



# Central Contra Costa Solid Waste Authority

R<sub>Y</sub>6 (March 2010-February 2011) Rate Setting

October 29, 2009

HF&H Consultants, LLC





# Presentation Outline

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# RY6 Revenue Requirement is Slightly Greater than RY5

	<u>RY5</u>	<u>RY6</u>	<u>RY6 vs RY5 Variance</u>	
<b>1</b> Allied Waste Systems	\$ 20,665,145	\$ 20,905,201	\$ 240,056	1.2%
<b>2</b> Valley Waste Management	<u>13,297,392</u>	<u>13,012,583</u>	<u>(284,809)</u>	-2.1%
<b>3 Total Franchisee Compensation</b>	33,962,537	33,917,784	(44,753)	-0.2%
<b><u>Agency Fees</u></b>				
<b>4</b> City/County Franchise Fees	\$ 2,917,452	\$ 2,919,848	\$ 2,396	0.1%
<b>5</b> Vehicle Impact Fees	1,414,602	1,426,988	12,386	0.9%
<b>6</b> CCCSWA Administrative Fees	488,039	512,441	24,402	5.0%
<b>7</b> CCCSWA AB 939 SRRE Fees	<u>584,652</u>	<u>613,885</u>	<u>29,233</u>	<u>5.0%</u>
<b>8 Total Agency Fees</b>	5,404,746	5,473,162	68,416	1.3%
<b><u>Special Program Costs</u></b>				
<b>9</b> Reuse & Cleanup Days	\$ 553,405	\$ 556,726	\$ 3,320	0.6%
<b>10</b> Street Sweeping Disposal - Walnut Creek	<u>52,000</u>	<u>52,000</u>	<u>-</u>	<u>0.0%</u>
<b>11</b> Total Special Program Costs	605,405	608,726	3,320	0.5%
<b>12</b> Recycling Center Lease Costs	\$ 42,000	\$ 42,000	\$ -	0.0%
<b>13 Total RY6 Revenue Requirement</b>	<u><u>\$ 40,014,689</u></u>	<u><u>\$ 40,041,672</u></u>	<u><u>\$ 26,984</u></u>	<u><u>0.1%</u></u>

\* Estimated CCCSWA Budget Increase





# Reserve Balances – as of Sept. 30, 2009

Date	Description	County	Danville	Lafayette	Moraga	Orinda	Walnut Creek	TOTAL	BALANCE
		740-2150	740-2151	740-2152	740-2153	740-2154	740-2155		
<b>9/30/08 Ending Balances</b>		<b>\$592,650</b>	<b>\$610,577</b>	<b>\$223,282</b>	<b>\$221,454</b>	<b>\$384,849</b>	<b>\$485,477</b>		<b>\$2,518,289</b>
10/28/08	Refuse Vehicle Impact Study	(\$12,500)	\$0	(\$12,500)	\$0*	(\$12,500)	(\$12,500)	(\$50,000)	\$2,468,289
12/01/08	VWM July 07 Service Disruption Cash Payment	\$5,704	\$6,655	\$3,803	\$2,535	\$2,852	\$10,141	\$31,691	\$2,499,979
01/14/09	RY3 Revenue Reconciliation	(\$266,877)	(\$753)	\$142,757	(\$33,522)	(\$424,853)	(\$93,475)	(\$676,723)	\$1,823,257
01/14/09	Approved \$4.1M DIF Dist. (remaining bal)	\$585,741	\$574,618	\$331,293	\$204,656	\$253,703	\$783,323	\$2,733,334	\$4,556,591
09/29/09	Reserve Settlement Dist.	\$279,125					\$220,875	\$500,000	\$5,056,591
<b>TOTAL</b>	<b>(Current Balance - 9/30/09)</b>	<b>\$1,183,843</b>	<b>\$1,191,098</b>	<b>\$688,635</b>	<b>\$395,123</b>	<b>\$204,050</b>	<b>\$1,393,841</b>		<b>\$5,056,591</b>
* Moraga participated in the refuse vehicle impact study; however, study was funded via their general fund									





