Post-Collection Case Study: Public Landfill Owners

High Diversion Rates & Compensation Workshop

November 7, 2013

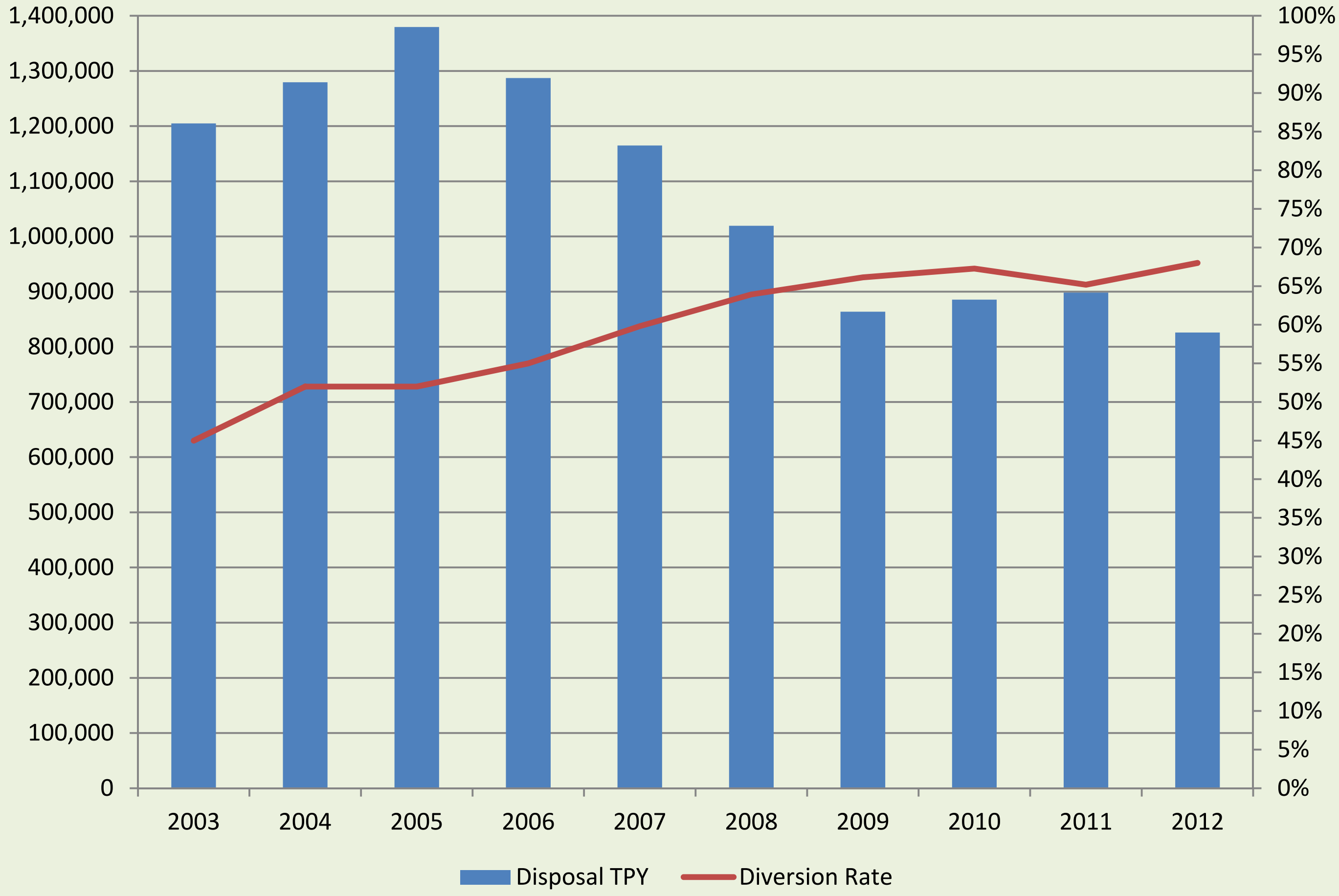
Overview

- Disposal-based funding dilemma
- Disposal/diversion trends statewide
- Traditional price/volume solutions
- Diversify business model
- Deleverage disposal rates
  - Source and use mapping
  - Deleveraging analysis
- Legal/regulatory considerations
- Survey of solutions

