

# FINAL REPORT



## City of Belmont Review of Solid Waste Rates November 2015





November 25, 2015

Mr. Afshin Oskoui  
Public Works Director  
City of Belmont  
One Twin Pines Lane, Suite 385  
Belmont, California

**Subject: Review of the City of Belmont's 2016 Solid Waste Rates Final Report**

Dear Mr. Oskoui:

HDR was retained by the City of Belmont (City) to provide professional and technical rate services as they relate to the City's solid waste utility. HDR's final report provides a summary of HDR's findings, conclusions and recommendations on this matter.

The City is a member of the South Bayside Waste Management Authority (SBWMA). The City signed a franchise agreement with Recology of San Mateo County (Recology) for solid waste collection services, including the collection of recycling and organic materials. Through the franchise agreement, the annual compensation for Recology's services is contractually determined. At the same time, the franchise agreement calls for the City to establish their own solid waste retail rates, but not at a level which exceeds the Contractor's "Maximum Rates for Regularly Scheduled Services". As a part of this study, HDR provided technical assistance to the City by providing a review and limited audit of Recology's data and analysis with the intent of determining compliance with the City's franchise agreement and all associated amendments to that agreement. HDR has provided a similar annual review for the City since 2012.

The main objective of this report is to determine the maximum rates for the City's regularly scheduled and unscheduled solid waste services. Recology has provided to the City their calculation of the maximum rates for regularly scheduled service and HDR has, within this report, provided a limited review and audit of those calculations. This report was developed utilizing the City's and Recology's accounting, operating and management records. HDR has relied upon this information to conduct our limited review.

We appreciate the assistance provided by City staff in the development of this study.

Sincerely yours,  
HDR Engineering, Inc.

Tom Gould  
Vice President  
HDR's Business Leader  
for Finance and Rates

Shawn Koorn  
Associate Vice President

[hdrinc.com](http://hdrinc.com)

500 108<sup>th</sup> Avenue NE, Suite 1200, Bellevue, WA 98004  
T 425.450.6200 F 425.450.7170



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## Introduction

The City of Belmont (City) is a member of the South Bayside Waste Management Authority (SBWMA). In 2010, the City signed a franchise agreement with Recology of San Mateo County (Recology) for solid waste collection services, including the collection of recycling and organic materials. Through the franchise agreement, the annual compensation for Recology's collection and recycling services is contractually determined. At the same time, the franchise agreement calls for the City to establish and adopt their own solid waste rates, but not at a level which exceeds the Contractor's "Maximum Rates for Regularly Scheduled or Unscheduled Services". Ultimately, Recology bills the City's customers for the solid waste services at the rates established by the City of Belmont City Council.

As a part of the overall rate setting process, Recology's data and information is reviewed by an outside party prior to its use within the calculation of the City's maximum rates. Once that data and information is confirmed, Recology calculates the "maximum rates for regularly scheduled and unscheduled services" and provides a copy of those calculations to the City for their review and acceptance. HDR has provided an annual review of the City's solid waste rates since 2013. This study reviewed Recology's solid waste rate calculations for year 2016.

The franchise agreement between the parties, along with the related amendments to the original agreement, contains specific language and exhibits related to the development of the maximum rates for a given year for both regularly and unscheduled services. This study has reviewed the applicable portions of the franchise agreements and related amendments as they pertain to the 2016 rate year. From this basic understanding of the requirements for establishing the rates in the previous year, HDR reviewed Recology's submittal for the 2016 rate year. This study discusses the review undertaken by HDR for the 2016 rate year, along with our findings, conclusions and recommendations.

## Limitations of HDR's Review

HDR has provided a limited review of Recology's maximum rate calculations for the 2016 rate year. As noted above, the data and information used by Recology to calculate the City's maximum rates were independently reviewed by another outside firm. Given that outside review of Recology's data and information, HDR has assumed that the data and information input into Recology's rate calculations are reasonable and appropriate. HDR did cross-check and verify the inputs into Recology's model from the database of previously reviewed basic input data and information.

Within HDR's review, four key items were being reviewed and verified. These included:

- A review of Recology's methodology for compliance with our understanding of the required methodology specific for the 2016 rate year.

- A review of the data inputs and information used within the methodology to confirm use of the appropriate costs and adjustment factors which complies with the methodology for regularly scheduled services for the 2016 rate year.
- A review of the data inputs and methodology to confirm use of adjustment factors which complies with the methodology for unscheduled services for the 2016 rate year.
- Confirmation/verification of the calculations (formulas) within the methodology as they apply to the 2016 rate year.

## Overview of the Franchise Agreement and Amendments

On June 15, 2010, the City of Belmont entered into a franchise agreement with Recology San Mateo County (Recology) to provide the Belmont community a comprehensive set of high quality waste collection, waste reduction, recycling and composting programs. In order to maximize the quality of services and waste-diversion potential, the City granted to Recology an exclusive right to provide these services within the City. In order to balance that exclusive right to provide these solid waste services against the costs/rates associated with that program, the parties needed to develop an approach or methodology that fairly compensated (and limited) the charges that Recology could charge the City’s customers. To address this requirement, the franchise agreement contains specific language and a methodology, within Article 11 of the franchise agreement, for annually establishing the maximum rates for the up-coming calendar year for both regularly scheduled and unscheduled services.

“The Franchise Agreement provides for an orderly process and approach to establish rates for the City and compensation for Recology.”

The Franchise Agreement provides for an orderly process and approach to establish rates for the City and compensation for Recology. The review being undertaken by the City and HDR is a part of that orderly process, and the City is performing its due diligence to verify and confirm that the maximum rates calculated by Recology are in accordance with the franchise agreement and associated amendments.

Article 11, The Contractor’s Compensation, Pass-Through Costs and Rates determines the annual compensation for Recology’s collection and recycling services. This calculation of annual compensation sets the Contractor’s “Maximum Rates for Regularly Scheduled Services” known as Attachment R and “Unscheduled Services” known as Attachment Q. Attachment R is established in 11.02 of Article 11, Annual Adjustment of Maximum Rates for Schedule Services. Attachment Q is established in 11.03 of Article 11, Annual Adjustment of Maximum Rates for Unscheduled Services.

## Regularly Scheduled Service (Attachment R) - Review of Recology’s Calculated Maximum

On July 31, 2015, Recology provided to the City a letter and the detailed worksheet outlining their calculation of the rate index for rate period 2016. The City retained HDR to provide the same rate review for the proposed 2016 rates as they have previously performed for the City. HDR was retained to confirm that the overall methodology is in conformance with the Franchise

Agreement and Amendment 2. In addition, HDR also verified or confirmed that the proper data appeared to be used within the analysis, and that the mathematical calculations are correct. In providing this review, HDR attempted to independently calculate the rate index, and in those cases where appropriate, independently confirm certain data inputs (e.g., prime interest rate).

The major components of the costing methodology include the following:

- **Cost Indexing** – Article 11 of the franchise agreement provides the framework or methodology for the determination of the maximum rate for the upcoming year. In very simple terms, the agreement calls for Recology to annually take the existing maximum rate that is in effect and multiply each rate by an “adjustment percentage”. The adjustment percentage is essentially a cost index.
- **Migration Adjustment** – The franchise agreement provides a mechanism for establishing cost-based solid waste rates, but it also provided certain protections to Recology for differences between projected revenues and actual revenues. More specifically, the original franchise agreement recognized the potential for customers to migrate from larger can or bin sizes to smaller can or bin sizes. The franchise agreement anticipated that for 2012 and 2013 only, Recology would be entitled to a “Migration Recovery Surcharge”.

