$76.05	$114.03
CoB Option B FY16	$24.28	$38.83	$77.62	$116.38
	From currently available information:			
Alameda	$27.73	$35.00	$57.51	$80.32
Albany	$35.37	$39.61	$68.46	$97.30
El Cerrito	$30.29	$40.39	$80.79	Not Avail
Oakland	$21.84	$29.30	$63.89	$98.44
Piedmont	$49.45	$51.88	$60.57	$70.97
Richmond	$25.56	$31.12	$59.37	$88.43
Union City	$36.21	$42.29	$72.71	$103.10

	Commercial – FY 2015 1-time per Week Service				
	30-35 Gal	60-65 Gal	90-96 Gal	1 Yard	3 Yard
CoB Option A or B	$30.36	$60.69	$91.00	$147.01	$406.85
	From currently available information:				
Alameda	$31.19	$53.69	$76.51	$133.33	$399.99
Albany	$33.51	$67.02	$100.53	$157.84	$473.52
El Cerrito	$40.39	$80.79	Not Avail	$266.72	Not Avail
Oakland	$29.46	$58.92	$88.38	$137.54	$360.62
Piedmont	$56.68	$71.75	$88.21	$162.69	Not Avail
Richmond	$37.95	$77.86	$101.63	$204.60	$463.94
Union City	$30.38	$60.79	$91.18	$125.62	$329.19

RESOLUTION NO. ##,###-N.S.

CONTRACT NO. 9400 AMENDMENT: HF&H CONSULTANTS, LLC, FOR A SUSTAINABLE REFUSE SERVICES RATE STUDY

WHEREAS, the Zero Waste Division operates refuse collection and recycling services of interest to the public; and

WHEREAS, the California State Constitution imposes requirements on local governments that set rates for property-related solid waste services; and

WHEREAS, the City entered into Contract No. 9400 with HH&F Consultants, LLC for the period July 17, 2013 through June 30, 2014 to work with City staff to evaluate and update refuse rates in accordance with all legal requirements; and

WHEREAS, additional work is needed to complete the rate study, issue a report, and prepare documents required for the Proposition 218 process; and

WHEREAS, funding for this contract amendment is available in the FY 2014 Refuse Fund (820) budget; and the CMS No. is ARC63.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute a contract amendment with HH&F Consultants, LLC, increasing the amount by $17,208 for an amended total not to exceed $140,000.