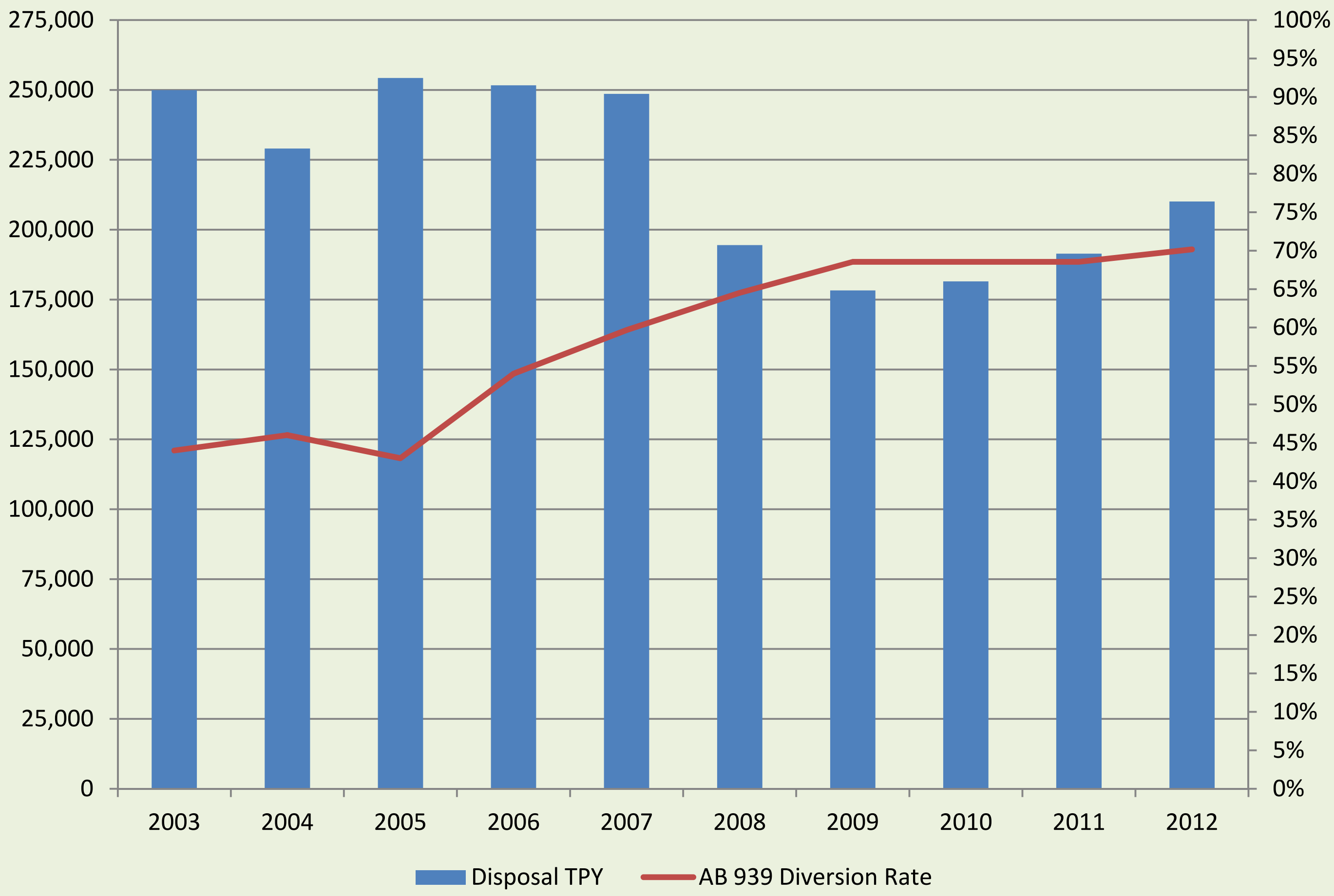
Landfills:
The Next “Buggywhip”

- Increased supply, reduced demand
- Revenue model focused on disposal
- Public wants convenient recovery
- Regulatory requirements:
  - Waste exclusion
  - Financial assurance
  - Recycling program availability
- Highly competitive market