Amendment 2 to the franchise agreement was adopted as Resolution Number 10455 by the Belmont City Council. As a part of 2012’s rate process, the calculated maximum rate adjustment was approximately 29%. The City Council directed City staff to find solutions to help minimize the overall magnitude of the adjustment. City staff explored a number of different ideas in late 2011 and Recology and the City agreed to amend the franchise agreement. The amendment, in part, provided for the following:

- *The Migration Recovery Surcharge originally due to take effect in 2012 will be spread over 2012 – 2016, with interest at prime plus one percent;*
- *A one-time credit of \$182,334 in 2012 rates will occur and that amount will be added to the Migration Recovery Surcharge to be spread over 2013 – 2016; and*
- *The second Migration Recovery Surcharge and Migration Adjustment to take effect in 2013 will be delayed to 2014.”<sup>1</sup>*

Amendment 2 provides relatively clear language and examples of the methodology to be used for the migration recovery surcharge and migration adjustment. The Migration Surcharge and Migration Adjustment were completed in 2014. For 2016 the rate calculation will have a CPI adjustment, and the continuing of the 2012 Migration Recovery Surcharge which is spread out through 2016 (completed this year).

In July, Recology provided an updated analysis of the calculated maximum rates for the 2016 rate period. The updated calculation indicated the need for a maximum adjustment of a 0.90% increase from the 2015 regularly scheduled rates. For 2016, the rate index is composed of three cost elements which include the following:

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<sup>1</sup> Amendment 2, Recitals, p. 1

CPI Cost Adjustment	1.02%
Migration Recovery Surcharge 2016	<u>-0.12%</u>
Total Rate Index Adjustment	0.90%

Based upon HDR’s detailed review of Recology’s rate index calculation for 2016 rate year, HDR concluded that the rate index used the appropriate data and information for the time period and the calculations within the methodology were correct. As a result of our detailed review, in summary, HDR concluded that based upon the existing Franchise Agreement and associated Amendments, the City’s maximum solid waste rates (overall revenues) for 2016 should be increased by 0.90% (i.e., slightly less than 1%). Provided within our report is a detailed discussion of each of the elements of the calculation of the rate index and the basis for HDR’s summary conclusion.

As noted above, from HDR’s review of Recology’s rate index analysis, it was concluded that the analysis developed by Recology appears to comply with the City’s Franchise Agreement and Amendment. The overall maximum adjustment to rates for 2016 is 0.90% over the existing solid waste rates. In developing the calculated maximum rates, Recology provided a schedule of the various solid waste rates. HDR reviewed the calculated maximum rates to confirm that they use the appropriate multiplier.

“ . . . HDR concluded that based upon the existing Franchise Agreement and Amendments, the City’s maximum solid waste rates (overall revenues) for 2016 should be increased by 0.90% rate index.”

## Residential Regularly Scheduled Solid Waste Rates

The present residential rate is composed of four different bin sizes which range from 20 gallons to 96 gallons. The structure of the rate is a flat monthly rate. The 2015 rates were adjusted proposed between the larger and smaller carts to narrow the pricing gap and encourage diversion of waste from landfills. This decision maintained the City’s past practice of an increasing price per gallon for the larger cart sizes (i.e. the more you dispose, the more it costs per gallon). Presented below in Table ES-1 are the present monthly residential rate and the proposed residential rates 2016. The adjustments for residential customers rates are designed to provide an overall 0.90% revenue increase compared to the present monthly residential rate.



**Table ES – 1**  
**Summary of the Present and Proposed Residential Solid Waste Rates**  
**(Regularly Scheduled - \$/Month)**

Schedule	Schedule Description	Present Monthly Rate	Proposed 2016 Rate	\$/Month Change
R20G	Residential Waste - 20 Gallons	\$21.00	\$21.19	\$0.19
R32G	Residential Waste - 32 Gallons	\$34.86	\$35.17	\$0.31
R64G	Residential Waste - 64 Gallons	\$71.03	\$71.67	\$0.64
R96G	Residential Waste - 96 Gallons	\$111.30	\$112.30	\$1.00

### Other Regularly Scheduled Solid Waste Rates

In addition to the above residential rates for regularly scheduled service, the City and Recology have a number of other rate schedules for regularly scheduled solid waste services. These include the following:

- Commercial Waste Carts (20 gallons to 96 gallons)
- Commercial Waste Bins (1 yard to 6 yards; 1 day to 7 days per week pickup)
- Commercial Organics (1 yard to 6 yards; 1 day to 7 days per week pickup)
- Commercial Organics Carts (20 gallons to 96 gallons; 1 day to 7 days per week pickup)
- Commercial Waste 3 Yard Compactor
- Solid Waste Compactor (per yard)
- Household Hazardous Waste (Per Multi-Family Living Unit)

Each of these rate commercial rate schedules were reduced by the overall 0.90% rate increase. A more detailed discussion of these other regularly scheduled services can be found in Section 4 of the report and also within the Technical Appendices as Attachment R rate schedules.

### Unscheduled Service (Attachment Q) - Review of Recology's Calculated Maximum

In addition to the regularly scheduled rates, there are also rates for “unscheduled” services. The rates for unscheduled services are contained in Attachment Q of the Franchise Agreement and are annually updated in accordance with the Franchise Agreement. Attachment Q is established in 11.03 of Article 11, Annual Adjustment of Maximum Rates for Unscheduled Services.

The Maximum Rate set forth in Attachment Q is adjusted annually by multiplying the then effective Maximum Rate by the Consumer Price Index (CPI) for the year immediately preceding the year of the calculation and dividing the result by the Consumer Price index for the year two years prior. For example the adjustment calculated in 2015 (for rates to be effective 2016), each Maximum Rate is multiplied by the CPI for 2014 and divided by the CPI for 2013.

A more detailed discussion of these unscheduled services can be found in Section 4 of the report and also within the Technical Appendices as Attachment Q rate schedules.

## **Summary Conclusions and Recommendations**

Based upon the limited review undertaken, it was the conclusion of HDR that the maximum rates, as calculated by Recology, were in conformance with the City's Franchise Agreement. In reaching this conclusion, HDR has relied upon the data and information as supplied by the City and Recology. Given that conclusion, HDR would recommend that the City revised the residential rates to reflect the proposed rates shown in Table ES-1 and for commercial customers adopt the maximum rates for scheduled services (Attachment R). For both residential and commercial customer groups, the implementation of these rates will result in an overall increase in solid waste revenues of 0.90%. Finally, the unscheduled services (Attachment Q) as stated by Recology and as reviewed within this report should also be adopted for 2016.

## **Looking Ahead – Potential 2017 Rate Adjustment**

The Migration Surcharge and Migration Adjustment ended in 2014. The Migration Surcharge Recovery end this year in 2016. Therefore the estimated 2017 rate adjustment would be the CPI adjustment only.

## **Summary of the Review of Solid Waste Rates**

This completes the review and analysis for the City's solid waste rates. A full and complete discussion of the review of Recology's solid waste rates can be found in following sections of this report.



# 1. Introduction and Overview of the Report

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## 1.1 Introduction

The City of Belmont (City) is a member of the South Bayside Waste Management Authority (SBWMA). In 2010, the City signed a franchise agreement with Recology of San Mateo County (Recology) for solid waste collection services, including the collection of recycling and organic materials. Through the franchise agreement, the annual compensation for Recology's collection and recycling services is contractually determined. At the same time, the franchise agreement calls for the City to establish and adopt their own solid waste rates, but not at a level which exceeds the Contractor's "Maximum Rates for Regularly Scheduled and Unscheduled Services". Ultimately, Recology bills the City's customers for the solid waste services at the rates established by the City of Belmont City Council.

As a part of the overall rate setting process, Recology's data and information is reviewed by an outside third party prior to its use within the calculation of the City's maximum rates. Once that data and information is confirmed, Recology calculates the "maximum rates for regularly scheduled and unscheduled services" and provides a copy of those calculations to the City for their review and acceptance. HDR provided the review for rate years 2013, 2014 and 2015 and now has been requested by the City to provide a review of Recology's calculations for rate year 2016, as they pertain to the City's solid waste retail rates.

The franchise agreement between the parties, along with the related amendments to the original agreement, contains specific language and exhibits related to the development of the maximum rates for a given year. This study has reviewed the applicable portions of the franchise agreements and related amendments as they pertain to the 2016 rate year. From this foundational understanding of the requirements for establishing the rates in the previous year, HDR reviewed Recology's submittal to the City for the 2016 rate year. This study discusses the review undertaken by HDR for the 2016 rate year, along with our findings, conclusions and recommendations.

