



# CITY OF BRENTWOOD

## SOLID WASTE COST OF SERVICE STUDY



**FINAL DRAFT June 26, 2018**



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# City of Brentwood

Public Works Department  
150 City Park Way, Second Floor  
Brentwood, CA 94513

## Solid Waste Cost of Service Study – **FINAL DRAFT**

June 26, 2018

### HF&H CONSULTANTS, LLC

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June 26, 2018

Mr. Miki Tsubota  
Director of Public Works/City Engineer  
City of Brentwood  
150 City Park Way, Second Floor  
Brentwood, CA 94513

**Subject: Solid Waste Cost of Service Study**

Dear Mr. Tsubota:

HF&H Consultants, LLC, is pleased to submit this draft report that documents the proposed restructuring of the City's solid waste rates in order to comply with the requirements of Proposition 218, and ensure the financial health of the Solid Waste Enterprise. It has been a pleasure working with you and City Staff on this important project.

Very truly yours,

HF&H CONSULTANTS, LLC

Rob Hilton, C.M.C, President  
Lauren Barbieri, Project Manager  
Dave Hilton, Senior Associate

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## **ACKNOWLEDGEMENTS**

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## LIMITATIONS

This study was prepared solely for the City of Brentwood in accordance with the contract between the City and HF&H and is not intended for use by any other party for any other purpose.

In preparing this study, HF&H relied on information and instructions from the City, which we consider to be accurate and reliable and did not independently verify.

Rounding differences caused by stored values in electronic models may exist.

This study addresses relevant laws, regulations, and court decisions but should not be relied upon as legal advice. Questions concerning the interpretation of legal authorities referenced in this study should be referred to a qualified attorney.

## 1. EXECUTIVE SUMMARY

The City of Brentwood (City) provides solid waste services to residents and businesses located within the City's limits. In order to set rates for these services, the City intends to comply with Article XIII D, Section 6 of the California Constitution, which was enacted by Proposition 218 in 1996. This Constitutional Section requires that (1) revenues derived from fees or charges for property-related service not exceed the cost to provide service; (2) revenues derived from fees or charges not be used for any purpose other than that for which it was imposed; and (3) the amount of a fee or charge upon a parcel not exceed the proportional cost of the service attributable to the parcel. The last rate study to analyze the nature of the City's solid waste collection fees and services was completed in 2013. The analysis conducted in support of this study was founded on legal direction related to Proposition 218, which was provided by special counsel engaged by the City.

### 1.1 Study Purpose and Objectives

The purpose of this study is to conduct a comprehensive analysis of the City's solid waste rates, including documentation of the analysis, underlying assumptions, and the rationale for the recommended rates. The study is required to demonstrate that the recommended rates result in fees and charges that reflect the cost of providing such service.

This study has several key objectives:

- Determine revenue that is necessary to meet the City's requirements, including operations and maintenance (O&M), capital improvement, and reserve funds.
- Determine the cost of service attributable to each parcel based upon the subscribed service level.
- Ensure that the proposed rate structure is compatible with Proposition 218 mandates.

These objectives are met by applying industry best practices and by complying with all applicable laws.

### 1.2 Methodology

This rate study included three analytic stages for the solid waste utility:

1. **Revenue Requirement Projections.** The expenses and revenues are projected based on the City's 10-year fiscal model for the Solid Waste Enterprise, incorporating expected cost escalation factors and growth rates. The difference between expenses and revenues must be offset by annual revenue increases.
2. **Cost of Service Analysis.** The revenue requirement for the coming rate year (FY 2018-19) is allocated to each customer service (solid waste, recycling, yard waste), class (cart, bin, roll-off), and subscription level (based on container size and collection frequency), based on the cost to provide the service.
3. **Rate Design.** Rates are designed such that each rate recovers its share of the cost of service.

The analysis for the Solid Waste Enterprise was performed in a spreadsheet model. The tables presented in this report are derived from this model.

### 1.3 Rate-structure Objectives

The following are several rate-structure objectives that the proposed rates are designed to achieve:

- **Revenue Sufficiency.** Rates are sufficient to fund operating and capital costs and maintain adequate reserves (in accordance with Budget and Fiscal Policy 2.7.3, adopted April 25, 2017).
- **Revenue Stability.** Rates are designed to recover revenue from the City’s fixed and variable charges to cover its fixed and variable costs.
- **Affordability.** Rates are as affordable as possible while maintaining the City’s sound financial position and credit rating.
- **Customer Acceptance.** Rates are designed to be as simple as possible to facilitate customer understanding and acceptance.
- **Fairness.** Rates are designed so that each customer service level pays its proportionate share of the required revenue in compliance with legally prescribed rate structure requirements.

### 1.4 Findings and Recommendations

#### A. Revenue Requirement Projections

Figure 1-1 summarizes the annual revenue requirement that rates must be set to fund, for each class of customers.

