



## SUBCOMMITTEE AGENDA REPORT

**Meeting Date:** 4/24/2019

**From:** Maria Saguisag-Sid, Principal Analyst

**Subject:** Proposed Annual Rate Increase from Recology

### Community Goal/Result

Ecological Sustainability

### Purpose

To ensure solid waste is disposed of in a proper and environmentally effective Manner.

### Recommendation

Review and discuss proposed increases to be effective July 1, 2019 and direct staff how to proceed.

### Background

The City of Brisbane currently holds franchise agreements for solid waste removal services with Recology in Zone 3. This agreements became effective November 2014. Services under these agreement include commercial solid waste removal services, assistance in implementing new mandates such as the AB341 mandatory commercial recycling law and AB 1826 mandatory commercial organics recycling, and other recycling and diversion services.

Per State Assembly Bill 939, the City is required to have a diversion rate of 50%, meaning that discarded material needs to be sorted so that reusable and/or recycling material can be diverted from the waste stream. Recology reports that their estimate of the diversion rate for Zone 3 customers was approximately 69% for calendar year 2018.

### Discussion

Each year, the franchise agreement provides for annual adjustments of rates for commercial and residential customers in Brisbane. The following is the formulas that pertain to this year's proposed adjustments:

- Section 6.2 of the Agreement provides for an adjustment based on a percentage amount equal to the Refuse Rate Index (RRI) calculated based on the following table:

Table 1. Refuse Rate Index

<u>Cost Category</u>	<u>Weighting</u>	<u>Source/Index</u>	<u>Annual % Change in Index</u>	<u>Weighted % Change</u>
Fixed Labor	0.60	As per CBAs	3.25%	1.95%
Variable/Processing Costs	0.25	CPI(U)	4.50%	1.13%
Biodiesel Fuel	0.05	Fuel Index	13.03%	0.65%
RRI Adjustment Percentage:				3.73%

The agreement provide that rate increase requests be submitted by March 31st and the City act on the requests by June 30th of each year. Recology submitted their request in a timely manner. Based on the provisions noted above, the proposed increases under Section 6.2 is 3.73%.

Attached is the notice of intent from Recology, dated March 19, 2019. Staff has reviewed the proposed rates and they appear to be in line with what is permitted by the franchise agreements. The agreement provides that the City act on the rate increase notice of intent by June 30. Should the subcommittee concur, staff will bring the rate increase to the full Council for approval at a future council meeting in May or June.

### **Fiscal Impact**

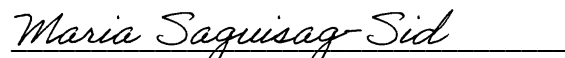
Based on these rates and using a commercial 2-yard bin as an example, the increase would be \$24.49 per month, or \$293.88 per year for Recology customers in Zone 3. As noted in the letter of intent, the City will receive franchise fees in the amount of \$13,613.95 for Calendar Year 2018.

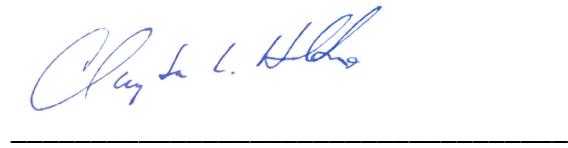
### **Measure of Success**

Solid waste removal is able to continue efficiently for the community in a way that helps our city reach our diversion goals.

### **Attachments**

1. Notice of Intent letter from Recology, dated March 19, 2019
2. Recology Brisbane Rate Book – Commercial Rates

  
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Maria Saguisag-Sid, Principal Analyst

  
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Clayton Holstine, City Manager



March 19, 2019

BY EMAIL & OVERNIGHT COURIER

Clay Holstine  
City Manager  
City of Brisbane  
50 Park Lane  
Brisbane, CA 94005

RE: Notice of Intention to Increase Rates & Related Matters

Dear Mr. Holstine:

The purpose of this letter is to notify the City of Brisbane of Recology's intention to increase rates effective July 1, 2019 pursuant to the refuse rate index methodology set forth in the Franchise Agreement between the City and Recology.

RRI Rate Adjustment

Section 6.2 of the Franchise Agreement provides that maximum rates shall be adjusted each July 1 using a refuse rate index consisting of the weighted average of certain index items as specified below. The annual percentage change in each index item and the calculation of the RRI Adjustment Percentage are also set forth below. Accordingly, maximum rates shall be increased by 3.73% effective July 1, 2019 under Section 6.2.

