



Collection Rates and Compensation

High Diversion Rates & Compensation
Workshop
November 7, 2013



Balancing Rate Setting Goals

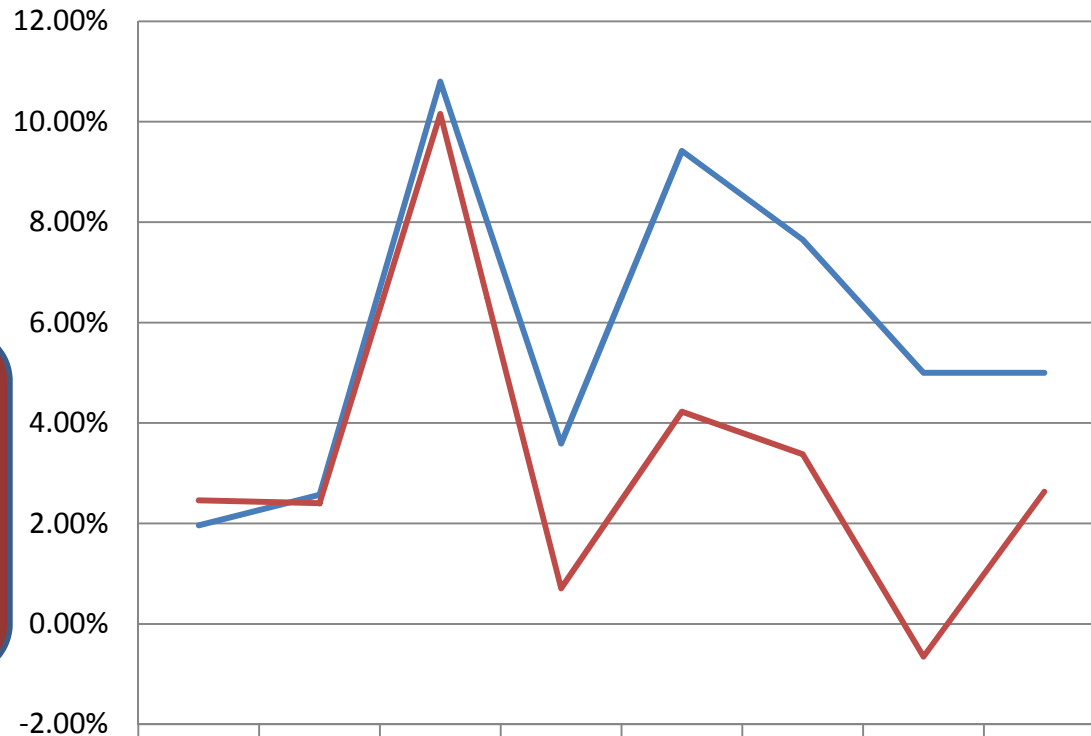
- Cover cost of services
- Encourage diversion
 - ✓ ratepayers
 - ✓ contracted haulers
- Comply with local and state requirements
- Promote revenue reliability
- Reduce rate volatility



Revenue Gap

Average Annual Rate Increase = 5.7%

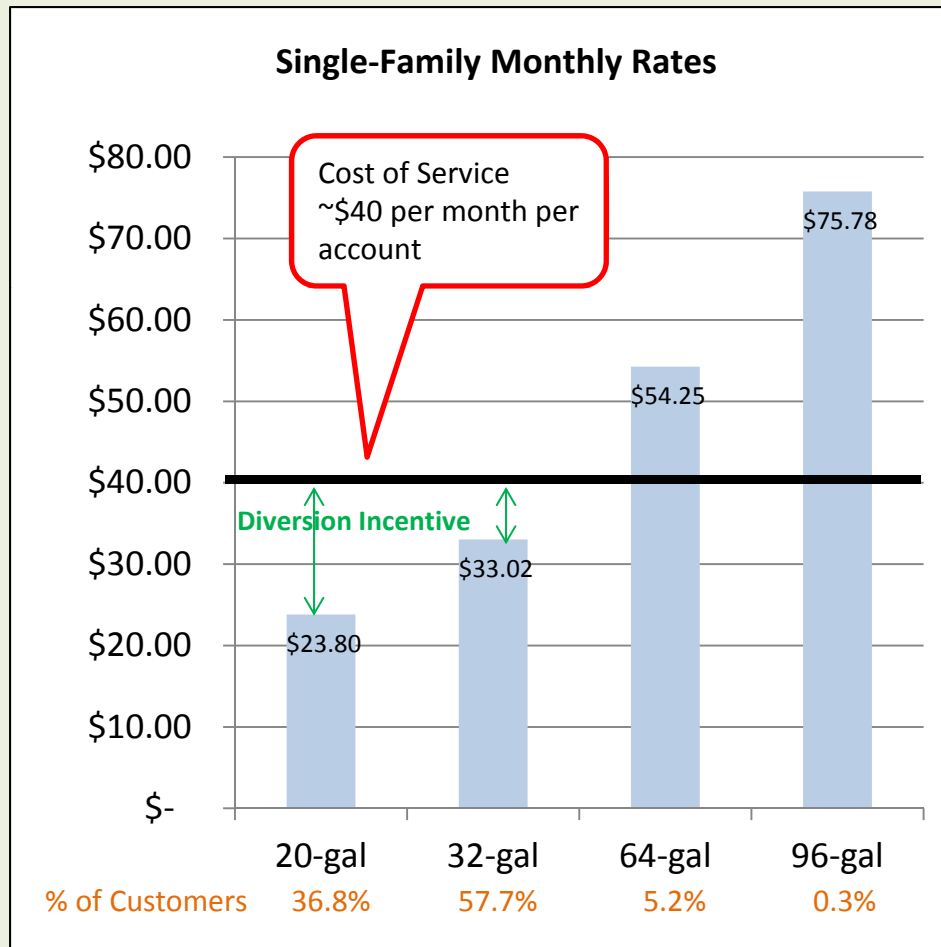
Actual Change in Annual Revenue Received = 3.2%