**Figure 1-1. Revenue Requirement Projections**

	Projected					
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Cart	\$ 7,144,900	\$ 7,700,025	\$ 8,070,704	\$ 8,504,391	\$ 8,781,051	\$ 9,471,303
Bin	\$ 4,027,532	\$ 4,340,561	\$ 4,457,082	\$ 4,650,510	\$ 4,810,450	\$ 5,194,694
Roll-Off	\$ 1,260,387	\$ 1,349,459	\$ 1,445,615	\$ 1,532,103	\$ 1,588,574	\$ 1,701,179
<b>Total</b>	<b>\$ 12,432,820</b>	<b>\$ 13,390,046</b>	<b>\$ 13,973,402</b>	<b>\$ 14,687,005</b>	<b>\$ 15,180,075</b>	<b>\$ 16,367,176</b>

Note: Rounding differences caused by stored values in electronic models may exist.

#### B. Cost of Service Analysis

The cost of service analysis indicated that while cart customer rates are relatively closely aligned with the cost of service, bin and roll-off rates needed further adjustment to cover the cost of providing service. Further, the cost of service analysis indicated that rates for varying service levels within each customer class did not sufficiently cover the cost by service level. As a result, customer rates for all service levels need to be adjusted (up or down) in varying degrees to rebalance the revenues and costs within each customer class, and to ensure revenue sufficiency over time.

#### C. Implementation

We recommend that City staff confirm the need for each year’s rate adjustment prior to adopting the change. The City has the option to implement a lower rate adjustment than was approved, however, the City should not adopt an increase that is higher than the adopted amount without conducting a Proposition 218 notification procedure.

## 2. SOLID WASTE RATES

### 2.1 Background

#### A. General

The City is the provider of solid waste, recyclables, and yard waste collection to the City's residents, businesses, and City facilities. All materials are delivered to the City's transfer station at 2300 Elkins Way and are subsequently transported to third-party facilities throughout the Bay Area for processing and disposal through separate contract. Residents and businesses have the option of subscribing to cart, bin, or roll-off (also known as "drop box") collection service.

#### B. Cart Service

The City provides its cart customers with weekly solid waste collection and alternating weekly recycling and yard waste collection.

Cart rates currently include the customer's choice of up to two 32-, 64-, or 96-gallon recycling and yard waste carts each. Cart rates include the option for customers to receive an additional recycling and yard waste cart.

#### C. Bin Service

The City provides its bin customers with solid waste, yard waste and mixed recycling collection service at varying frequencies in a range of container sizes to meet each customer's needs. These customers are charged a monthly rate based on their subscription level (e.g., one cubic yard bin, serviced one time per week; three cubic yard bin, serviced three times per week).

#### D. Roll-Off Service

The City provides residents and businesses which routinely or temporarily generate large quantities of solid waste, recycling, cardboard, yard waste, and construction and demolition debris the option to receive service in drop boxes, which are collected one at a time (i.e., not on a planned collection route) using a roll-off collection vehicle.

### 2.2 Revenue Requirement Projections

To determine whether additional rate revenue is required, projected operating and capital expenses are compared with projected revenue from current rates. Rates are then proposed to be adjusted as necessary so that the expenses are covered and operating, capital expenses, and reserves are maintained.

#### A. Expense Categories

The City's 10-year solid waste fiscal model served as the basis for determining the revenue requirement projections for the 5-year planning period from FY 2018-19 through FY 2022-23. The projection of annual revenues and expenditures during this period was conducted by the City's staff and provided to HF&H. Noteworthy aspects of the projected expenditure trends include the following:

##### Personnel Services Expense

The City's direct and indirect (e.g., administrative overhead, facilities maintenance, information systems, etc.) operations and maintenance (O&M) expenses budget for FY 2017-18 served as the starting point

for projecting O&M expenses. HF&H utilized the City's projections to forecast increases due to inflation, growth, and known changes (e.g., City's existing labor contracts). The City's projections include the proposed addition of two staff persons in FY 2018-19. They are expected to accommodate additional demands on the Solid Waste Enterprise due to anticipated new residential and commercial service routes. The new staff hires will also assist with achieving compliance with increasing regulatory requirements.

### **Supplies and Services Expense**

Supplies and services costs are projected to increase by 35% during the 5-year term of the study. The majority of the City's supplies and service expenses are projected to gradually increase during the planning period at the projected rate of inflation and growth. Limited exceptions to this include: addition of funds to support compliance with new regulations regarding source separation of organic waste and redirection of funds related to strategic planning initiatives.

Included in the supplies and services expenses are disposal and material processing costs. Disposal and processing costs are projected to increase approximately 8% each year. The rise in cost is based on a combination of: 1) the City's contract with Allied Waste for these services, which includes an automatic annual inflationary adjustment, and, 2) projected growth in tonnage (assumed at approximately 4% annually) resulting from growth in the additional residential and nonresidential customer base.