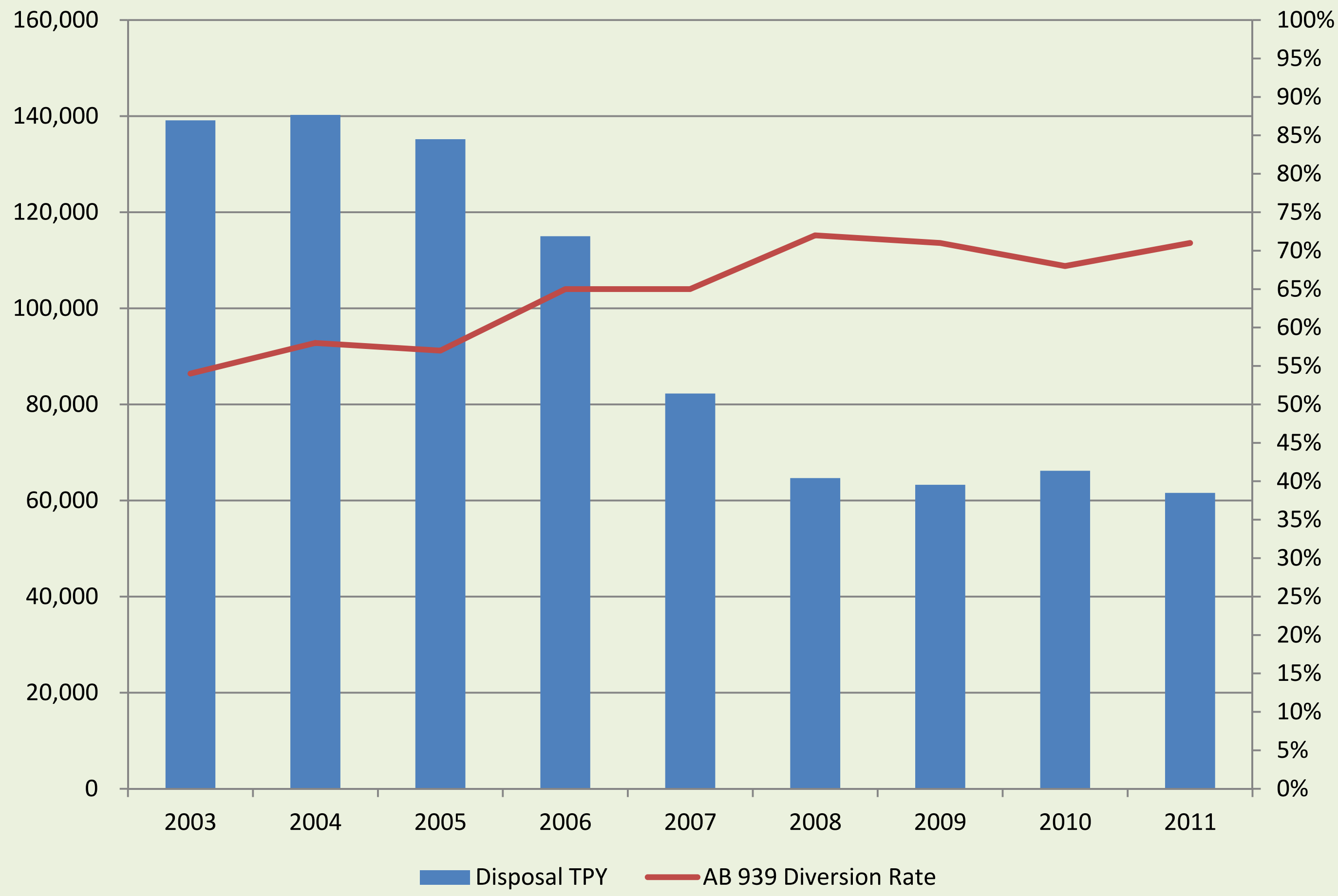
City of San Diego
Disposal and Diversion Trend