## 1.2 Limitations of HDR's Review

It is important to understand that HDR has provided a limited review of Recology's maximum rate calculations for the 2016 rate year. As noted above, the data and information used by Recology to calculate the City's maximum rates were reviewed by another outside firm. HDR did not provide a review of this basic input data as a part of this study. Therefore, HDR has assumed that the data and information input into Recology's rate calculations are reasonable and appropriate. Having said that, HDR did a limited cross-check to verify the inputs into Recology's model, from the database of previously reviewed basic input data and information. Within HDR's review, the three key items reviewed were the overall methodology, compliance to the agreed upon methodology and verification of the data inputs. First, the overall

methodology is generally well-laid out within the franchise agreement and related amendments. Given that, HDR reviewed Recology's methodology for compliance with our understanding of the required methodology for the 2016 rate year. At the same time, HDR also reviewed the data inputs and information used within the methodology as applied to the 2016 rate year. While the data and information was previously reviewed, the selection and use of the appropriate costs and adjustment factors must comply with the methodology. Finally, HDR confirmed/verified the calculations (formulas) used within the methodology as applied to the 2016 rate year were accurate. As a part of HDR's review, these three aspects of Recology's rate filing were reviewed and verified.

### **1.3 Organization of the Report**

This report is organized in a manner that reflects the general approach used by HDR to review Recology's maximum rates for scheduled and unscheduled services. The next section of this report provides a brief overview of the relevant portions of the franchise agreement and the amendments. Section 3 then provides a discussion and overview of the technical review undertaken by HDR of the Recology rate calculations. From that review, HDR was then able to review and verify the proposed maximum rates for scheduled and unscheduled services. The proposed maximum rates are discussed and shown in Section 4. Finally, Section 5 provides a summary of HDR's findings, conclusions and recommendations from this study.



## 2. Overview of the Franchise Agreement and Amendments

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### 2.1 Introduction

An important starting point for reviewing the City’s solid waste rates is to gain an understanding of the existing franchise agreements and the two amendments to that agreement. This section of the report is intended to provide a brief overview of the relevant portions of the franchise agreement; amendments and the settlement agreement to help the reader better understand the basis for this review of the rates.

The review and discussion contained herein is not intended to be comprehensive in nature, nor provide any legal interpretation or opinion regarding the relevant portions of this agreement as it relates to this study.

### 2.2 Overview of the Franchise Agreement and Amendments

The City of Belmont (City) is a member of the South Bayside Waste Management Authority (SBWMA). A franchise agreement with Recology of San Mateo County (Recology) for solid waste collection services, including the collection of recycling and organic materials was signed in 2010. Through the franchise agreement, the annual compensation for Recology’s collection and recycling services is contractually determined. The franchise agreement calls for the City to establish and adopt their own solid waste rates, but not at a level which exceeds the Contractor’s “Maximum Rates for Regularly Scheduled Services” known as Attachment R and “Maximum Rates for Unscheduled Services”, known as Attachment Q. The franchise agreement between the parties, along with the related amendments to the original agreement, contains specific language and exhibits related to the development of the maximum rates for a given year for both Attachment R and Q.

The Franchise Agreement provides for an orderly process and approach to establish rates for the City and compensation for Recology. The review being undertaken by the City and HDR is a part of that orderly process, and the City is performing its due diligence to verify and confirm that the maximum rates calculated by Recology are in accordance with the franchise agreement for the 2016 rate year.

“The Franchise Agreement provides for an orderly process and approach to establish rates for the City and compensation for Recology.”

Article 11, The Contractor’s Compensation, Pass-Through Costs and Rates determines the annual compensation for Recology’s collection and recycling services. This calculation of annual compensation sets the Contractor’s “Maximum Rates for Regularly Scheduled Services” known as Attachment R and “Unscheduled Services” known as Attachment Q. Attachment R is established in 11.02 of Article 11, Annual Adjustment of Maximum Rates for Schedule Services. Attachment Q is established in 11.03 of Article 11, Annual Adjustment of Maximum Rates for Unscheduled Services.

## 2.3 Regularly Scheduled Service (Attachment R)

Article 11 of the Franchise agreement provides the framework or methodology for the determination of the maximum rate for the upcoming year. In very simple terms, the agreement calls for Recology to annually take the existing maximum rate that is in effect and multiply each rate by an “adjustment percentage”. The adjustment percentage is essentially a cost index. More specifically, the franchise agreement notes the following:

*“ . . . the Adjustment Percentage used to calculate the Maximum Rates that will be effective in Calendar Year 2013 shall be calculated during 2012 by dividing the Cost Index for 2012 (calculated during 2012) by the Cost Index for 2011 (calculated during 2011).”<sup>2</sup>*

The franchise agreement provides the cost index for the various components. The cost index is stated in total dollars. For example, the total cost index for 2015 was \$6,532,939. Going forward, for each year the cost index is calculated by adding together the various component costs which are composed of the following cost elements:

- Wage Component
- Fuel Component
- General Expense Component
- Disposal Costs Component
- Performance-Based Component
- Household Hazardous Waste Component, and
- Agency Payments Components

For each cost component, the franchise agreement provides a detailed discussion around the component and its adjustment over time.

**Migration Recovery Surcharge** – As can be seen from the above discussion, the franchise agreement provides a mechanism for establishing cost-based solid waste rates, but it also provided certain protections to Recology for differences between projected revenues and actual revenues. More specifically, the original franchise agreement recognized the potential for customers to migrate from larger can sizes to smaller cans. The franchise agreement anticipated that for 2012 and 2013 only, Recology would be entitled to a “Migration Recovery Surcharge”. Specifically, the franchise agreement states the following:

*“D. During calendar years 2012 and 2013 only, the Contractor shall be entitled to charge a Migration Recovery Surcharge on each of its rates that are limited by Attachment R. The rate of the surcharge shall be the Migration Adjustment percentage calculated pursuant to Paragraph 11.02.E for that year. For example, if the Migration Adjustment for 2012 is 3%, then the Migration Recovery Surcharge on a rate that is \$50.00 per month would be \$1.50 per month. . . .For the avoidance of doubt, the Migration Recovery Surcharge contemplated by Paragraph 11.01.D is in addition to the Migration Adjustment calculated in Paragraph 11.03.E”<sup>3</sup>*

<sup>2</sup> Franchise Agreement, Section 11.02(B), Annual Adjustment of Maximum Rates for Scheduled Services, p. 89-90.

<sup>3</sup> Ibid, Section 11.01(D), 11.01, Overview, p. 89

The 2016 rate period contained the migration recovery surcharge which was delayed from the 2012 rate period. During the 2012 year's solid waste rate review process, the impacts of the migration surcharge were significant and the City was able to negotiate an amendment to their franchise agreement (Amendment 2) to help dampen the impacts from customer migration surcharge and migration adjustment. However, as a result of that negotiated change, a portion of the past migration recovery surcharges are being carried forward each year to 2016.

Amendment 2 to the franchise agreement was adopted as Resolution Number 10455 by the Belmont City Council as a result. Specifically, Amendment 2 states the following:

*“AGENCY and CONTRACTOR wish to amend the Franchise Agreement to implement the migration-related adjustments required thereunder over a longer period of time, and specifically to reflect the parties’ intent that:*

- *The Migration Recovery Surcharge originally due to take effect in 2012 will be spread over 2012 – 2016, with interest at prime plus one percent;*
- *A one-time credit of \$182,334 in 2012 rates will occur and that amount will be added to the Migration Recovery Surcharge to be spread over 2013-2016; and*
- *The second Migration Recovery Surcharge and Migration Adjustment to take effect in 2013 will be delayed to 2014.”<sup>4</sup>*

Amendment 2 further provides detailed information concerning the future migration adjustments. In part, the relevant portions for purposes of this review include the following:

*“ . . . AGENCY AND CONTRACTOR agree as follows:*

1. *Subsection E of Section 11.02 “ANNUAL ADJUSTMENT OF MAXIMUM RATES FOR SCHEDULED SERVICES, Migration Adjustment” is amended to read:*

*“Migration Adjustment – . . . The Migration Adjustment for Calendar Year 2013 shall be +3.49%. The Migration Adjustment for Calendar Year 2014 shall be calculated by first calculating total estimated annual billings for 2013 (based on the actual Customer Census of June 2013 and the rates on the initial Attachment R) and then determining the percentage difference between that total and the total estimated annual billings for 2011 (calculated as set forth in the first sentence of this paragraph).*

2. *Subsection D of Section 11.01 “OVERVIEW” is amended to read:*

*(1) During the calendar years 2012 and 2014 only, the Contractor shall be entitled to charge a Migration recovery Surcharge on each of its rates that are limited by Attachment R. The rate of the surcharge shall be the Migration Adjustment percentage calculated pursuant to Paragraph 11.02(E) for that year.....for the avoidance of doubt, the Migration Recovery Surcharge contemplated by Paragraph 11.01.D is in addition to the Migration Adjustment calculated in Paragraph 11.02.E,*

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<sup>4</sup> Amendment 2, Recitals, p. 1

and the Migration Recovery Surcharge contemplated by Paragraph 11.01.D(1) is in addition to the Migration Recovery Surcharge calculated in Paragraph 11.01(D)(2).