### **Capital Outlay**

The City projects ongoing expenses related to the purchase of new solid waste, recyclables, and yard waste containers. Such expenses are assumed to increase between 3% and 4% annually with inflation. The City also projects expenses related to other capital equipment in FY 2018-19 and FY 2022-23, and upgrades to utility billing software in FY 2019-20 and FY 2020-21.

### **Interdepartmental Transfers**

Interdepartmental transfers are made to other funds within the City (e.g., Information Services, Fleet Maintenance, Facilities, and Insurance) based on the Solid Waste Enterprise's use of services provided by those funds. The largest single expense category within interdepartmental transfers relates to collection vehicle fleet maintenance, and is projected to range between approximately \$1.2 and \$1.4 million dollars per year through FY 2022-23.

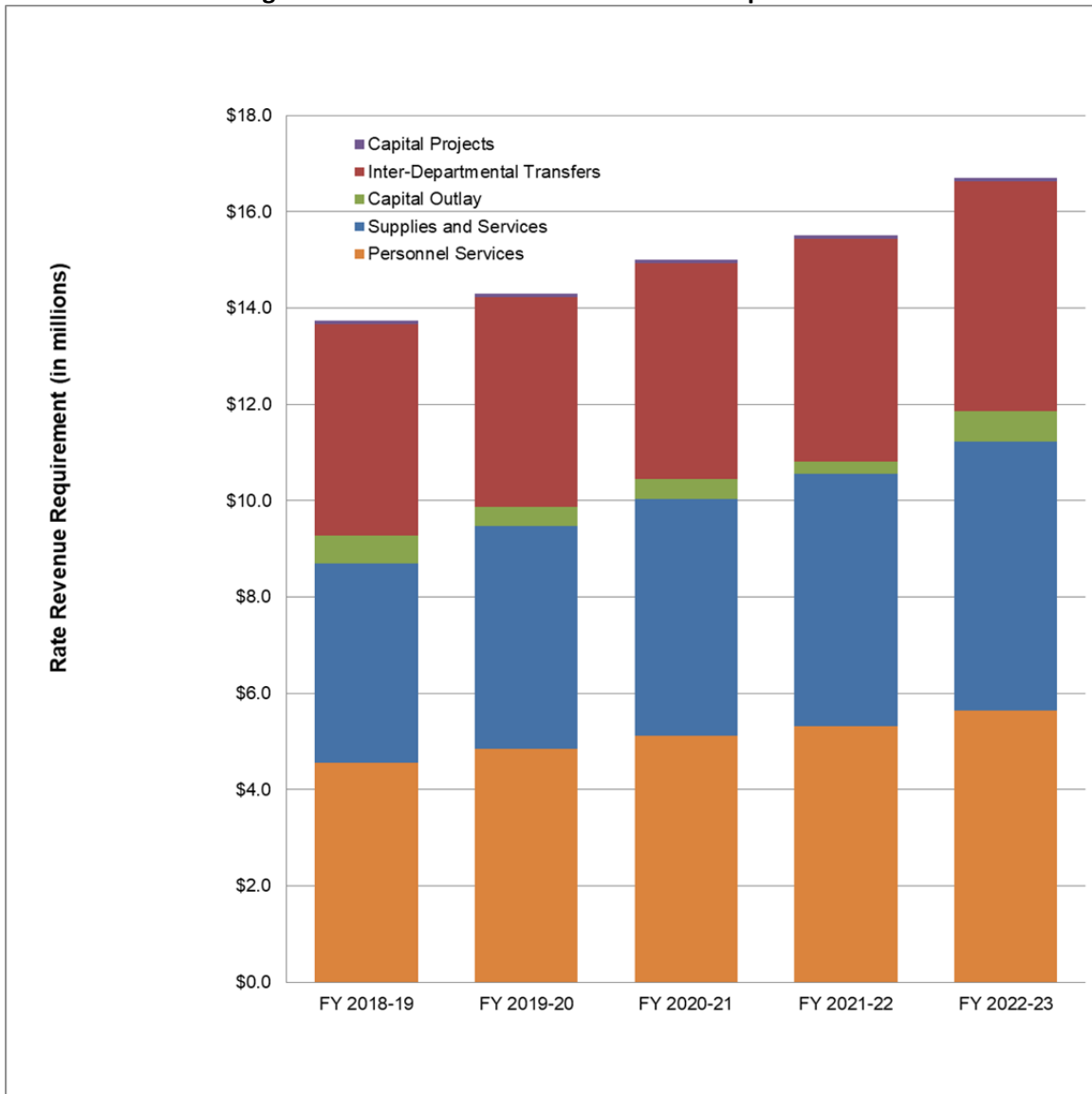
### **Capital Projects**

Anticipated capital project expenses include upgrades and improvements to the Corporation Yard and Municipal Service Center where the Solid Waste Transfer Station is located.

**Figure 2-1**, below, graphically summarizes the anticipated expenses by category within the Solid Waste Enterprise for FY 2018-19 through FY 2022-23.