<u>Cost Category</u>	<u>Weighting</u>	<u>Source/Index</u>	<u>Annual % Change in Source/Index</u>	<u>Weighted % Change</u>
Fixed Labor	0.60	As per CBAs	3.25%	1.95%
Variable/Processing Costs	0.25	CPI(U)	4.50%	1.13%
Biodiesel Fuel	0.05	Fuel Index	13.03%	0.65%
<b>RRI Adjustment Percentage:</b>				<b>3.73%</b>

Franchise Fee Payment

Under Section 4.1 of the Franchise Agreement Recology must make an annual franchise fee payment to the City on or before April 30 of each year. The franchise fee is 14% of Recology's gross revenues during the proceeding calendar year from the collection and disposal of solid waste within Zone 3. For calendar year 2018, these revenues amounted to \$97,242.49. The franchise fee is therefore \$13,613.95. We will remit payment before April 30.

Diversion Rate

Section 8.4 of the Franchise Agreement requires Recology to provide the City with an annual written report setting forth Recology's best estimate of the diversion rate for its Zone 3 customers.

We estimate based on volume and type of service, that the diversion rate for our Zone 3 customers was approximately 69% for the calendar year 2018.

Thank you for your consideration. We would be happy to meet with City staff to discuss these matters at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "John Porter". The signature is fluid and cursive, with a large initial "J" and "P".

John Porter  
Vice President and Group Manager  
San Francisco Region  
(415) 715-6241

cc: Randy Breault, Public Works Director, City Engineer  
Nick Roberts, Recology SF Region Controller

# RATE BOOK

## COMMERCIAL RATES

Commercial rates include the following components:

- Volumetric charges shown are for trash service.
- Recycling services are charged at 25% of the volumetric rate for trash. \*
- Composting services are charged at 75% of the volumetric rate for trash. \*
- There are separate charges for premium services, such as key, distance and elevation.

\* Except for roll-off compactors, which are charged at 25% (recycling) or 75% (composting) of the calculated rate.

# COMMERCIAL RATES

## 32 GALLON CARTS

**NOTE:** These rates apply to Carts located outside.  
 Carts located inside:  
     - Less than 100 feet from the curb will be charged 10% more.  
     - More than 100 feet from the curb will be charged 25% more.  
 Carts located 4 feet or more above or below ground level  
 will be charged 25% more.

Rates listed below are for carts up to 45 pounds. Any weight exceeding 45 pounds will be charged an additional \$0.1008 per pound.

**Key Charges:**

1 Per Week = \$17.39  
 2 Per Week = \$30.62  
 3 Per Week = \$43.55  
 4 Per Week = \$56.03  
 5 Per Week = \$68.57  
 6 Per Week = \$87.37  
 7 Per Week = \$107.58  
 Saturday = \$18.81  
 Sunday = \$20.22

<b>PICKUPS</b>	<b>1 CART</b>
1 Per Week =	\$63.67
2 Per Week =	\$127.34
3 Per Week =	\$190.97
4 Per Week =	\$254.65
5 Per Week =	\$318.32
6 Per Week =	\$391.76
7 Per Week =	\$475.05
Saturday =	\$73.45
Sunday =	\$83.30

**FOR ADDITIONAL CANS: MULTIPLY TIMES PER WEEK BY THE NUMBER OF CARTS.**

For recycling carts, charge is 25% of the charge shown above  
 For composting carts, charge is 75% of the charge shown above

# COMMERCIAL RATES

## 64 GALLON CARTS

**NOTE:** These rates apply to Carts located outside.  
 Carts located inside:  
     - Less than 100 feet from the curb will be charged 10% more.  
     - More than 100 feet from the curb will be charged 25% more.  
 Carts located 4 feet or more above or below ground level  
 will be charged 25% more.

Rates listed below are for carts up to 90 pounds. Any weight  
 exceeding 90 pounds will be charged an additional \$0.1008 per  
 pound.

**Key Charges:**

1 Per Week =	\$17.39
2 Per Week =	\$30.62
3 Per Week =	\$43.55
4 Per Week =	\$56.03
5 Per Week =	\$68.57
6 Per Week =	\$87.37
7 Per Week =	\$107.58
Saturday =	\$18.81
Sunday =	\$20.22