(2) Contractor will defer collection of the 2012 Migration Recovery Surcharge to 2013, 2014, 2015 and 2016 as follows. In each of 2013, 2014, 2015 and 2016 the Contractor shall be entitled to charge a Migration Recovery Surcharge, the basis of which shall be obtained by adding \$227,918 to interest on the uncollected balance of the 2012 Migration Recovery Surcharge at the rate of prime (as of June 30 of the prior year) plus 1%. Such uncollected balance shall equal \$729,337 for 2013 (i.e. used to calculate the 2013 surcharge), . . . For 2013 only, the basis shall be increased by 50% of the interest calculated per the preceding sentence. The rate of the Migration Recovery Surcharge for 2013, 2014, 2015 and 2016 shall be calculated by dividing the basis for that year by the estimated billings for the prior year based on the actual Customer Census as of June of the prior year and Maximum Rates in effect that prior year. For example, in calculating the Migration Recovery Surcharge to be added into 2013 Rates, and assuming the Customer Census and Maximum Rates in effect yield estimated 2012 billings of \$5,762,188 with a prime rate in effect of 3%, the Migration Recovery Surcharge for 2013 would be 4.71% ( $(\$227,918 + (729,337 * .04) * 1.5) / \$5,762,188 = 4.71\%$ ).

3. Subsection (B) of Section 11.02 "ANNUAL ADJUSTMENT OF MAXIMUM RATES FOR SCHEDULED SERVICES" is amended to conform with the changes above to read:

"The base Adjustment Percentage used to calculate the Maximum Rates that will be effective in a year shall be calculated by dividing the Cost Index (calculated pursuant to subdivision C of this section) for the year prior to that year by the Cost Index for the year two years prior to that year. For example, the base Adjustment Percentage used to calculate the Maximum Rates that will be effective in Calendar Year 2013 shall be calculated during 2012 by dividing the Cost Index for 2012 (calculated during 2012) by the Cost Index for 2011 (calculated during 2011). The Migration Adjustment Percentage calculated pursuant to Section 11.01(E) and the Migration Recovery Surcharge(s) shall be subtracted therefrom, and the resulting Adjustment Percentage shall be used to calculate the Maximum Rates that will be effective in the following year. Continuing the examples in Sections 11.01(D) and 11.02(E), if the Cost Index for 2011 is \$6,028,139 and the Cost Index for 2012 is \$6,088,420, then the base Adjustment Percentage for 2013 would be 1.00% ( $\$6,088,420 / \$6,028,139 - 1.010$ ), the Adjustment Percentage used to calculate 2013 Maximum Rates would be 9.21% ( $1.00\% + 3.49\% + 4.71\% = 9.21\%$  (with rounding)), and each 2013 Maximum Rate would be obtained by multiplying the equivalent 2012 Maximum Rate by 1.0921."

As can be seen from the above, Amendment 2 provides relatively clear language and examples of the methodology to be used for the migration recovery surcharge. In the review of the 2016 calculated maximum rates, the original migration adjustment is completed, and the migration recovery surcharge ends in this rate year 2016 (i.e. the deferred 2012 Migration Recovery Surcharge).



## **2.4 Unscheduled Service (Attachment Q)**

The rates for unscheduled services are contained in Attachment Q of the Franchise Agreement and are annually updated in accordance with the Franchise Agreement. Attachment Q is established in 11.03 of Article 11, Annual Adjustment of Maximum Rates for Unscheduled Services.

The Maximum Rate set forth in Attachment Q is adjusted annually by multiplying the then effective Maximum Rate by the Consumer Price Index (CPI) for the year immediately preceding the year of the calculation and dividing the result by the Consumer Price index for the year two years prior. For example the adjustment calculated in 2015 (for rates to be effective 2016), each Maximum Rate is multiplied by the CPI for 2014 and divided by the CPI for 2013.

It should be noted that as a part of the 2015 rate period review, the Attachment Q rates were reviewed in detail for compliance with the contractual requirements. The Attachment Q rates were mutually agreed upon and adjusted in 2015 to reflect the appropriate method of adjustment for each unscheduled service.

## **2.5 Summary**

This section of the report has provided a brief overview of the relevant portions of the franchise agreement and amendments with Recology. While this overview of the agreement and amendments has been necessarily abbreviated, it does provide a good understanding of the basic framework or methodology used to previously calculate the maximum rate for regularly scheduled service, along with this current time period.

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## 3. Review of Recology’s Calculated “Maximum Rates for Regularly Scheduled Services”

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### 3.1 Introduction

As a part of the franchise agreement, Recology calculates the maximum rates for the up-coming calendar year. The calculated maximum rates are formula driven, and as noted in the prior section of the report, there is relatively clear language and numeric examples of the rate indexing process. The purpose of this section of the report is to provide an overview of Recology’s rate filing to the City for the 2016 rate year, along with HDR’s technical review of that filing.

### 3.2 Overview of Recology’s 2016 Rate Index Calculation

On July 31, 2015, Recology provided to the City a letter and the detailed worksheet outlining their calculation of the rate index. The letter dated July 31, 2015 indicated a maximum adjustment of 0.90% (i.e. less than 1%). HDR reviewed that revised calculation and determined based upon the information provided that it appears to be in agreement with the Franchise Agreement. Provided below in Table 3-1 is an overview of Recology’s rate index calculation. In summary form, this calculation indicates a maximum adjustment of 0.90%, over and above the 2015 regularly scheduled rates.

**Table 3 – 1  
Overview of Recology’s Rate Index Calculation**

<b>Cost Component</b>	<b>Cost Component Dollars (\$)</b>	<b>2009 CPI Index</b>	<b>2014 CPI Index</b>	<b>2015 Cost Index</b>	<b>2014 Cost Index</b>
Wage Component	\$1,380,122	110.9	122.9	\$1,529,459	\$1,495,858
Fuel Component	211,727	3.45	3.53	216,637	238,116
General Expense Component	1,528,563	214.537	236.736	1,670,913	1,646,680
Agency Components				1,698,564	1,681,379
Disposal Cost Component (i)				1,353,109	1,321,199
Disposal Cost Component (ii)				1,316,877	1,334,613
Disposal Cost Component (iii)				-1,321,199	-1,328,961
Performance Based Component					
- Incentives				2,509	12,513
- Disincentives				(1,580)	(1,234)
Hazardous Household Waste Component				67,651	66,678
<b>Total</b>				<b>\$6,532,939</b>	<b>\$6,466,840</b>
			<b>Cost Index 2014 -</b>	\$6,532,939	
			<b>Annual Increase Divided by Cost Index 2013 -</b>	\$6,466,840	
			<b>Annual Percentage Equals -</b>	1.02%	
			<b>Add: Migration Recovery Surcharge 2016</b>	-0.12%	
			<b>Maximum Rates to be Multiplied by:</b>	<b>0.90%</b>	

In a more simplified or summarized manner, the rate index for 2016 of 0.90% is composed of two cost elements. These are as follows:

CPI Cost Adjustment	1.02%
Migration Recovery Surcharge 2016	<u>-0.12%</u>
Total Rate Index Adjustment	0.90%

As noted above, the City retained HDR to review the Recology calculations (Table 3-1) to confirm that the proper data appeared to be used within the analysis, and that the mathematical calculations were correct for the 2016 rate year. While Table 3-1 appears rather simple and straight-forward, the calculations are, in some cases, much more complex with other detailed worksheets behind them.

