



Office of the City Manager

ACTION CALENDAR
July 10, 2007

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Claudette Ford, Director, Public Works Department

Subject: Refuse Fees: Transfer Station Rate Increase for FY 2008

RECOMMENDATION

Conduct a public hearing, and upon conclusion, adopt a resolution amending Resolution No. 62,952–N.S. and all amending resolutions, effective July 16, 2007, to adjust fees for Transfer Station and special services, set forth in Sections 21 and 22 of the Resolution.

SUMMARY

Staff recommends increases to the non-collection disposal fees charged at the City’s transfer station at 2nd and Gilman Streets. The proposed increase of 9.3% to the non-collection disposal fees will raise transfer station disposal fees for garbage to \$105 per ton and \$24 per yard; compostable organic material to \$19 per cubic yard and \$59 per ton for the general public. Fees for disposal of televisions and computer monitors, refrigerators, mattresses, tires and propane tanks will increase and are discussed in this report. Fee increases are proposed in order to recover costs of refuse disposal operations and will be dedicated solely to paying for the costs of the City’s refuse disposal operations.

FISCAL IMPACTS OF RECOMMENDATION

The proposed fee increases will generate approximately \$750,000 in additional revenue for the Refuse Fund (Fund 820). The total cost of all solid waste and refuse programs and services funded by the Refuse Fund is projected to increase \$1.8 million, from \$28.0 million in FY 2007 to \$29.8 million in FY 2008. The majority of the cost increase is associated with refuse disposal operations, budgeted to increase by \$1.5 million from FY 2007 to FY 2008 (\$14.9 million to \$16.4 million). The increase is a result of a few key factors identified below:

- Assigning more Public Works personnel to street cleaning and litter disposal, as well as wage and benefit increases under current union agreements, totaling approximately \$1,111,845;
- Higher expenses for facility maintenance, totaling \$140,641;
- Consulting costs for the design of the transfer and recycling facility rebuild, totaling \$200,000.

Revenue from transfer station gate disposal fees and franchise haulers is projected at \$7.6 million. Revenue from commercial, residential and other agencies is \$20.6 million, for a total of \$28.2 million for FY 2007 year-end. With projected expenditures in FY 2008 of \$29.8 million and current revenue of \$28.2 million, a -\$1.6 million revenue shortfall will necessitate the proposed fee increases, in order to recover a portion of the operating costs. The proposed transfer station fee is expected to increase revenue by \$750,000 in FY 2008.

The City’s current methodology for allocating refuse program cost is based on the percentage of tonnage that is delivered directly to the transfer station from non-collection (as opposed to residential and commercial collection accounts) customers, which is 54% of all tonnage. Based on this percentage, of the \$ 1.5 million in increased refuse disposal costs, \$784,382 should be recovered through the disposal fee at the gate. The proposed disposal fee, which will generate an estimated \$750,000, will partly close the revenue shortfall by allocating costs to transfer station users, while still maintaining a competitive gate fee with other local area transfer stations (see comparison table in this report).

The City’s refuse operation and collection rates are currently being reviewed by R3 Consulting Inc. and their findings and recommendations regarding the costs of disposal and collection services may result in additional changes to the transfer station disposal fee next year.

CURRENT SITUATION AND ITS EFFECTS

The City is required by law, and in the interest of public health and resource conservation, to provide comprehensive waste management services to the public. Service fees, as adopted through a fee resolution, support various solid waste-related programs in the Public Works Department.

The current fee for disposing a ton of refuse at the Transfer Station rates is \$96. This fee offsets the City’s indirect costs of the facility as well as the labor and capital involved with transferring and disposing material to a landfill or composting facility, as well as other solid waste-related activities like street sweeping and disposing illegal dumping. The proposed rate, which is just over a 9.3% increase, is competitive compared to the facilities in Richmond and San Leandro (see chart below). The same logic applies to other categories of waste that are disposed at the facility: minimum charge loads, refrigerators, mattresses, propane tanks, tires, electronic waste and organic waste fees are all being raised to the nearest whole dollar amount and are all approximately 10% increases.

	Per Ton Gate Fee	Per Yard	Minimum Charge
Berkeley Transfer Station (Proposed)	\$105	\$24	\$24
San Leandro Transfer Station	\$110	\$25	\$25
Richmond Transfer Station	\$98	\$22.50	\$22.50

The proposed fee increases, which will result in fees comparable to those already charged by other cities, are as follows:

1. Transfer Station Disposal Rate, from \$96/ton to \$105/ton (9.375% Increase)

The proposed rate increase is required to meet anticipated cost-of-living obligations related to labor agreements, capital expenditures, and increases in landfill and composting gate fees.

- a. Special Collection Services. The City charges fees for a variety of special collection services, including basement collection, extra bags and cans, and return calls. These rates will not be raised.
- b. Transfer Station Disposal. Customers using the City's transfer station pay for disposal of refuse and for composting of organic materials. The disposal rates for organic materials are set at roughly 60% of the disposal rate for rubbish to provide an incentive to customers for the delivery of clean compostable loads. The disposal rates for refuse will be increased about 9.5%, to \$24.00 per cubic yard and \$105.00 per ton.