# Diversion Incentive Fund: Settlement Payments

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- Initial Distribution
  - \$4.1M to all Member Agencies
    - \$1.4M distributed March 2008
    - \$2.7M distributed January 2009
- “Historical” Distribution (\$875k)
  - \$500k to Walnut Creek and County – September 2009
  - \$375k held per Board Decision (to be reconsidered at March 2010 budget meeting)
- Annual Distribution
  - Annually distribute funds in excess of \$1.5M reserve and operating expenses
  - 50/50 distribution (50% to WC and County/50% to all others, excl. Orinda)
  - FY09/10 distribution potential to be discussed at March 2010 budget meeting



# The RY6 Projected Reserve Balances Ranges From a 6.3% Surplus to a 5.1% Shortfall

	Danville	Lafayette	Moraga	Orinda	Walnut Creek	County	Total
1 <b>Total RY6 Revenue Requirement</b>	<b>\$ 7,244,850</b>	<b>\$ 5,273,777</b>	<b>\$ 2,656,096</b>	<b>\$ 3,674,358</b>	<b>\$ 14,000,859</b>	<b>\$ 7,191,732</b>	<b>\$ 40,041,672</b>
2 RY6 Projected Revenue (at current rates)	6,868,695	4,870,938	2,511,347	3,642,580	13,102,076	6,851,753	37,847,389
3 <b>Current Year Surplus/(Shortfall)</b>	<b>\$ (376,155)</b>	<b>\$ (402,839)</b>	<b>\$ (144,749)</b>	<b>\$ (31,778)</b>	<b>\$ (898,783)</b>	<b>\$ (339,979)</b>	<b>(2,194,283)</b>
4	-5.5%	-8.3%	-5.8%	-0.9%	-6.9%	-5.0%	-5.8%
5 Reserve Balances as of 9/30/09	1,191,098	688,635	395,123	204,050	1,393,841	1,183,843	5,056,591
6 RY4 Revenue Reconciliation	(126,454)	(107,005)	(85,685)	(158,495)	351,015	(112,108)	(238,731)
7 RY5 Projected Surplus/(Shortfall)	(561,156)	(417,226)	(145,746)	(25,484)	(693,881)	(323,805)	(2,167,298)
8 <b>Projected Reserves</b>	<b>\$ 503,488</b>	<b>\$ 164,404</b>	<b>\$ 163,692</b>	<b>\$ 20,072</b>	<b>\$ 1,050,975</b>	<b>\$ 747,930</b>	<b>\$ 2,650,561</b>
9 <b>Proj. EOY RY6 Reserve Balance</b> (rows 3 + 8)	<b>\$ 127,333</b>	<b>\$ (238,434)</b>	<b>\$ 18,943</b>	<b>\$ (11,707)</b>	<b>\$ 152,192</b>	<b>\$ 407,951</b>	<b>\$ 456,278</b>
% of RY6 Projected Revenue at Current Rates	1.9%	-4.9%	0.8%	-0.3%	1.2%	6.0%	1.1%