Provided below is a more detailed discussion of the analytical steps taken to review the Recology calculations and the results of our review.

### 3.3 Overview of General Approach Used to Review Calculations

As noted in Section 2, an important starting point for reviewing the rate index calculation is understanding the Franchise Agreement and Amendment 2. In addition to reviewing those documents, HDR also previously reviewed the 2012, 2013 and 2014 staff reports to City Council and the deliberations around the 2012 rate adjustment which resulted in Amendment 2 and the delay of the 2013 Migration Surcharge and Adjustment to Year 2014 and 2016.

Given the review of the documents, HDR then independently reviewed the rate index calculation. HDR developed spreadsheets to review and attempt to duplicate the Recology calculations for 2016. In this way, HDR could review the data sources used and verify their appropriateness, while at the same time, verifying the formulas used within the calculations.

### 3.4 Summary Conclusions of HDR's Review of the Rate Index Calculations

Based upon HDR's detailed review of Recology's rate index calculation, HDR concluded that the rate index used the appropriate data and information for the time period and the calculations within the methodology were correct. As a result of our independent review HDR concluded that based upon the existing Franchise Agreement and Amendments, the maximum rates should be calculated using the 0.90% rate index. Provided below is a more detailed discussion of each of the elements of the calculation of the rate index and the basis for HDR's summary conclusion.

“. . . HDR concluded that based upon the existing Franchise Agreement and Amendments, the maximum rates should be calculated using the 0.90% rate index.”

### 3.5 HDR's Detailed Review of the Rate Index Calculations

As previously discussed, the focus of HDR's review was on the calculations used to establish the rate index for the "Maximum Rates for Regularly Scheduled Services". Article 11 of the Franchise Agreement and Amendment No. 2 form the basis for the calculations.

As shown in Table 3-1, there are now only two main calculations to the rate index calculation. They are the (CPI) Adjustment Percentage and the Migration Recovery Surcharge. The two components added together are the Maximum Rates to be multiplied by. As a reference point, the calculation of the Adjustment Percentage is detailed in Article 11 and the Migration Recovery Surcharge is detailed in Amendment No. 2.

#### 3.5.1 CPI Cost (Index) Adjustment

The rate setting process based on Article 11 and the Amendments is a rolling forward index. For example the Maximum Rate for 2016 would be calculated in 2015 by reviewing the 2015 and 2009 cost indices. Therefore, as a part of HDR's review process, both 2015 and 2016 rate setting calculations were reviewed.

In simplified terms, general operating costs are adjusted annually by the use of a cost index. The CPI Cost Index is segregated into seven different cost components. They are as follows:

- **Wages** - The wages for base year 2009 is multiplied by the difference between the 2009 base year Employment Cost Index and the current year Employment Cost Index published for the 4<sup>th</sup> quarter of the year immediately preceding the Calendar Year of the Cost index. In very simplified terms, the agreement uses the wages at the start of the agreement and then simply adjusts wages by a CPI amount.
- **Fuel** – The fuel for base year 2009 is multiplied by the difference between the 2009 average price per gallon and the average price per gallon of fuel for the twelve month period ending March 31 of the Calendar Year.
- **General Expense** – The general expense base for 2009 is multiplied by the difference between the base year Consumer Price Index and the current year Consumer Price Index.
- **Disposal Costs** – (i) The Contractor’s projected costs for April 1 of that calendar year through March 31 of the following year plus (ii) the Contractors’ actual costs April 1 of the year prior through March 31 of the calendar year minus (iii) the contractor’s previous projection.
- **Performance-Based** – Is the sum of incentives and disincentives the year immediately preceding the Calendar Year of the Cost Index. The determination of incentives and disincentives is independently determined by another outside party.
- **Household Hazardous Waste** – The amount currently paid of \$67,651 plus ninety percent of the change in the Consumer Price Index. This component is detailed in Article 10.
- **Agency Payment** – The anticipated amount of total Agency payments as detailed in Article 10 divided by (1 – 0.26) then multiplying the result by 0.26.

For each of the above components, HDR reviewed the source data and information used within Recology’s calculations. As a part of Recology’s packet of information, the source data used by Recology was attached as an amendment. While much of the cost data and information had previously been audited by another outside independent consultant, in those cases where other key assumptions to the analysis were needed (e.g. CPI index), HDR independently reviewed them.

In summary form, HDR independently confirmed the calculation of the CPI cost adjustment of 1.02%. In providing this independent confirmation, HDR did note the Consumer Price Index publishes by month, annual, and bi-annually. By definition within the agreement, the annual CPI is to be used.

### 3.5.2 Migration Recovery Surcharge

The migration recovery surcharge is a part of Amendment 2. The purpose of the migration recovery surcharge is to collect the deferred adjustment from 2012, plus a carrying cost (interest). Provided below in Table 3-2 is an overview of the development of the migration recovery surcharge for the 2016 rate year.

**Table 3 – 2**  
**Development of the Migration Recovery Surcharge**

Prime Rate June 30, 2014	3.25%
Plus: 1%	<u>1.00%</u>
Interest Rate on Migration Surcharge	4.25%
2012 Migration Recovery Surcharge Uncollected Balance	\$182,334
Interest Rate on Migration Surcharge	<u>4.25%</u>
Interest Calculation	\$7,749
Total 2016 Interest Charge	\$7,749
2015 Migration Recovery Surcharge Amount	(243,416)
Plus: 2016 Migration Recovery Surcharge Amount	<u>227,918</u>
2016 Total	(\$7,749)
Estimated Annual Billings	\$6,414,825
<b>2016 Migration Recovery Surcharge</b>	<b>-0.12%</b>

As can be seen in Table 3-2, the analysis begins by determining the interest rate to be charged for the carrying cost. Then, that interest rate is applied to the uncollected balance of the 2016 migration recovery surcharge. The total interest cost is then added to the amount of the 2016 migration recovery surcharge to be collected in the current (2016) time period. That total balance is then divided by the estimated billings to produce the surcharge percent. In this case, the percentage adjustment for 2016 is a – 0.12% (i.e. a reduction or credit).

To better understand the values and assumptions within this calculation, HDR reviewed the language of Amendment 2, along with the data inputs for the model. The review of the various components to this calculation is as follows:

- Determining the Interest Rate:** Amendment 2 specifies the method to determine the interest rate. Amendment 2 states the following: “2.(2) . . . interest on the uncollected balance of the 2012 Migration Recovery Surcharge at the rate of prime (as of June 30 of the prior year) plus 1%.” In the review conducted by HDR, the prime interest rate was verified to be 3.25%. While Recology provided a print-out of their data source for this rate, HDR confirmed the prime interest rate via an alternative information source. Given the prime rate of 3.25%, the final interest rate simply added the 1%.
- Balance of the Uncollected Balance of the 2016 Migration Recovery Surcharge:** Within the formula, an originating balance of \$729,337 is utilized. Amendment 2 specifically provides the balance to be used for 2013. It states the following: “2.(2) . . . Such uncollected balance shall equal \$729,337 for 2013 (i.e. used to calculate the 2013 surcharge), . . .” It should be noted that in the following years of 2014, 2015 and 2016, the balance declines by the amount of the deferral paid in the prior year. For example,

in 2016, the amount will be \$182,334 (\$364,668 (balance for 2015) less \$182,334 credit).