**Figure 2-1. Solid Waste Annual Revenue Requirement**



	FY 2018-19	FY 2019-20	Projected		
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Personnel Services	\$ 4,550,767	\$ 4,846,590	\$ 5,110,095	\$ 5,314,993	\$ 5,640,949
Supplies and Services	\$ 4,140,997	\$ 4,629,614	\$ 4,927,013	\$ 5,245,023	\$ 5,587,324
Capital Outlay	\$ 573,149	\$ 398,973	\$ 408,695	\$ 250,722	\$ 635,375
Inter-Departmental Transfers	\$ 4,395,164	\$ 4,357,022	\$ 4,491,755	\$ 4,628,693	\$ 4,770,269
Capital Projects	\$ 76,860	\$ 72,933	\$ 69,785	\$ 66,683	\$ 65,045
	\$ 13,736,937	\$ 14,305,132	\$ 15,007,343	\$ 15,506,114	\$ 16,698,962

Revenue to the Solid Waste Enterprise received from sources other than customer rates, such as application fees and late charges, may be deducted from the total revenue requirement, reducing the revenue required to be generated by customer rates. **Figure 2-2** displays the City’s projected non-rate revenues, as well as rate revenue requirement for FY 2017-18 through FY 2022-23.

**Figure 2-2. Calculation of Rate Revenue Requirement**

	Projected				
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Total Revenue Requirement	\$ 13,736,937	\$ 14,305,132	\$ 15,007,343	\$ 15,506,114	\$ 16,698,962
Non-Rate Revenues	\$ (346,892)	\$ (331,730)	\$ (320,338)	\$ (326,039)	\$ (331,786)
Rate Revenue Requirement	\$ 13,390,046	\$ 13,973,402	\$ 14,687,005	\$ 15,180,075	\$ 16,367,176

Note: Rounding differences caused by stored values in electronic models may exist.

## B. Expense Allocations by Line of Business

Each expense category discussed in Section 2.2.A (personnel services, supplies and services, capital outlay, inter-departmental transfers, and capital project) reflects the sum of the respective expense categories for the solid waste operations, solid waste utility billing, and solid waste transfer station funds; the breakdown of which was provided by the City. The total annual revenue requirement projections (between operations, utility billing, and transfer station) were then allocated to the three customer classes (customers subscribing to cart, bin, or roll-off collection service). The allocations were distributed into the following major cost areas in a manner that reflects actual costs required to serve each customer class: operations, processing and disposal, billing, personnel, and bad debt. HF&H then used cost and operational data, provided by the City, to allocate each of these cost areas among customer classes in a manner which reflects the actual cost of providing service to each. Operations costs were allocated based on service route staff time dedicated to each customer class. Processing and disposal costs were allocated based on actual total tipping fee costs to process/dispose of tonnage collected from each customer class in FY 2016-17. Billing costs were allocated based on the number of service routes serving each customer class. Personnel costs were allocated based on service route staff time to each customer class. Bad debt write-offs were allocated based on the estimated revenue generated by each customer class in FY 2017-18. The allocation methodology by cost area and resulting allocation factors are shown in **Figure 2-3**.

**Figure 2-3. Allocation Methodology and Factors**

Cost Category	Allocation Methodology	Allocation Factors	
Operations Costs	Actual full-time equivalent (FTE) route staff time dedicated to each customer class	Cart:	9.4 FTEs (57%)
		Bin:	6.35 FTEs (39%)
		Roll-off:	0.65 FTEs (4%)
		Total:	16.4 FTEs (100%)
Processing and Disposal Costs	Actual cost to process/dispose tons collected from each customer class in FY 2016-17	Cart:	\$1,468,397 (64%)
		Bin:	\$403,991 (18%)
		Roll-off:	\$428,558 (19%)
		Total:	\$2,300,866 (100%)
Billing Costs	Actual number of FTE routes serving each customer class	Cart:	45 routes (69%)
		Bin:	10 routes (15%)
		Roll-off:	10 routes (15%)
		Total:	65 routes (100%)
Personnel Costs	Actual FTE staff time dedicated to each customer class	Cart:	\$1,484,338 (53%)
		Bin:	\$1,082,284 (38%)
		Roll-off:	\$252,062 (9%)
		Total:	\$2,818,684 (100%)
Bad Debt Expense	FY 2017-18 rate revenue generated by each customer class	Cart:	\$7,518,923 (65%)
		Bin:	\$2,953,083 (26%)
		Roll-off:	\$1,069,419 (9%)
		Total:	\$11,541,425 (100%)