# RY5 Projected Revenues Coming in Less Than Anticipated

	Danville	Lafayette	Moraga	Orinda	Walnut Creek	UCCC
<b><u>Roll-off Revenue</u></b>						
Current Projections*	\$ 757,375	\$ 197,478	\$ 397,564	\$ 189,638	\$ 2,529,443	\$ 326,066
Anticipated Revenue	\$ 816,193	\$ 186,605	\$ 444,730	\$ 153,490	\$ 2,662,023	\$ 391,691
Variance	\$ (58,818)	\$ 10,873	\$ (47,166)	\$ 36,148	\$ (132,580)	\$ (65,624)
%	-7.2%	5.8%	-10.6%	23.6%	-5.0%	-16.8%
<b><u>Commercial Revenue</u></b>						
Current Projections*	\$ 1,979,621	\$ 2,025,530	\$ 700,038	\$ 806,175	\$ 6,923,164	\$ 1,682,943
Anticipated Revenue	\$ 2,029,411	\$ 2,225,579	\$ 736,054	\$ 795,503	\$ 7,188,092	\$ 1,776,582
Variance	\$ (49,790)	\$ (200,049)	\$ (36,016)	\$ 10,671	\$ (264,928)	\$ (93,638)
%	-2.5%	-9.0%	-4.9%	1.3%	-3.7%	-5.3%
<b><u>Residential Revenue</u></b>						
Current Projections*	\$ 4,131,699	\$ 2,647,930	\$ 1,413,745	\$ 2,646,767	\$ 3,649,469	\$ 4,842,743
Anticipated Revenue	\$ 4,230,692	\$ 2,706,603	\$ 1,445,086	\$ 2,719,874	\$ 3,666,295	\$ 4,818,034
Variance	\$ (98,993)	\$ (58,673)	\$ (31,340)	\$ (73,107)	\$ (16,826)	\$ 24,708
%	-2.3%	-2.2%	-2.2%	-2.7%	-0.5%	0.5%

\* Preliminary results; Actual and projected revenue still being audited





# Planned 2010 Rate Increases Generally Not Enough to Achieve Targeted Reserves

	<u>Danville</u>	<u>Lafayette</u>	<u>Moraga</u>	<u>Orinda</u>	<u>Walnut Creek</u>	<u>County</u>	<u>Total</u>
1 Proj. RY6 EOY Reserves - w/ no Rate Incr.	127,333	(238,434)	18,943	(11,707)	152,192	407,951	456,278
2 Prior Year Proj. RY6 EOY Reserve	183,037	592,705	298,850	75,388	1,273,510	612,448	3,035,939
3 Variance	(55,704)	(831,140)	(279,907)	(87,095)	(1,121,318)	(204,497)	(2,579,660)
4 % Incr. for PY Planned RY6 Balance	0.8%	17.1%	11.1%	2.4%	8.6%	3.0%	6.8%
5 RY6 Rate Increases Planned Last Year	4.0%	9.0%	4.0%	4.0%	4.0%	4.0%	4.0%
6 Proj. RY6 EOY Reserves - w/ PY Planned Incr.	402,081	199,950	119,397	133,997	676,275	682,021	
7 Proj. Reserve as a % of RY6 Rev. Req.	5.5%	3.8%	4.5%	3.6%	4.8%	9.5%	
8 Residential (32-gallon) - Current	\$17.00	\$21.62	\$20.82	\$27.35	\$15.90	\$18.32	
9 Proposed	<u>\$17.68</u>	<u>\$23.57</u>	<u>\$21.65</u>	<u>\$28.45</u>	<u>\$16.54</u>	<u>\$19.05</u>	
10	\$0.68	\$1.95	\$0.83	\$1.09	\$0.64	\$0.73	
11 Commercial (2 CY, 1x per week) - Current	\$234.46	\$276.97	\$256.28	\$321.58	\$161.99	\$233.58	
12 Proposed	<u>\$243.84</u>	<u>\$301.89</u>	<u>\$266.53</u>	<u>\$334.44</u>	<u>\$168.46</u>	<u>\$242.92</u>	
13	\$9.38	\$24.93	\$10.25	\$12.86	\$6.48	\$9.34	