	2005	2006	2007	2008	2009	2010	2011	2012
Rate Increases	1.96%	2.57%	10.80%	3.59%	9.42%	7.65%	5.00%	5.00%
Change in Revenue	2.46%	2.40%	10.16%	0.71%	4.23%	3.38%	-0.65%	2.63%



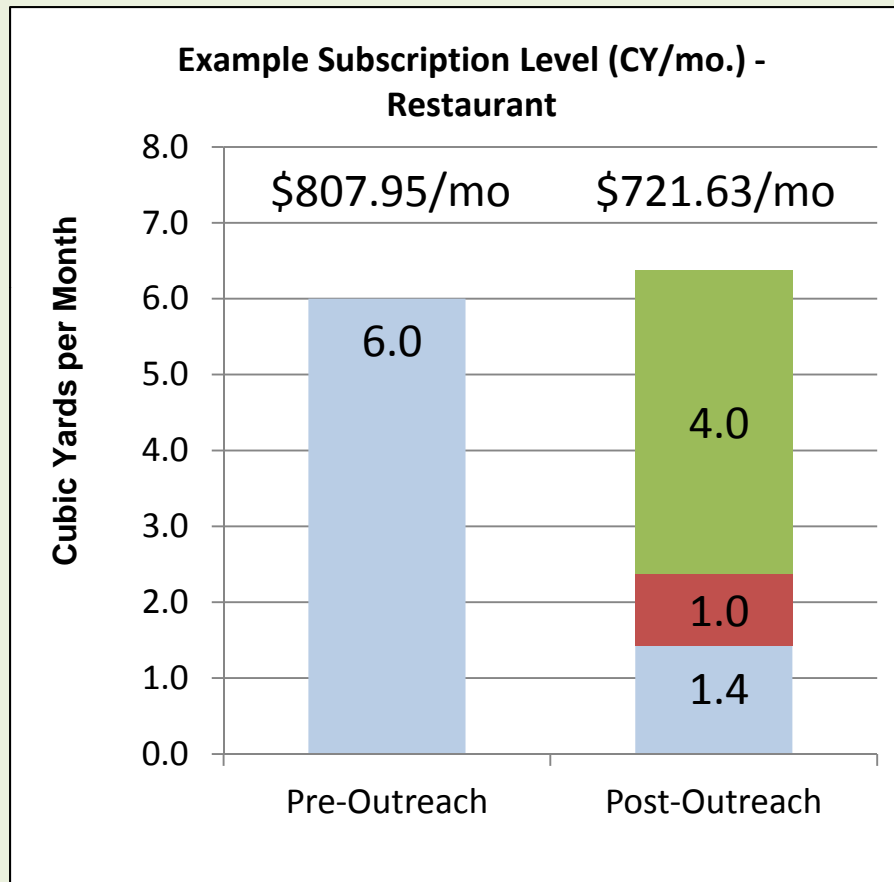
Revenue Impact – Successful Residential Diversion



- As residents are successful recyclers - revenues are not covering collection costs
- Current 20- and 32-gallon rates do not cover total costs
- Typical industry approach to encourage recycling



Revenue Impact – Successful Commercial Diversion



- As businesses are successful recyclers - revenues are not covering costs
- Pre-Outreach (2 trips/wk):
 - ✓ 3CY, 2x/wk - SW
- Post-Outreach (6 trips/wk):
 - ✓ 96gal, 3x/wk – SW
 - ✓ (2) 96gal, 1x/wk – Recyclables
 - ✓ 2CY, 2x/wk – Organics