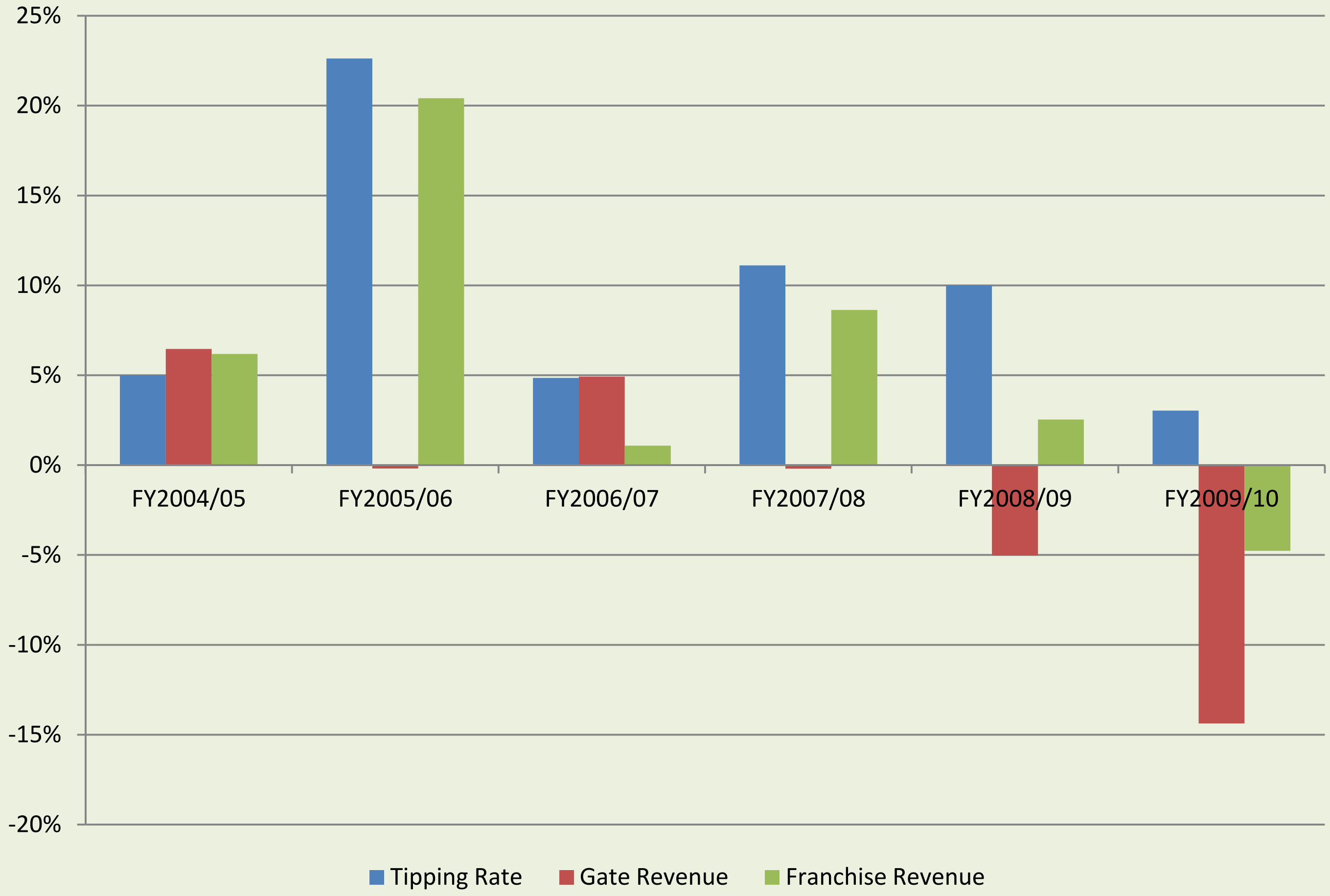
Tulare County (CWMA)
Disposal and Diversion Trend



Santa Cruz County Disposal and Diversion Trend



Just Raise Rates...Right?