- **Interest Payment Before Adjustments:** The interest payment to be included within the surcharge, before adjustment, is a simple multiplication of 2016 balance (\$182,334) and the 4.25% interest rate. HDR verified the calculation and interest payment of \$7,749.
- **2016 Migration Recovery Surcharge Amount:** The formula includes an amount of \$227,918 to be recovered in this time period. Amendment 2 specifies this amount and states the following: “2.(2) . . . In each of 2013, 2014, 2015 and 2016, the Contractor shall be entitled to charge a Migration Recovery Surcharge, the basis of which shall be obtained by adding \$227,918 to interest on the uncollected balance of the 2012 Migration Recovery Surcharge . . .” Given that language from Amendment 2, the \$227,918 is a fixed value within the determination of the Migration Recovery Surcharge.
- **2016 Total:** The 2016 total is simply the sum of the interest cost, less the previous year’s Migration Recovery Surcharge Amount of \$243,416 plus the \$227,918 2016 Mitigation Recovery Surcharge equals 2016 Total of -\$7,749.  $(\$7,749 + (\$243,416) + \$227,918) = -\$7,749$ .
- **Estimated Annual Billings:** Amendment 2 specifies the methodology to be used to determine the estimated annual billings. Specifically, Amendment 2 notes the following: “2.(2) . . . The rate for the Migration Recovery Surcharge for 2013, 2014, 2015 and 2016 shall be calculated by dividing the basis for that year by the estimated billings for the prior year based on the actual Customer Census as of June of the prior year and the Maximum Rates in effect in that prior year.” Within the review process, HDR verified the estimated annual billing amount used within the calculation.

While HDR confirmed the values used within the Migration Recovery Surcharge, the remaining element reviewed was to confirm that the methodology appeared to be in-keeping with Amendment 2. Again, Amendment 2 is fairly clear on the methodology by providing an example calculation. Amendment 2 notes the following:

*“For example, in calculating the Migration Recovery Surcharge to be added into the 2013 Maximum Rates, and assuming the Customer Census and Maximum Rates in effect yield estimated billings of \$5,762,188 with a prime rate in effect of 3%, the Migration Recovery Surcharge for 2013 would be 4.71% ( $(\$227,918 + (729,337 * .04) * 1.5) / \$5,762,188 = 4.71\%$ )”*

Based upon the above example, HDR concluded that Recology’s calculation methodology for the Migration Recovery Surcharge for the 2016 rate year was in-keeping with the intent of Amendment 2.

This is the last year of the Migration Recovery Surcharge and will be the last adjustment with any consideration for the negotiated amendments.



### **3.6 Conclusions Regarding the Calculation of the Rate Index**

Based upon the review of the Recology rate calculation, HDR concluded that the calculation as provided by Recology appears appropriate and in keeping with the original Franchise Agreement and Amendment No. 2. In reaching this conclusion, HDR reviewed and verified the data inputs into the calculation, while also confirming the overall methodology and calculations. Based upon our conclusions, the calculated Maximum Rate Index for 2016 is a 0.90% or an increase in overall rates.

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## 4. Review of the Proposed 2016 Solid Waste Rates

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### 4.1 Introduction

In the previous section of this report, the rate indexing for the City's 2016 solid waste rates was reviewed. This analysis provides the basis for determining the City's maximum rates. This section of the report will review the maximum solid waste rates for Regularly Scheduled Services (Attachment R) and Unscheduled Services (Attachment Q).

### 4.2 Review of Rate Index Multiplier

From the review of the rate index multiplier, it was concluded that the analysis developed by Recology appears to comply with the City's franchise agreement. The overall adjustment to revenues derived from rates for 2016 is 0.90% increase over the existing rates. In developing the calculated maximum rates, Recology provided a schedule of the rates. HDR reviewed the calculated maximum rates to confirm that they use the appropriate multiplier. Presented below is a discussion of the present solid waste rates and the proposed 2016 rates for residential and commercial customers.

### 4.3 Residential Regularly Scheduled Services

The present residential rate is composed of four different bin sizes which range from 20 gallons to 96 gallons. The structure of the rate is a flat monthly rate. During the last rate study, the 2015 residential rates were adjusted and the final adopted rate adjusted the pricing between the smallest and largest carts to narrow the pricing gap, yet still encourage diversion of waste from landfills. This decision maintained the City's past practice of an increasing price per gallon for the larger cart sizes (i.e. the more you dispose, the more it costs per gallon). Presented below in Table 4-1 are the present monthly residential rate and the proposed residential rates for 2016. The adjustments for residential customer rates are designed to provide an overall 0.90% revenue increase compared to the present monthly residential rate.

**Table 4 – 1**  
**Summary of the Present and Calculated Maximum Residential Solid Waste Rates**  
**(Regularly Scheduled - \$/Month)**

Schedule	Schedule Description	Present Monthly Rate	Calculated Maximum 2016 Rate	\$/Month Change
R20G	Residential Waste - 20 Gallons	\$21.00	\$21.19	\$0.19
R32G	Residential Waste - 32 Gallons	\$34.86	\$35.17	\$0.31
R64G	Residential Waste - 64 Gallons	\$71.03	\$71.67	\$0.64
R96G	Residential Waste - 96 Gallons	\$111.30	\$112.30	\$1.00

#### 4.4 Commercial Waste Carts Regularly Scheduled Service

Some commercial waste customers have similar service to the residential customers in that they have cart sizes that range from 20 gallons to 96 gallons. However, the difference between the residential and commercial service is the number of pick-ups per week. A commercial customer can choose their level of service (number of pick-ups per week). Presented below in Table 4-2 is a summary of the present commercial rates and the calculated maximum rate for 2016. The maximum calculated rate assumes a 0.90% increase from the present rates. Some minor rounding of the rates may occur for purposes of ease of administration.

**Table 4 – 2**  
**Summary of the Present and Calculated Maximum Commercial Solid Waste Rates**  
**(By Gallon Cart Size; Regularly Scheduled - \$/Month)**

Schedule	Schedule Description	Collection - Times Per Week						
		1	2	3	4	5	6	7
C20G	Commercial Waste - 20 Gallon							
	Present 2015 Monthly Rate	\$37.29	\$76.71	\$114.20	\$156.81	\$198.40	\$248.25	\$302.41
	<b>Calculated Maximum 2016 Rate</b>	<b>\$37.63</b>	<b>\$77.40</b>	<b>\$115.23</b>	<b>\$158.22</b>	<b>\$200.19</b>	<b>\$250.48</b>	<b>\$305.13</b>
	\$/Month Change	\$0.34	\$0.69	\$1.03	\$1.41	\$1.79	\$2.23	\$2.72
C32G	Commercial Waste - 32 Gallon							
	Present 2015 Monthly Rate	\$41.42	\$85.24	\$126.89	\$174.23	\$220.44	\$275.83	\$336.00
	<b>Calculated Maximum 2016 Rate</b>	<b>\$41.79</b>	<b>\$86.01</b>	<b>\$128.03</b>	<b>\$175.80</b>	<b>\$222.42</b>	<b>\$278.31</b>	<b>\$339.02</b>
	\$/Month Change	\$0.37	\$0.77	\$1.14	\$1.57	\$1.98	\$2.48	\$3.02
C64G	Commercial Waste - 64 Gallon							
	Present 2015 Monthly Rate	\$80.09	\$161.58	\$245.14	\$329.63	\$419.01	\$510.59	\$597.74
	<b>Calculated Maximum 2016 Rate</b>	<b>\$80.81</b>	<b>\$163.03</b>	<b>\$247.35</b>	<b>\$332.60</b>	<b>\$422.78</b>	<b>\$515.19</b>	<b>\$603.12</b>
	\$/Month Change	\$0.72	\$1.45	\$2.21	\$2.97	\$3.77	\$4.60	\$5.38
C96G	Commercial Waste - 96 Gallon							
	Present 2015 Monthly Rate	\$115.74	\$237.07	\$359.77	\$486.65	\$615.26	\$774.49	\$903.56
	<b>Calculated Maximum 2016 Rate</b>	<b>\$116.78</b>	<b>\$239.20</b>	<b>\$363.01</b>	<b>\$491.03</b>	<b>\$620.80</b>	<b>\$781.46</b>	<b>\$911.69</b>
	\$/Month Change	\$1.04	\$2.13	\$3.24	\$4.38	\$5.54	\$6.97	\$8.13

As can be seen, the rates have maintained the existing structure for commercial waste customers with carts.