**Figure 2-4** displays how the allocation factors were used to allocate FY 2017-18 costs to each customer class.

**Figure 2-4. Allocation of FY 2017-18 Costs by Customer Class**

Cost Area	FY 2017-18 Total Cost	Allocation Factor		Allocated FY 2017-18 Costs
Operations Costs	\$ 5,219,822	Cart	57%	\$ 2,991,849
		Bin	39%	\$ 2,021,090
		Roll-off	4%	\$ 206,883
Processing and Disposal Costs	\$ 3,208,660	Cart	64%	\$ 2,047,745
		Bin	18%	\$ 563,272
		Roll-off	19%	\$ 597,643
Billing Costs	\$ 1,015,020	Cart	69%	\$ 702,706
		Bin	15%	\$ 156,157
		Roll-off	15%	\$ 156,157
Personnel Costs	\$ 3,184,247	Cart	53%	\$ 1,676,846
		Bin	38%	\$ 1,222,648
		Roll-off	9%	\$ 284,753
Bad Debt Expense	\$ (63,500)	Cart	65%	\$ (41,369)
		Bin	26%	\$ (16,248)
		Roll-off	9%	\$ (5,884)

*Note: Rounding differences caused by stored values in electronic models may exist.*

The cost of service for each class of customers is then attributed to each individual service level (i.e. the combination of container size and service frequency). The “Personnel Costs” and “Operations Costs” portion of the cost of service for each individual service level was determined by assessing the capacity of the collection vehicles that is consumed by each service level and calculating an equivalent container unit (ECU) for each. All personnel and operations costs are distributed evenly to each of the 36,361 ECUs of cart service, 3,771 ECUs of bin service, and 2,116 ECUs of roll-off service actually subscribed by customers and divided by 12 to arrive at a monthly cost per ECU. The total personnel and operations costs for each service level is calculated by multiplying the ECUs assigned to that service level by the monthly cost per ECU. The “Processing and Disposal Costs” portion of the cost of service for each individual service level was determined by calculating: the tons per cubic yard for each material type (e.g. solid waste, recycling, yard waste); multiplied by the cost per ton of transfer, transportation, and final disposal/processing for that material type; and finally multiplied by the monthly yards of service subscribed. The “Billing Costs” and “Bad Debt Expense” portion of the cost of service for each individual service level was determined by dividing the total billing and bad debt costs for that class of customers evenly across the number of customers in the class for cart and bin service and evenly across the number of “pulls” for roll-off service.

Figure 2-5 summarizes the projected rate revenue requirements, revenue from current rates (i.e., without any rate adjustments), revenue from interest earnings, annual surpluses and deficits, and projected revenue adjustments (revenue from rate increase) to offset future deficits so that solid waste reserves are maintained in accordance with Budget and Fiscal Policy (see Section 2.2.C for discussion on the adequate level of reserves). The rate adjustments that are projected would become effective July 1 of each year.

**Figure 2-5. Solid Waste Fund Balance**

	FY 2017-18	Projected				
		FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Beginning Fund Balance (with increases)</b>	4,494,293	\$ 3,641,810	\$ 3,708,090	\$ 3,796,217	\$ 3,939,498	\$ 4,326,900
<b>Revenue from Current Rates</b>	\$ 11,541,425	\$ 11,541,425	\$ 11,709,930	\$ 11,990,968	\$ 12,218,797	\$ 12,426,516
<b>Revenue from Rate Increase</b>	\$ -	\$ 1,875,281	\$ 2,311,038	\$ 2,797,227	\$ 3,302,449	\$ 3,832,144
<b>Revenue from Interest Earnings</b>	\$ 38,911	\$ 39,619	\$ 40,561	\$ 42,092	\$ 46,231	\$ 45,559
<b>Rate Revenue Requirement</b>	\$ (12,432,820)	\$ (13,390,046)	\$ (13,973,402)	\$ (14,687,005)	\$ (15,180,075)	\$ (16,367,176)
<b>Surplus/(Deficit)</b>	\$ (852,483)	\$ 66,280	\$ 88,127	\$ 143,282	\$ 387,402	\$ (62,957)
<b>Ending Fund Balance (with increases)</b>	\$ 3,641,810	\$ 3,708,090	\$ 3,796,217	\$ 3,939,498	\$ 4,326,900	\$ 4,263,943

Note: Rounding differences caused by stored values in electronic models may exist.

Figure 2-6, Figure 2-7, and Figure 2-8 summarize the information presented in Figure 2-5 by customer class (excluding beginning and ending fund balance, and interest earnings, which were not separately allocated to each customer class).

**Figure 2-6. Cart Rate Revenue Summary**

	FY 2017-18	Projected				
		FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Revenue from Current Cart Rates</b>	\$ 7,518,923	\$ 7,518,923	\$ 7,628,699	\$ 7,811,788	\$ 7,960,212	\$ 8,095,536
<b>Revenue from Rate Increase</b>	\$ -	\$ 225,568	\$ 464,588	\$ 724,364	\$ 999,077	\$ 1,289,409
<b>Rate Revenue Requirement</b>	\$ (7,144,900)	\$ (7,700,025)	\$ (8,070,704)	\$ (8,504,391)	\$ (8,781,051)	\$ (9,471,303)
<b>Surplus/(Deficit)</b>	\$ 374,023	\$ 44,465	\$ 22,583	\$ 31,760	\$ 178,238	\$ (86,358)

Note: Rounding differences caused by stored values in electronic models may exist.