**EXTRA PICK-UPS:**

Regular = \$40.67      Saturday = \$54.89      Sunday = \$73.22

**ADD'L CARTS**

PICKUPS	1 CART	2 CARTS	3 CARTS	4 CARTS	5 CARTS	6 CARTS	(EACH)
1 Per Week =	\$130.44	\$241.58	\$352.74	\$463.33	\$574.94	\$686.03	\$111.12
2 Per Week =	\$248.05	\$470.27	\$692.50	\$914.25	\$1,136.52	\$1,358.19	\$222.23
3 Per Week =	\$365.63	\$698.49	\$1,031.78	\$1,365.14	\$1,698.03	\$2,031.32	\$333.33
4 Per Week =	\$483.14	\$927.65	\$1,371.59	\$1,815.57	\$2,260.05	\$2,703.99	\$444.41
5 Per Week =	\$600.74	\$1,155.82	\$1,710.92	\$2,266.46	\$2,821.12	\$3,376.69	\$555.51
6 Per Week =	\$744.63	\$1,421.67	\$2,112.68	\$2,776.84	\$3,453.10	\$4,130.68	\$677.50
7 Per Week =	\$914.27	\$1,735.72	\$2,571.07	\$3,379.56	\$4,200.19	\$5,022.04	\$821.79
Saturday =	\$143.88	\$265.86	\$401.77	\$510.39	\$631.99	\$753.98	\$122.00
Sunday =	\$169.64	\$314.04	\$458.37	\$602.71	\$747.09	\$891.38	\$144.27

For recycling carts, charge is 25% of the charge shown above  
 For composting carts, charge is 75% of the charge shown above

# COMMERCIAL RATES

## 96 GALLON CARTS

**NOTE:** These rates apply to Carts located outside.

Carts located inside:

- Less than 100 feet from the curb will be charged 10% more.
- More than 100 feet from the curb will be charged 25% more.

Carts located 4 feet or more above or below ground level will be charged 25% more.

Rates listed below are for carts up to 135 pounds. Any weight exceeding 135 pounds will be charged an additional \$0.1008 per pound.

**Key Charges:**

1 Per Week =	\$17.39
2 Per Week =	\$30.62
3 Per Week =	\$43.55
4 Per Week =	\$56.03
5 Per Week =	\$68.57
6 Per Week =	\$87.37
7 Per Week =	\$107.58
Saturday =	\$18.81
Sunday =	\$20.22

**EXTRA PICK-UPS:**

Regular =	\$54.28	Saturday =	\$73.30	Sunday =	\$97.70
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**ADD'L CARTS**

PICKUPS	1 CART	2 CARTS	3 CARTS	4 CARTS	5 CARTS	6 CARTS	(EACH)
1 Per Week =	\$174.11	\$321.47	\$470.27	\$618.05	\$766.40	\$914.25	\$147.78
2 Per Week =	\$330.86	\$627.06	\$923.13	\$1,218.84	\$1,515.02	\$1,811.12	\$295.63
3 Per Week =	\$487.59	\$931.61	\$1,375.54	\$1,820.09	\$2,264.02	\$2,708.01	\$443.46
4 Per Week =	\$644.32	\$1,236.23	\$1,828.45	\$2,420.79	\$3,013.07	\$3,605.37	\$591.26
5 Per Week =	\$801.17	\$1,541.29	\$2,281.41	\$3,021.53	\$3,761.63	\$4,502.28	\$739.06
6 Per Week =	\$992.69	\$1,895.43	\$2,798.84	\$3,701.58	\$4,604.44	\$5,508.26	\$902.26
7 Per Week =	\$1,218.89	\$2,314.13	\$3,409.99	\$4,505.25	\$5,600.56	\$6,696.84	\$1,094.70
Saturday =	\$191.52	\$354.13	\$517.44	\$680.04	\$842.81	\$1,005.98	\$163.22
Sunday =	\$226.22	\$418.72	\$611.16	\$803.67	\$996.12	\$1,188.58	\$192.43

For recycling carts, charge is 25% of the charge shown above

For composting carts, charge is 75% of the charge shown above



# COMMERCIAL RATES

## CONTAINER RATES

**NOTE:** These rates apply to containers located outside.  
 Containers located inside:  
 - Less than 100 feet from the curb will be charged 10% more.  
 - More than 100 feet from the curb will be charged 25% more.  
 Containers located 4 feet or more above or below ground level will be charged 25% more.

**Key Charges:**  
 1 Per Week = \$17.39  
 2 Per Week = \$30.62  
 3 Per Week = \$43.55  
 4 Per Week = \$56.03  
 5 Per Week = \$68.57  
 6 Per Week = \$87.37  
 7 Per Week = \$107.58  
 Saturday = \$18.81  
 Sunday = \$20.22

EXTRA PICK-UPS (per yard):  
 Regular = \$97.16    Saturday = \$131.21    Sunday = \$174.81

Uncompacted weight: 300 pounds per yard, plus \$10.08 per 100 pounds (\$0.1008 per pound) over 300 pounds.