## 4.5 Commercial Waste Bins Regularly Scheduled Service

Some commercial customers have larger bins and the bins range in size from 1 yard to 6 yards. Commercial waste customers also have the option of different levels of service and can select the number of pick-ups per week. Presented below in Table 4-3 is a summary of the present commercial waste bin rates and the calculated maximum rate for 2016. The maximum calculated rate assumes a 0.90% increase from the present rates. Some minor rounding of the rates may occur for purposes of ease of administration.

Schedule	Schedule Description	Collection - Times Per Week						
		1	2	3	4	5	6	7
C1YG	Commercial Waste - 1 Yard							
	Present 2015 Monthly Rate	\$194.21	\$395.39	\$600.03	\$807.04	\$1,015.72	\$1,267.67	\$1,495.70
	<b>Calculated Maximum 2016 Rate</b>	<b>\$195.96</b>	<b>\$398.95</b>	<b>\$605.43</b>	<b>\$814.30</b>	<b>\$1,024.86</b>	<b>\$1,279.08</b>	<b>\$1,509.16</b>
	\$/Month Change	\$1.75	\$3.56	\$5.40	\$7.26	\$9.14	\$11.41	\$13.46
C2YG	Commercial Waste - 2 Yard							
	Present 2015 Monthly Rate	\$390.65	\$787.71	\$1,188.52	\$1,592.25	\$2,001.68	\$2,363.11	\$2,798.70
	<b>Calculated Maximum 2016 Rate</b>	<b>\$394.17</b>	<b>\$794.80</b>	<b>\$1,199.22</b>	<b>\$1,606.58</b>	<b>\$2,019.70</b>	<b>\$2,384.38</b>	<b>\$2,823.89</b>
	\$/Month Change	\$3.52	\$7.09	\$10.70	\$14.33	\$18.02	\$21.27	\$25.19
C3YG	Commercial Waste - 3 Yard							
	Present 2015 Monthly Rate	\$589.17	\$1,185.45	\$1,785.20	\$2,386.77	\$2,990.41	\$3,630.22	\$4,274.50
	<b>Calculated Maximum 2016 Rate</b>	<b>\$594.47</b>	<b>\$1,196.12</b>	<b>\$1,801.27</b>	<b>\$2,408.25</b>	<b>\$3,017.32</b>	<b>\$3,662.89</b>	<b>\$4,312.97</b>
	\$/Month Change	\$5.30	\$10.67	\$16.07	\$21.48	\$26.91	\$32.67	\$38.47
C4YG	Commercial Waste - 4 Yard							
	Present 2015 Monthly Rate	\$804.26	\$1,622.43	\$2,440.61	\$3,268.10	\$4,099.08	\$4,964.54	\$5,848.10
	<b>Calculated Maximum 2016 Rate</b>	<b>\$811.50</b>	<b>\$1,637.03</b>	<b>\$2,462.58</b>	<b>\$3,297.51</b>	<b>\$4,135.97</b>	<b>\$5,009.22</b>	<b>\$5,900.73</b>
	\$/Month Change	\$7.24	\$14.60	\$21.97	\$29.41	\$36.89	\$44.68	\$52.63
C6YG	Commercial Waste - 6 Yard							
	Present 2015 Monthly Rate	\$1,236.92	\$2,508.63	\$3,770.88	\$5,022.41	\$6,291.76	\$7,606.18	\$8,908.63
	<b>Calculated Maximum 2016 Rate</b>	<b>\$1,248.05</b>	<b>\$2,531.21</b>	<b>\$3,804.82</b>	<b>\$5,067.61</b>	<b>\$6,348.39</b>	<b>\$7,674.64</b>	<b>\$8,988.81</b>
	\$/Month Change	\$11.13	\$22.58	\$33.94	\$45.20	\$56.63	\$68.46	\$80.18

The commercial waste rates for customers with bins have maintained the existing rate structure and rate relationships.

## 4.6 Commercial Organics Bins Regularly Scheduled Service

The rate charged for commercial organics is tied to the commercial waste rate. Commercial organics rates are charged at 70% of the commercial waste rate, for a comparable size bin. Similar to the commercial waste bin customers, commercial organics customers have bins which range in size from 1 yard to 6 yards. Similar to the commercial waste customer, the commercial organics customers also have the option of different levels of service and can select the number of pick-ups per week. Presented below in Table 4-4 is a summary of the present commercial organics bin rates and the calculated maximum rate for 2016. The maximum calculated rate assumes an increase of 0.90% from the present rates. Some rounding of the rates may occur for purposes of ease of administration.

**Table 4 – 4**  
**Summary of the Present and Calculated Maximum Commercial Organics**  
**Solid Waste Rates (By Bin Size in Yards; Regularly Scheduled - \$/Month)**

Schedule	Schedule Description	Collection - Times Per Week						
		1	2	3	4	5	6	7
C1YO	Commercial Organics - 1 Yard							
	Present 2015 Monthly Rate	\$135.95	\$276.77	\$420.01	\$564.93	\$711.01	\$887.38	\$1,047.00
	<b>Calculated Maximum 2016 Rate</b>	<b>\$137.17</b>	<b>\$279.26</b>	<b>\$423.79</b>	<b>\$570.01</b>	<b>\$717.41</b>	<b>\$895.37</b>	<b>\$1,056.42</b>
	\$/Month Change	\$1.22	\$2.49	\$3.78	\$5.08	\$6.40	\$7.99	\$9.42
C2YO	Commercial Organics - 2 Yard							
	Present 2015 Monthly Rate	\$273.46	\$551.40	\$831.97	\$1,114.57	\$1,401.17	\$1,654.17	\$1,959.09
	<b>Calculated Maximum 2016 Rate</b>	<b>\$275.92</b>	<b>\$556.36</b>	<b>\$839.46</b>	<b>\$1,124.60</b>	<b>\$1,413.78</b>	<b>\$1,669.06</b>	<b>\$1,976.72</b>
	\$/Month Change	\$2.46	\$4.96	\$7.49	\$10.03	\$12.61	\$14.89	\$17.63
C3YO	Commercial Organics - 3 Yard							
	Present 2015 Monthly Rate	\$412.42	\$829.83	\$1,249.65	\$1,670.73	\$2,093.28	\$2,541.16	\$2,992.15
	<b>Calculated Maximum 2016 Rate</b>	<b>\$416.13</b>	<b>\$837.30</b>	<b>\$1,260.90</b>	<b>\$1,685.77</b>	<b>\$2,112.12</b>	<b>\$2,564.03</b>	<b>\$3,019.08</b>
	\$/Month Change	\$3.71	\$7.47	\$11.25	\$15.04	\$18.84	\$22.87	\$26.93
C4YO	Commercial Organics - 4 Yard							
	Present 2015 Monthly Rate	\$562.98	\$1,135.70	\$1,708.42	\$2,287.66	\$2,869.35	\$3,475.19	\$4,093.67
	<b>Calculated Maximum 2016 Rate</b>	<b>\$568.05</b>	<b>\$1,145.92</b>	<b>\$1,723.80</b>	<b>\$2,308.25</b>	<b>\$2,895.17</b>	<b>\$3,506.47</b>	<b>\$4,130.51</b>
	\$/Month Change	\$5.07	\$10.22	\$15.38	\$20.59	\$25.82	\$31.28	\$36.84
C6YO	Commercial Organics - 6 Yard							
	Present 2015 Monthly Rate	\$865.85	\$1,756.04	\$2,639.61	\$3,515.69	\$4,404.24	\$5,324.33	\$6,236.04
	<b>Calculated Maximum 2016 Rate</b>	<b>\$873.64</b>	<b>\$1,771.84</b>	<b>\$2,663.37</b>	<b>\$3,547.33</b>	<b>\$4,443.88</b>	<b>\$5,372.25</b>	<b>\$6,292.16</b>
	\$/Month Change	\$7.79	\$15.80	\$23.76	\$31.64	\$39.64	\$47.92	\$56.12

## 4.7 Commercial Organics Carts Regularly Scheduled Service

Commercial customers can also have the smaller gallon-sized carts for organic waste. Presented below in Table 4-5 is a summary of the present commercial organics cart rates and the calculated maximum rate for 2016. The maximum calculated rate assumes a 0.90% increase from the present rates. Some minor rounding of the rates may occur for purposes of ease of administration.