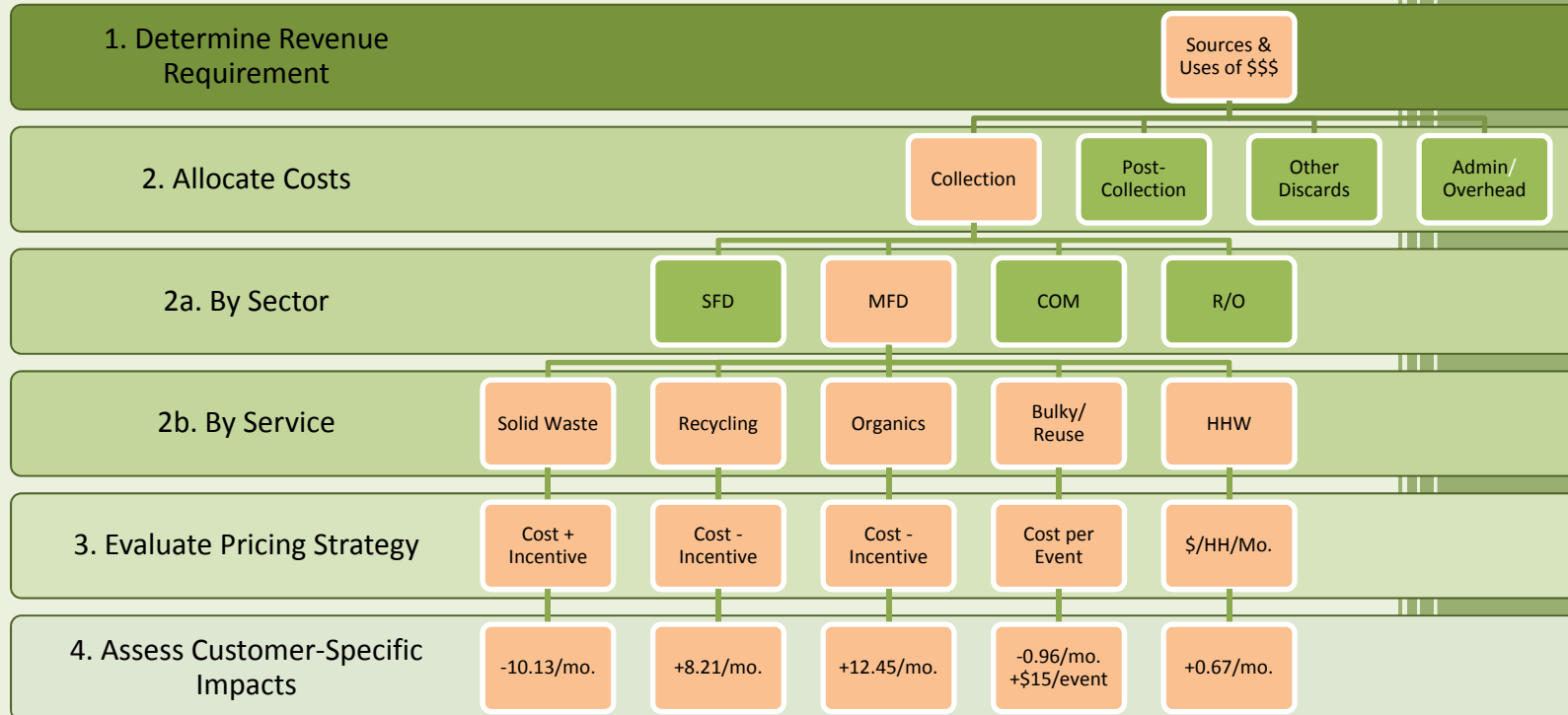


Revenue Gap – The Sequel?

- ❑ Increased focus on multi-family and commercial recycling and organics
- ❑ Many rate structures provide baseline recycling and organics services at no charge and/or 20%-50% discounts
- ❑ In many cases recycling and organics processing costs exceeds landfill tip fees



Conceptual Approach to Rate Setting



Policy/Objectives:

- Cost of Service
- Clearly Communicated
- Incentives for Diversion
- Legal Compliance
- Pay for What's Available to You
- Practical
- Sustainable

Solution Elements:

- Legal
- Capacity
- Practical
- Affordable
- Predictable
- Incentives
- Quantifiable



Solutions

- Reduce rate slope – greater focus on cost per trip/per account versus volume
- Fixed and variable rate components
- Reduce trips necessary (e.g., commercial wet/dry) - where feasible
- Rebalancing rates between costs to provide recycling/organics services and the discount provided



Case Studies

- ❑ Kim Braun, City of Santa Monica
- ❑ Susan Robinson, Waste Management
(Pacific Northwest)
- ❑ Laith Ezzet, HF&H