The minimum fee for refuse (330 pounds or less) will increase by \$1.00 to \$24.00, and the minimum fee for organic materials will increase by \$1.00 to \$19.00.

2. Adjust Transfer Station Fees for Disposal of Special Items to Reflect Actual Cost.

The transfer station charges additional fees for items that require special handling. Staff recommends the following fee increases, based on the fees charged by the City's contractors to handle these materials, and the additional cost of City labor to receive and prepare these materials for shipment. In cases where the special charge is less than the minimum disposal fee, the minimum disposal fee shall be applied.

- a. Televisions and Computer Monitors. Customers are allowed to dispose of 2 items free of charge. Customers with more than 2 televisions and/or computer monitors (and other CRTs) will be charged \$8.00 per unit after the first two free items.
- b. Refrigerators, Mattresses, Tires: Each of these fees will increase approximately 10%, rounded to the nearest dollar. Refrigerators increase to \$41 from \$38; mattresses increase to \$11 from \$10; truck tires increase from \$12 to \$13; and automobile tires increase to \$7 from \$6.

BACKGROUND

The transfer station serves as the collection point for all of the City refuse. The refuse is loaded into trailers and shipped to contracted landfills for disposal by city staff. The same also occurs with City-collected green waste and food waste; the City's composter hauls the organic material back to its facility instead of city staff. The transfer station also accommodates on average of about 425 self-haul customers per day that need to dispose material. These customers primarily originate in Berkeley and surrounding cities. Through the organics program, as well as other recycling activities such as mattress retrieval, used oil recovery, and electronic-waste recycling, the transfer station diverts more than 30,000 tons per year. The transfer station receives and ships about 100,000 tons of refuse per year; self-haul tons account for about 54% of this total.

The Refuse Fund is an enterprise fund that supports solid waste management planning, programs and services, including: refuse collection and disposal; recycling collection and processing; recycling drop-off and buyback centers; commercial food waste collection; residential plant debris collection; organic materials (food scrap) hauling and processing; transfer station operations (recycling, reuse, and disposal); capital expenditures related to solid waste management; fire fuel removal in Refuse District 3; the Clean City Program; and solid waste customer service and billing operations located in the Finance Department. While revenues from grants and franchise fees

support some of these activities, the bulk of Refuse Fund revenues comes from fees paid by refuse collection and transfer station customers.

RATIONALE FOR RECOMMENDATION

The proposed increase to the non-collection disposal refuse fees at the transfer station will raise revenues approximately \$750,000 to offset projected expenditures increases associated with existing personnel costs, facilities and capital expenditures, and other non-personnel costs. Without a fee increase, the costs of operating the transfer station and related refuse disposal programs will not be recovered and would result in a fund deficit in FY 2009.

ALTERNATIVE ACTIONS CONSIDERED

Staff considered delaying a fee increase until after R3 completed their review of the refuse collection rate, however, this would result in significant loss of revenue, which could not be collected retroactively.

CONTACT PERSON

Peter Holtzclaw, Solid Waste and Recycling Manager, 981-6359

Attachments:

1. Resolution

RESOLUTION NO. -N.S.

AMENDING RESOLUTION NO. 62,952-N.S. AND ALL AMENDING RESOLUTIONS ADJUSTING FEES FOR THE TRANSFER STATION AS SET FORTH IN SECTIONS 21 AND 22 OF THE RESOLUTION.

BE IT RESOLVED by the Council of the City of Berkeley as follows:

Section 21. For the disposal of garbage or rubbish at the Berkeley Transfer Station, the rates shall be as follows:

- (a) \$24.00 minimum for 330 pounds or less.
- (b) \$24.00 per cubic yard or \$105.00 per ton. Estimates of volume shall be made only when the scale is inoperable, and will be made to the nearest half yard.
- (c) Special Handling Rates per item: format
 - Refrigerated appliances \$41.00
 - Mattresses & box springs \$11.00
 - Automobile tires \$7.00
 - Truck tires \$13.00
 - Propane Tanks \$19.00
 - E-Waste (1st 2 items free) per ea. Over 2 \$8.00

Special handling rates will be charged for each item, in addition to any fees for disposal of garbage, rubbish, or compostable organic materials. In no case will a customer be charged less than the minimum fee.

Section 22. For the disposal of clean loads of compostable organic material at the Berkeley Transfer Station, the rates shall be as follows:

- (a) \$19.00 minimum for 330 pounds or less.
- (b) \$19.00 per cubic yard or \$59.00 per ton. Estimates of volume shall be made only when the scale is inoperable, and will be made to the nearest half yard.
- (c) Compostable organic material includes plant debris, prunings, unpainted untreated wood, pallets, waxed cardboard, unpainted sheet rock, food scraps, and some papers. Organic material does not include plywood, painted wood, tree stumps, plastic bags, trash or other material unsuitable for composting.
- (d) \$16.00 per cubic yard or \$49.00 per ton for municipal vehicles from adjoining cities within Alameda County, or for vehicles of companies under franchise contracts with those jurisdictions to collect separated organic materials from the public.

BE IT FURTHER RESOLVED, that this Resolution shall become effective July 16, 2007.