## Residential 32-gallon Rate Comparison

Jurisdiction	32-gal. \$/Mo.	Recycling Frequency	Yard Waste Frequency
Richmond	\$34.40	Bi-weekly	Bi-weekly
El Cerrito	\$32.06	Weekly	Bi-weekly
Unincorp. West CC County	\$28.94	Bi-weekly	Bi-weekly
Orinda*	\$28.45	Weekly	Weekly
Pinole	\$28.06	Bi-weekly	Bi-weekly
Hercules	\$27.59	Bi-weekly	Bi-weekly
Martinez	\$27.45	Weekly	Bi-weekly
San Pablo	\$27.15	Bi-weekly	Bi-weekly
Lafayette*	\$23.57	Weekly	Weekly
San Ramon	\$23.05	Weekly	Weekly
Pleasant Hill	\$22.55	Weekly	Weekly
Concord	\$22.00	Weekly	Weekly
Moraga*	\$21.65	Weekly	Weekly
County*	\$19.05	Weekly	Weekly
Danville*	\$17.68	Weekly	Weekly
Walnut Creek	\$16.54	Weekly	Weekly
Livermore	\$16.21	Weekly	Weekly
Dublin	\$14.25	Weekly	Weekly

\* Reflects estimated 2010 rate increases; all other rates are subject to increases during 2010





# Board Decisions: Walnut Creek Residential Food Scrap Program

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- Residential food scrap program in Walnut Creek (~12,500 tons); Fall 2010; fits within contract parameters; no rate impact
- Contractual obligation to compost 50% of 680 corridor green waste material (remaining may be used as ADC)
  - Compost @ \$30.70 per ton; ~17,500 tons
  - ADC @ \$20.47 per ton; ~17,500 tons
- Allied requested consideration \$45 per ton
  - Finance Committee directed staff to evaluate reasonableness of request
  - Allied subsequently withdrew its request
- Other program expenditures ~102k – Already In Authority’s 09/10 Budget



# Board Decisions: Commercial Food Waste Pilot Update

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- Pilot Program Began November 2008
- Full Rollout - September 2010 (Goal ~ 240 accts by Dec. 2011)
- Pilot Funded Through March 2010 – 09/10 DIF budget
- Continue to Fund Pilot from March 2010 – August 2010 out of DIF until Full Rollout?
  - Costs still being negotiated
  - Staff negotiating options with EBMUD and Allied
  - Estimated costs to Board in Dec/Jan



# Board Decisions:

## Expansion of Commercial Food Waste Program

### ■ RY6 Rate Impact Scenarios

- All Customers Pay ~0.6%
- All Commercial Customers Pay (cost allocation – uniform) ~1.1%
- All Commercial Customers Pay (cost allocation – member agency specific)

	Danville	Lafayette	Moraga	Orinda	Walnut Creek	County	Total
Projected Program Costs* (000's)	\$43	\$27	\$18	\$12	\$112	\$11	\$223
Commercial Revenues (000's)	\$3,031	\$2,261	\$1,121	\$924	\$10,250	\$2,149	\$19,736
% Increase	1.4%	1.2%	1.6%	1.2%	1.1%	0.5%	1.1%

\* Projected program costs reflect six months of costs (Sept. 2010 – Feb. 2011); Therefore, if approved, RY6 rates will cover six months of costs and a similar increase will be necessary in RY7 to cover full twelve months of program costs





# Board Decisions

- Walnut Creek Residential Food Scrap Program
  - Finance Committee Recommendation: Expand program into Walnut Creek in Sept. 2010
  
- Commercial Food Waste Program
  - Finance Committee Recommendation: Full Program Rollout in Sept. 2010
  - Finance Committee Recommendation: Fund Expanded Program Through Rates
    - Rate Scenario Options (no recommendation made by Committee):
      - All Customers Pay ~0.6%
      - All Commercial Customers Pay (cost allocation – uniform) ~1.1%
      - All Commercial Customers Pay (cost allocation – member agency specific) ~0.5% to 1.6%
      - Other



# Next Steps

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- Finalize Hauler Compensation and Revenue Projections
- Meet individually with Member Agencies to Develop Rate Adjustment Strategies
- Present Updated Results to Board – December 10, 2009
- December 11 to January 14 – Opportunity for Member Agencies to revise rate strategies with HF&H
- Present Final Results to Board and Adopt RY6 Rates – January 28, 2010