**Figure 2-7. Bin Rate Revenue Summary**

	FY 2017-18	Projected				
		FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Revenue from Current Bin Rates</b>	\$ 2,953,083	\$ 2,953,083	\$ 2,996,198	\$ 3,068,107	\$ 3,126,401	\$ 3,179,550
<b>Revenue from Rate Increase</b>	\$ -	\$ 1,328,887	\$ 1,478,624	\$ 1,651,577	\$ 1,827,238	\$ 2,009,436
<b>Rate Revenue Requirement</b>	\$ (4,027,532)	\$ (4,340,561)	\$ (4,457,082)	\$ (4,650,510)	\$ (4,810,450)	\$ (5,194,694)
<b>Surplus/(Deficit)</b>	\$ (1,074,449)	\$ (58,591)	\$ 17,740	\$ 69,174	\$ 143,189	\$ (5,708)

Note: Rounding differences caused by stored values in electronic models may exist.

**Figure 2-8. Roll-off Rate Revenue Summary**

	FY 2017-18	Projected				
		FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Revenue from Current Roll-off Rates</b>	\$ 1,069,419	\$ 1,069,419	\$ 1,085,033	\$ 1,111,073	\$ 1,132,184	\$ 1,151,431
<b>Revenue from Rate Increase</b>	\$ -	\$ 320,826	\$ 367,826	\$ 421,286	\$ 476,134	\$ 533,298
<b>Rate Revenue Requirement</b>	\$ (1,260,387)	\$ (1,349,459)	\$ (1,445,615)	\$ (1,532,103)	\$ (1,588,574)	\$ (1,701,179)
<b>Surplus/(Deficit)</b>	\$ (190,969)	\$ 40,786	\$ 7,243	\$ 256	\$ 19,744	\$ (16,450)

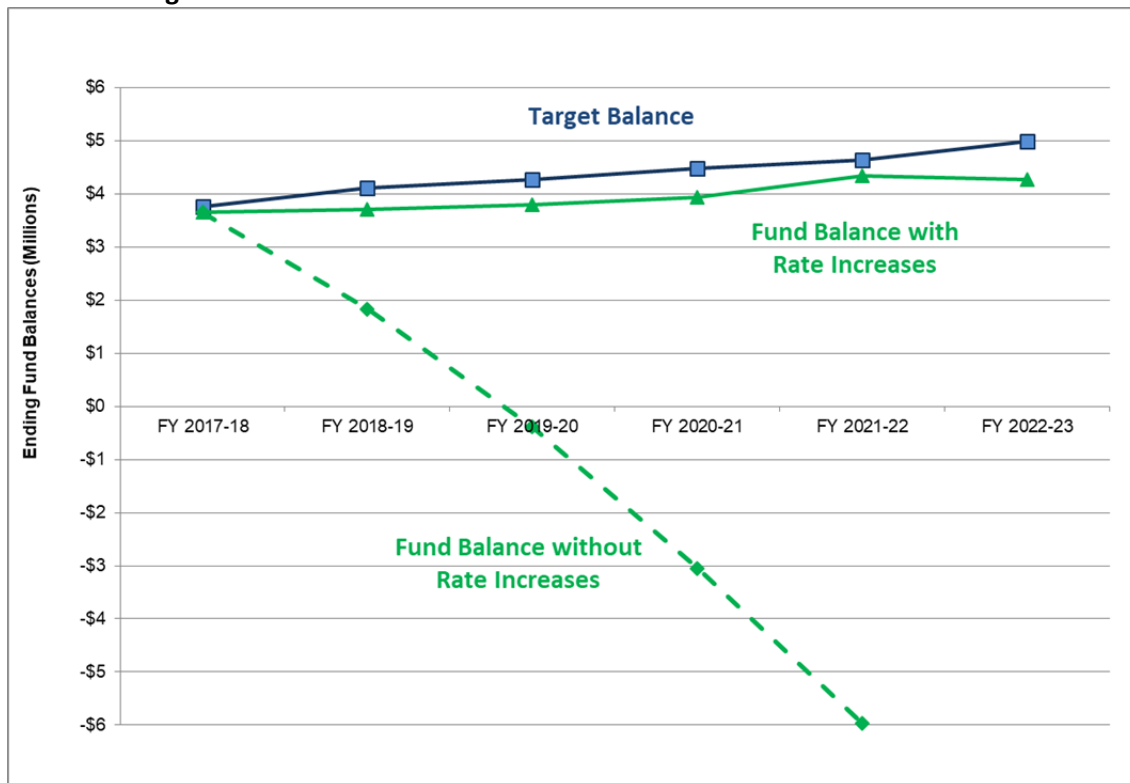
Note: Rounding differences caused by stored values in electronic models may exist.