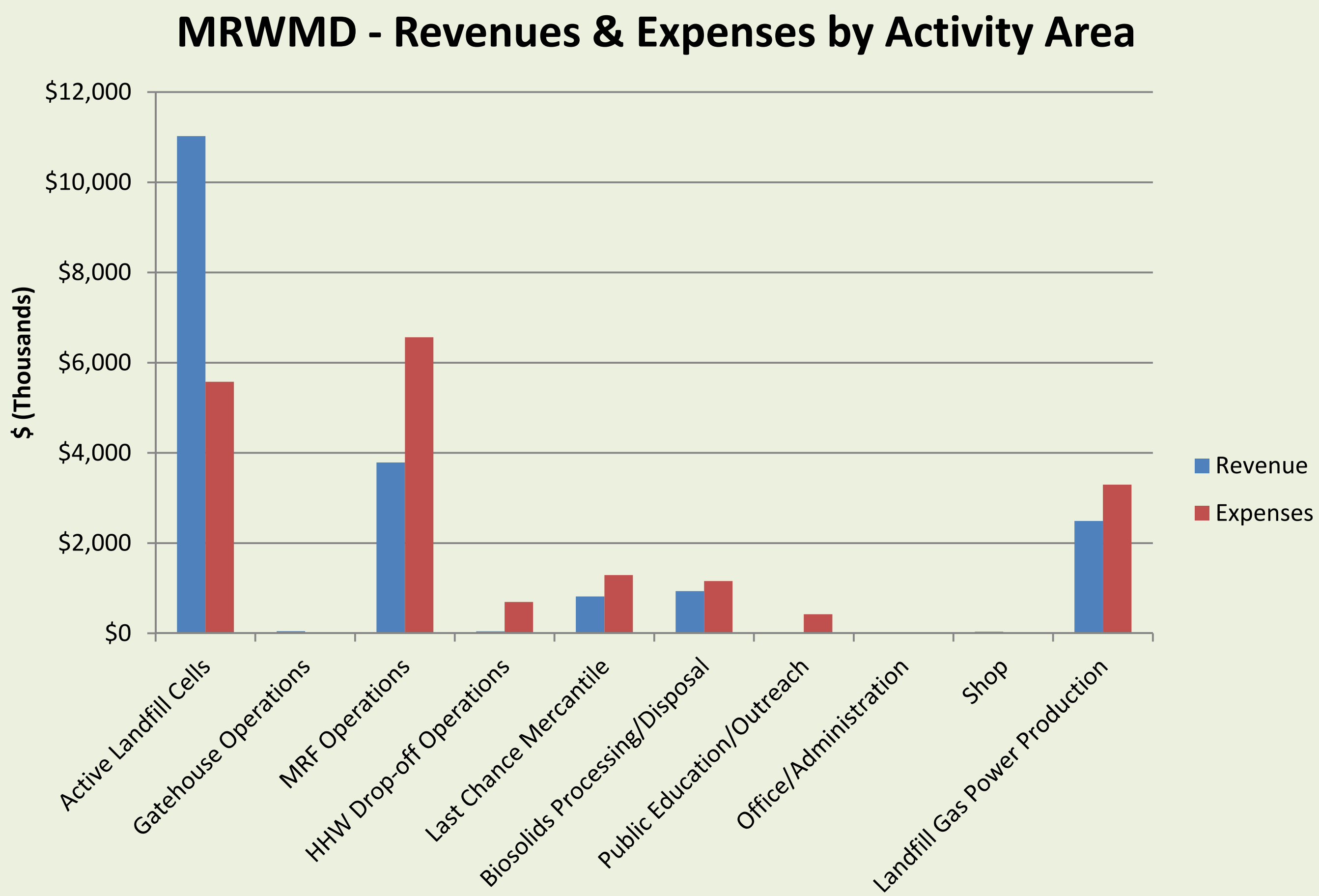
Diversify Business Model

- Landfills/transfer stations as recovery parks
  - C&D Sorting
  - Recycling drop-off and/or MRF
  - Re-use store
  - Composting and/or Anaerobic Digestion
  - LFG/AD to fuel/energy
  - CNG fueling stations for collection fleets
  - Vehicle yard/offices for collection fleets
  - Solar/wind energy generation
  - GET CREATIVE!
- Multi-facility systems particularly vulnerable
- Small landfills may no longer be economic

Deleverage Disposal Rates

- Map sources and uses of funds:
  - What do people think they pay for?
  - What do you spend money on?
- Cut spending BEFORE you ask to change or add, demonstrate it while you are asking
- Identify replacement funding for under-funded activities
  - Largest gaps first
  - Identify users/beneficiaries of activity
  - Analyze tipping fee relief vs. affordability of direct charges, goal of net zero impact to customer/payee
  - Assess charges on the broadest defensible basis (i.e. per user > per gallon)