PICKUPS	1 YD	1.5 YDS	2 YDS	2.5 YDS	3 YDS	4 YDS	6 YDS	7 YDS
1 Per Week =	\$382.51	\$588.33	\$681.07	\$851.76	\$949.95	\$1,187.58	\$1,686.61	\$1,967.36
2 Per Week =	\$681.07	\$1,040.24	\$1,282.81	\$1,604.24	\$1,828.97	\$2,343.87	\$3,325.10	\$3,879.66
3 Per Week =	\$1,021.41	\$1,560.06	\$1,924.21	\$2,405.88	\$2,707.52	\$3,467.93	\$4,916.95	\$5,735.98
4 Per Week =	\$1,361.69	\$2,079.97	\$2,565.61	\$3,208.02	\$3,562.71	\$4,560.30	\$6,460.71	\$7,537.65
5 Per Week =	\$1,702.49	\$2,599.84	\$3,207.02	\$4,010.17	\$4,394.66	\$5,621.38	\$7,957.39	\$9,283.26
6 Per Week =	\$2,218.90	\$3,394.01	\$4,126.73	\$5,157.05	\$5,676.49	\$7,224.68	\$10,006.58	\$11,939.67
7 Per Week =	\$2,906.95	\$4,453.11	\$5,352.48	\$6,690.39	\$7,385.95	\$9,362.22	\$13,042.00	\$15,042.04
Saturday =	\$516.41	\$794.19	\$919.70	\$1,146.87	\$1,281.83	\$1,603.31	\$2,049.21	\$2,656.42
Sunday =	\$688.04	\$1,059.09	\$1,225.76	\$1,533.34	\$1,709.48	\$2,137.54	\$3,035.42	\$3,102.37

For recycling containers, charge is 25% of the charge shown above  
 For composting containers, charge is 75% of the charge shown above

# **COMPACTOR RATES**

## **FRONT LOAD COMPACTOR RATES**

PER YARD

Compacted = \$125.02      Saturday = \$137.45      Sunday = \$151.28

Compacted weight: 450 lbs. per yard, plus \$10.08 per each 100 lbs. over 450lbs.

Rate Calculation Formula: Compacted Yards x Rate x 4.33

Yards	Regular	Saturday	Sunday
0.5	\$270.67	\$297.58	\$327.52
0.75	\$406.00	\$446.37	\$491.28
1	\$541.34	\$595.16	\$655.04
1.5	\$812.00	\$892.74	\$982.56
2	\$1,082.67	\$1,190.32	\$1,310.08
2.5	\$1,353.34	\$1,487.90	\$1,637.61
3	\$1,624.01	\$1,785.48	\$1,965.13
4	\$2,165.35	\$2,380.63	\$2,620.17
4.5	\$2,436.01	\$2,678.21	\$2,947.69
5	\$2,706.68	\$2,975.79	\$3,275.21
6	\$3,248.02	\$3,570.95	\$3,930.25

## **ROLL-OFF COMPACTOR RATES**

Transportation Charge

\$619.12 per pull

Disposal Charge

\$201.64 per ton

\$201.64 per ton Overweight Charge

Container Rotation Charge

\$346.86 per pull

Rate Calculation Formula:

Transportation Chg. + Disposal Chg. + 10% + Rotation Chg.\* = Per Pull Compactor Rate

\* If applicable

For recycling compactors charge is 25% of the charge shown above

For composting compactors charge is 75% of the charge shown above

# **DEBRIS BOX RATES**

Debris Box Size	Monday-Friday	Saturday	Max. Weight
	Price	Price	
6yd	\$741.46	<b>\$851.94</b>	Clean fill only
9yd	\$790.71	<b>\$909.18</b>	Clean fill only
15yd	\$741.46	<b>\$851.94</b>	4,000 lbs.
20yd	\$845.30	<b>\$971.75</b>	6,000 lbs.
30yd	\$1,040.97	<b>\$1,196.71</b>	7,000 lbs.
40yd	\$1,144.81	<b>\$1,317.85</b>	8,000 lbs.
14yd covered	\$797.36	<b>\$918.50</b>	4,000 lbs.
20yd covered	\$915.85	<b>\$1,051.63</b>	6,000 lbs.

Overweight charged at \$201.64 per/ton in excess of allowed weight.

6 & 9yd dirt/concrete boxes must be clean fill only-no bricks, wood, metal or trash.

NO serpentine rock, metal, organic debris, or trash. Such loads must be dumped as general debris.