### C. Operating and Capital Reserve Funds

The revenue increases indicated in **Figure 2-5** are required to offset the City’s increased costs and to maintain adequate reserves per City policy. Rates are set so that the fund balance achieves the target, including the reserve funds. The reserve target balance is established at 30% of annual operating costs (net of depreciation and capital expenses), and a cash margin for future capital costs (per Budget and Fiscal Policy 2.7.3 adopted April 25, 2017). The Solid Waste Enterprise currently pre-funds its regular capital needs using an equipment replacement fund for vehicles and has not historically needed a separate capital reserve.

The preceding modeling assumptions lead to the projected fund balances shown in **Figure 2-9**. The need for the series of revenue increases in **Figure 2-5** is demonstrated by the resulting fund balances. Without the revenue increases, the fund balance would drop to unacceptably low levels. **Figure 2-9** indicates that the fund balance is nearly on target in FY 2017-18. The fund balance declines dramatically starting in FY 2018-19 if revenues are not increased. With the projected revenue increases, the fund balance will reverse course and continue to grow and remain just under the target balance through FY 2022-23.

**Figure 2-9. Solid Waste Fund Balance With and Without Rate Increases**



### 2.3 Rate Design and Projected Rate Increases

Based on projections and allocations discussed in Section 2.2, HF&H evaluated each individual customer service level (including customer class, material, and container size; e.g., “96-gallon solid waste cart”) to ensure that adopted rates reflect cost-of-service in a manner which complies with Proposition 218. Following this analysis, HF&H determined that the City’s overall solid waste rate structure must be revised in order for rates to comply with the requirements of Proposition 218. As a result, each individual customer rate will be subject to a different adjustment factor in FY 2018-19, and may be

adjusted by a single factor to account for expense increases throughout the solid waste fiscal model thereafter.

The recommended rates for FY 2018-19 are shown in **Figure 2-10**. The proposed adjustment to all rates is a 3% increase per year for subsequent years FY 2019-20 through FY 2022-23. With these increases, rates are expected to cover ongoing contractual and operating cost increases and provide some contribution to reserves through FY 2022-23. Each year, prior to implementing the rate increases, City staff should confirm the need for the rate adjustment. The City can implement a lower rate increase, if conditions warrant, without going through the Proposition 218 notification process. If higher rate increases are needed that exceed the adopted rates, the City should initiate a new Proposition 218 proceeding.

The City reserves the right to pass through costs that are not within the City's control, such as hauling and disposal costs, electrical costs, chemical costs etc. to the proposed rates when such an action is deemed necessary. The financial plan has built in projected increases in these costs. However, if those costs exceed the projected amount, the additional costs may be recovered through the rates at the actual cost paid by the City



## 2.4 Non-Scheduled “Elective” Services

In addition to routine scheduled service, the City also provides unscheduled solid waste services for customer convenience such as roll-off or dumpster service, extra pick-ups, or service of large/bulky items. There are no cross-subsidies between the non-scheduled services (which are charged on a time and materials basis) and the scheduled cart or bin rates. Non-scheduled services proposed for FY 2018-19 are identified in **Figure 2-11** below and may increase 3% each FY 2019-20 through 2022-23.

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Figure 2-11 Proposed Non-Scheduled Services Rates