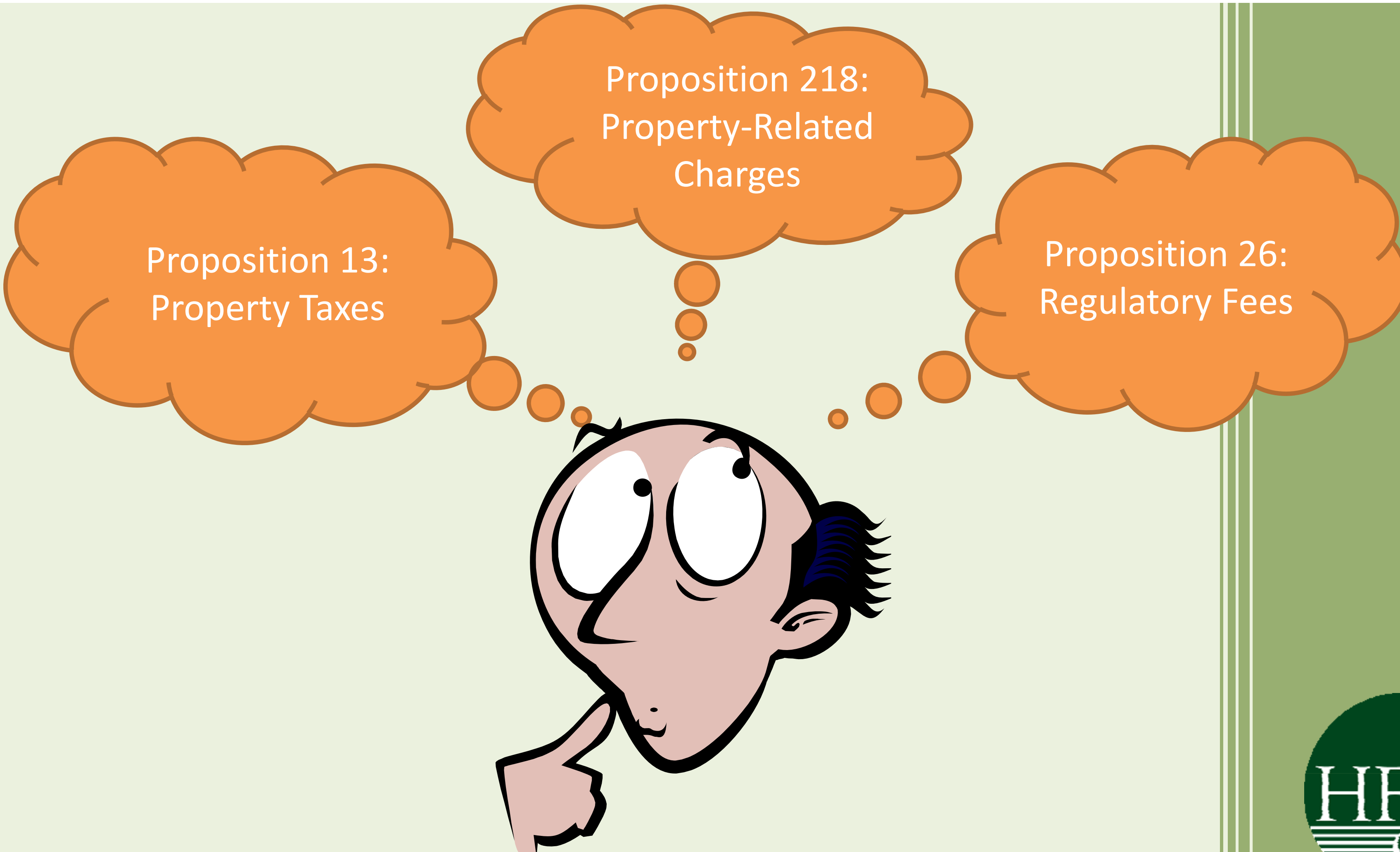
Example Source & Use Map



Example Deleveraging Analysis

Example Calculation of Household Hazardous Waste Fee		
$ 2,559,980	A	Annual Franchised Disposal Revenue
$ 534,202	B	HHW Program Shortfall
21%	C=B/A	Shortfall as Percent of Revenue
$ 67.00	D	Franchise Disposal Tipping Fee (per ton)
$ 13.98	**E=D*C**	**Franchise Tipping Fee Reduction (Res & Comm)**
$ 534,202	B	HHW Program Shortfall
37,472	F	Assumed Dwelling Units (Res Accts)
$ 14.26	G=B/F	Annual HHW Fee per Dwelling Unit
$ 1.19	**H=G/12**	**Monthly HHW Fee per Dwelling Unit**

Legal/Regulatory Constraints



Survey of Solutions

- Increase Tipping Fee
- Revised Tipping Fee Structure
- Exclusive Agreements/ Multi-Material Put-or-Pay Commitments
- Volume-Based Portion of Collection Rates
- Flow Control Ordinance/Contract
- Parcel/Land Use Fee
- Local Take-Back Model
- Recycling Commodity Revenue
- Regionalization/ Import (creates economies of scale)
- Facility Utilization Fee
- Privatization
  - Full Sale
  - Private Operator
  - Public/Private Partnerships
- Collection-Based Funding:
  - AB 939/341 Fees (per account)
  - HHW Fee (per account)
  - Administrative Fee (per year)
  - Legacy Management Fee (per year)

DISCUSSION

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