



CONSULTING GROUP, INC.

RESOURCES • RESPECT • RESPONSIBILITY

2018 RRI Adjustment and Rate Increase



PRESENTATION TO:

City of Healdsburg City Council

September 4, 2018



CONSULTING
GROUP, INC.



Recommendation:

- u Adopt a resolution and a revised rate schedule for refuse collection and disposal services effective as of September 2018 billing cycle.



Background

- u Current solid waste franchise Agreement went into effect January 18, 2011 with the Ratto Group
- u On December 23, 2017, Recology Sonoma Marin purchased the Ratto Group's assets including the contract with the City of Healdsburg
 - † Recology is now the current exclusive hauler for collection of solid waste and C&D in the City
- u Recology is currently under contract until December 31, 2020
 - † The City is allowed to grant up to three one-year extensions of the Collection Service Agreement

Refuse Rate Increase (RRI) Application



- u The Franchise Agreement between the City and Recology allows Recology to request Annual Rate Adjustments and Special Rate Adjustments
 - † Annual Rate Adjustments are similar to a CPI adjustment
 - † Special Rate Adjustment contains adjustments for items other than the standard annual rate adjustment

Refuse Rate Increase (RRI) Application *(continued)*



Four Components make up the customer's monthly charge:

- u Collection Component
 - † Adjusted by the RRI Adjustment
- u Disposal Component
 - † Adjusted by the change in Disposal Tipping Fees
- u Organic Materials Processing Component
 - † Adjusted by the Organic Materials Processing Tipping Fees
- u Franchise Fee Component (10%)
 - † Not Adjusted annually



Recology's RRI Application

- u Recology submitted an Annual Rate Adjustment to the City July 1, 2018
- u R3 was contracted to review and analyze Recology's application
- u Retroactive Rate Pass Through calculations
 - † The County adjusts the annual rate for the Tipping Fees for the landfill and the organics processing facility on April 1 causing a five-month time discrepancy between when the City adjust customer rates
 - † R3 has created a methodology on behalf of the City for future retroactive payments



Residential Rates (Effective 9/1/18)

Cart Size	Current Rate (effective September 1, 2017)	Proposed Rate (effective September 1, 2018)	Percent Change
20- Gallon	\$11.28	\$11.93	5.76%
35-Gallon	\$15.06	\$15.95	5.94%
60-Gallon	\$21.73	\$23.07	6.15%
96-Gallon	\$29.69	\$31.43	5.86%

Sonoma County Rate Comparison



Sonoma County Rates	Effective Date	Residential Cart Rates				Commercial Bin Rates (1x/week)				
		20 Gal	35 Gal	65 Gal	96 Gal	1 CY	1.5 CY	2 CY	3 CY	4 CY
Healdsburg (Current)	9/1/2017	\$11.28	\$15.06	\$21.73	\$29.69	\$129.09	\$197.40	\$247.89	\$341.12	\$426.16
Healdsburg (R3 Proposed)	9/1/2018	\$11.93	\$15.95	\$23.07	\$31.43	\$136.12	\$208.34	\$261.33	\$358.98	\$447.82
Cloverdale	4/1/2017	\$15.91	\$21.55	\$33.57	\$44.00	NA	\$174.30	\$219.55	\$279.55	\$336.84
Cotati*	4/1/2016	\$9.80	\$13.76	\$36.08	\$55.61	NA	\$155.29	\$205.42	\$256.98	\$306.04
Petaluma*	7/1/2018	\$10.16	\$17.99	\$34.11	\$56.27	NA	\$267.17	\$313.87	\$419.95	\$461.39
Windsor	10/1/2017	\$17.88	\$24.00	\$38.00	\$59.00	NA	\$297.96	\$347.62	\$496.60	\$595.92
Rohnert Park*	7/1/2018	\$10.58	\$19.40	\$30.31	\$47.29	\$101.12	\$151.64	\$202.26	\$303.32	\$404.45
Sonoma City**	7/1/2018	\$8.92	\$14.83	\$32.22	\$49.43	NA	NA	\$201.64	\$297.23	\$393.29
Sebastopol*	4/1/2016	\$11.37	\$19.81	\$35.85	\$59.95	NA	\$239.83	\$287.75	\$403.29	\$463.36
Santa Rosa*	1/1/2018	\$23.56	\$27.05	\$41.11	\$64.77	\$268.26	\$345.29	\$422.37	\$519.63	\$651.83
Average (w/o Healdsburg)		\$13.52	\$19.80	\$35.16	\$54.54	\$184.69	\$233.07	\$275.06	\$372.07	\$451.64
Difference between Healdsburg (Current)		-\$2.24	-\$4.74	-\$13.43	-\$24.85	-\$55.60	-\$35.67	-\$27.17	-\$30.95	-\$25.48
Difference between Healdsburg (Proposed)		-\$1.59	-\$3.84	-\$12.09	-\$23.11	-\$48.57	-\$24.73	-\$13.73	-\$13.09	-\$3.82
Difference between Healdsburg (Current)		-16.58%	-23.93%	-38.19%	-45.56%	-30.10%	-15.30%	-9.88%	-8.32%	-5.64%
Difference between Healdsburg (Proposed)		-11.78%	-19.42%	-34.39%	-42.37%	-26.30%	-10.61%	-4.99%	-3.52%	-0.85%

Note:
*Taken from Recology Website



Recommendation:

- u Adopt a resolution and a revised rate schedule for refuse collection and disposal services effective as of September 2018 billing cycle.

QUESTIONS & ANSWERS

THANK YOU FOR YOUR TIME

For additional questions, contact:

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