<b>Proposed (FY2018-19) Solid Waste Enterprise Rates - NON-SCHEDULED SERVICES -</b>								
<b>Bin Service <sup>1</sup></b>								
<b>DEPOSIT (Required on all bin rentals)<sup>3</sup></b>						\$700 per bin		
<b>BIN SERVICE CHARGE</b>								
1 to 8 Cubic Yards (frontload)						\$125 per haul <sup>1</sup>		
10 to 40 Cubic Yards (roll-off)						\$300 per haul <sup>1</sup>		
<b>PROCESSING CHARGE (applicable to 10-40 cubic yard bins)</b>								
Garbage or Construction/Demolition						\$100 per ton		
Clean Wood, Yard Waste, Metals Only						\$70 per ton		
Mixed Recyclables Only						\$80 per ton		
Clean Cardboard Only (Non-Compacted)						\$55 per ton		
<b>OTHER CHARGES</b>								
40 Yard Compactor Rental						\$70 per month		
Haul Materials Outside City Limits						\$500 per haul		
Compactor Special Handling Charge						\$35 per haul		
<b>Extra Cart Service Charges <sup>1</sup></b>								
	<b>32 Gal.</b>	<b>64 Gal.</b>	<b>96 Gal.</b>	Each additional bag or 32-gallon equivalent of material collected			\$7.00	
Per Service	\$7.00	\$9.00	\$12.00					
<b>Extra Bin Service Charges <sup>1,2</sup></b>								
<i>Front-load Bin</i>	<b>1 yd.</b>	<b>2 yd.</b>	<b>3 yd.</b>	<b>4 yd.</b>	<b>5 yd.</b>	<b>6 yd.</b>	<b>8 yd.</b>	
Garbage, Organics	\$30	\$60	\$84	\$109	\$130	\$156	\$206	
Mixed Recycling	\$24	\$48	\$67	\$87	\$104	\$124	\$165	
<b>NOTE:</b> Extra Cart/Bin service charge applies only to extra material collected during regular service. Call back fee may be added to this amount if extra service requires a driver to make an unscheduled trip to service location.								
<b>Bulky Item Charges <sup>1</sup></b>								
Level 1 Bulky Materials (per item) <sup>4</sup>				\$40	Level 2 Bulky Materials (per item) <sup>4</sup>			\$70
- Less than 4 feet in length, height, or width					- Greater than 4 feet in length, height or width			
- Less than 75 lbs.					- Between 75 lbs. and 200 lbs.			
- Tires (up to 4 tires, 16" or less, no rims)					- Tires (up to 4 tires, 20" or less, with our without rims)			
- Loose bagged trash/recyclables (up to 6 bags)					- Items with special handling required (e.g. Refrigerator w/CFCs)			
Christmas Tree Pick-Up						\$20.00		
<b>Special Charges <sup>1</sup></b>								
	<b>Time</b>	<b>Carts</b>	<b>Time</b>	<b>FL Bins</b>	<b>Time</b>	<b>Roll-off Bins</b>		
Container Removal/Wash/Exchange/Disconnect <sup>4</sup>		\$ 40		Cost/Varies by Size		Cost/Varies by Size		
Container Replacement/with Delivery <sup>4</sup>		\$ 80		Cost/Varies by Size		Cost/Varies by Size		
Call Back Fee <sup>4</sup>		\$ 22		\$ 59		\$ 132		
Stand-by Time <sup>5</sup>	Per Hour	\$ 176.39	Per Hour	\$ 176.39	Per Hour	\$ 176.39		
Stand-by Over Time <sup>5</sup> - 1.5 x Hourly Rate	Per Hour	\$ 199.52	Per Hour	\$ 199.52	Per Hour	\$ 199.52		
Vacation Hold <sup>4</sup>		\$ 25		N/A		N/A		
Lock (replacement)		N/A		Actual Cost		Actual Cost		
Public Outreach/Education Items (No Charge)								

<sup>1</sup> City staff will determine the charges for non-mandated services as requested by customer not listed above based on labor, vehicle, and processing costs.

<sup>2</sup> Compacted rates charged at two (2) times the non-compacted rates in the above table.

<sup>3</sup> City staff may adjust for long term rentals.

<sup>4</sup> Rate based on the approximate equivalent cost of staff salary per Cost Allocation Plan X duration of time to provide service.

<sup>5</sup> Billed at the Solid Waste Equipment Operator II Step E Total Hourly Rate per the Cost Allocation Plan.

## 2.5 Establishment of New Development Impact Fee

The updated rate structure has been designed to ensure that rates cover the cost of providing ongoing service to the City's residential and commercial customers (including roll-off). However, as new areas of the City are developed, and new customers require solid waste collection service, the City will incur additional costs related to adding such new customers to existing operations. Such costs may include, but are not limited to, expansion of materials processing infrastructure and procurement of new collection vehicles and containers. As such, in order to maintain sufficient revenue to support ongoing operations, while also providing resources to serve new customers, the City plans to enact a Development Impact Fee which will be assessed on all new developments and collected through the building permit process (and not through the solid waste enterprise rates). The City has examined the costs of future infrastructure and capital equipment necessary to serve new development and has divided the costs proportionately over future growth projections and service population, as identified in the City of Brentwood General Plan 2014. The fee for new development is identified, by land use, below in **Figure 2-12** for FY 2018-19 and may increase each subsequent Fiscal Year by the Engineering News Record Construction Cost index.

**Figure 2-12. Solid Waste Development Fee**

Facility Description	Quantity	Cost	Single Family Residential	Multi Family Residential	Non-Residential
			Cost	Cost	Cost
Carts	3 per Dwelling	\$45.00 EA	\$ 765,700		
Side-Load Truck	1 per 2250 Dwellings	\$325,000 EA	\$ 819,267		
Bin	3 per 100 Units	\$2,000 per set		\$ 113,740	
	3 per 10,000 SF	\$2,000 per set		\$ 2,486,823	
Front-Load Truck	1 per 3,000 Units	\$330,000 EA		\$ 625,570	
	1 per 1,000,000 SF	\$330,000 EA		\$ 4,103,258	
<b>Subtotal Costs</b>			\$ 1,584,967	\$ 739,310	\$ 6,590,081
Organic Program Capital Infrastructure		\$ 4,000,000	\$ 1,247,664.30	\$ 924,611.53	\$ 1,827,724.17
<b>Subtotal Costs</b>			\$ 1,247,664	\$ 924,612	\$ 1,827,724
<b>TOTAL FACILITY COSTS</b>			\$ 2,832,631	\$ 1,663,922	\$ 8,417,805
Remaining Development			5,672	5,687	12,434,116
Service Population			18,263	13,534	26,753
% Share			31%	23%	46%
<b>Cost Share per Remaining Development</b>			\$ 499.42	\$ 292.58	\$ 0.68



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