**Table 4 – 5**  
**Summary of the Present and Calculated Maximum Commercial Organics**  
**Solid Waste Rates (By Gallon Cart Size; Regularly Scheduled - \$/Month)**

Schedule	Schedule Description	Collection - Times Per Week						
		1	2	3	4	5	6	7
C320	Commercial Organics - 32 Gallon							
	Present 2015 Monthly Rate	\$29.00	\$59.67	\$88.82	\$121.97	\$154.31	\$193.08	\$235.21
	<b>Calculated Maximum 2016 Rate</b>	<b>\$29.26</b>	<b>\$60.21</b>	<b>\$89.62</b>	<b>\$123.07</b>	<b>\$155.70</b>	<b>\$194.82</b>	<b>\$237.33</b>
	\$/Month Change	\$0.26	\$0.54	\$0.80	\$1.10	\$1.39	\$1.74	\$2.12
C640	Commercial Organics - 64 Gallon							
	Present 2015 Monthly Rate	\$56.07	\$113.10	\$171.60	\$230.74	\$293.32	\$357.40	\$418.41
	<b>Calculated Maximum 2016 Rate</b>	<b>\$56.57</b>	<b>\$114.12</b>	<b>\$173.14</b>	<b>\$232.82</b>	<b>\$295.96</b>	<b>\$360.62</b>	<b>\$422.18</b>
	\$/Month Change	\$0.50	\$1.02	\$1.54	\$2.08	\$2.64	\$3.22	\$3.77
C960	Commercial Organics - 96 Gallon							
	Present 2015 Monthly Rate	\$81.02	\$165.94	\$251.84	\$340.65	\$430.68	\$542.14	\$632.50
	<b>Calculated Maximum 2016 Rate</b>	<b>\$81.75</b>	<b>\$167.43</b>	<b>\$254.11</b>	<b>\$343.72</b>	<b>\$434.56</b>	<b>\$547.02</b>	<b>\$638.19</b>
	\$/Month Change	\$0.73	\$1.49	\$2.27	\$3.07	\$3.88	\$4.88	\$5.69

The commercial organics cart rates have maintained the existing rate structure and rate relationships.

#### 4.8 Other Miscellaneous Solid Waste Rates

The solid waste rates also include a compactor rate and a household hazardous waste rate for multi-family customers. These rates are shown below in Table 4-6

**Table 4 – 6**  
**Summary of the Present and Calculated Maximum Other Miscellaneous Solid Waste Rates (Regularly Scheduled - \$/Month)**

Schedule	Schedule Description	
C3CG	Commercial Waste 3 Yard Compactor	
	Present 2015 Monthly Rate	\$1,414.75
	<b>Calculated Maximum 2016 Rate</b>	<b>\$1,427.48</b>
	\$/Month Change	\$12.73
	Solid Waste Compactor Rate Per Yard	
	Present 2015 Monthly Rate	\$108.85
	<b>Calculated Maximum 2016 Rate</b>	<b>\$109.83</b>
	\$/Month Change	\$0.98
HHW	HHW Fee Per Unit	
	Present 2015 Monthly Rate	\$0.34
	<b>Calculated Maximum 2016 Rate</b>	<b>\$0.34</b>
	\$/Month Change	\$0.00

## 4.9 Unscheduled Services (Attachment Q)

Recology also provides a number of services that are not considered “regularly scheduled” services and these services particular services are not included as a part of the Attachment R rates discussed above. The rate for unscheduled services is contained in Attachment Q of the Franchise Agreement and is annually updated in accordance with the Franchise Agreement.

The Maximum Rate set forth in Attachment Q is adjusted annually by multiplying the then effective Maximum Rate by the Consumer Price Index (CPI) for the year immediately preceding the year of the calculation and dividing the result by the Consumer Price Index for the year two years prior.

The Maximum Rate set forth in Attachment Q is adjusted annually by multiplying the then effective Maximum Rate by the Consumer Price Index (CPI) for the year immediately preceding the year of the calculation and dividing the result by the Consumer Price index for the year two years prior. The formula for this year is as follows:

$$\frac{2014 \text{ CPI} - 2013 \text{ CPI}}{2013 \text{ CPI}} = \text{CPI Adjust.} \quad \frac{236.736 - 232.957}{232.957} = 1.622\%$$

Attached as a part of the technical appendices are the proposed Attachment Q rates for unscheduled services.



## 4.10 Summary

This section of the report has reviewed the present solid waste rates and the 2016 calculated maximum rates. Detailed exhibits of the Attachment R and Attachment Q rates can be found in Technical Appendix A and B, respectively.

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## 5. Summary of Solid Waste Rate Findings, Conclusions and Recommendations

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### 5.1 Introduction

This report has reviewed the calculated Maximum Rate as developed by Recology. HDR used a systematic process to review the calculation of the rate index, along with the resulting maximum rates for regularly scheduled service.

### 5.2 Summary Findings, Conclusions and Recommendations

HDR reviewed the Recology rate calculation and concluded that the rate index and resulting maximum solid waste rates for 2016 were calculated in a manner which reflected the intent of the Franchise Agreement and Amendment 2. HDR would recommend that the City accept the Calculated Maximum Solid Waste Rates as submitted by Recology and shown within this report.

### 5.3 Looking Ahead – Potential 2017 Rate Adjustment

As noted above, Amendment 2 deferred a portion of the 2012 rate adjustment. As a result, a migration recovery surcharge was created to defer and spread that adjustment over a longer time horizon. The Migration Surcharge and Migration Adjustment ended in 2014. The Migration Surcharge Recovery will end this year in 2016. Therefore the estimated 2017 rate adjustment would be the CPI adjustment only.

### 5.4 Summary

This completes the review conducted by HDR for the City of Belmont on the 2016 Solid Waste rates. This report has met the City's requirement to conduct a due diligence on the rate index and resulting solid waste rates as submitted by Recology.

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## Technical Appendix A – Attachment R Regularly Scheduled Service

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The following Attachment R rates are the proposed 2016 rates.

**Attachment R  
Maximum Rate Schedule**

**Effective January 1, 2016 to December 31, 2016**

**Monthly Rate**

**RESIDENTIAL CARTS**

	Cart Size (in Gallons)			
	20	32	64	96
1 Pickup Per Week	\$21.19	\$35.17	\$71.67	\$112.30

Residential customers are billed based on their Garbage Cart size.

The monthly rate above includes the following:

- One (1) Garbage Cart provided to customer
- Curbside Household Hazardous Waste Collection
- One (1) 64-Gallon Recycling Cart and (1) 96-Gallon Yard Waste Cart

**Attachment R  
Maximum Rate Schedule**

**Effective January 1, 2016 to December 31, 2016**

**Monthly Rate**

**COMMERCIAL CARTS**

		Cart Size (in Gallons)			
		20	32	64	96
# of Pickups Per Week	1	\$37.63	\$41.79	\$80.81	\$116.78
	2	77.40	86.01	163.03	239.20
	3	115.23	128.03	247.35	363.01
	4	158.22	175.80	332.60	491.03
	5	200.19	222.42	422.78	620.80
	6	250.48	278.31	515.19	781.46
	7	305.13	339.02	603.12	911.69

The monthly rate above includes the following:

- One (1) Garbage Cart
- Recycling Cart

Multi-Family Customers are charged \$0.34 \* Residential Units for Household Hazardous Waste Collection in addition to above

**COMMERCIAL CARTS ORGANICS**

		Cart Size (in Gallons)		
		32	64	96
# of Pickups Per Week	1	\$29.26	\$56.57	\$81.75
	2	60.21	114.12	167.43
	3	89.62	173.14	254.11
	4	123.07	232.82	343.72
	5	155.70	295.96	434.56
	6	194.82	360.62	547.02
	7	237.33	422.18	638.19

**Note:** Organics containers are charged at seventy percent (70%) of the similar Garbage commercial cart rate above container size and service levels for Garbage, representing a thirty percent (30%) discount

**Attachment R  
Maximum Rate Schedule**

**Effective January 1, 2016 to December 31, 2016**

**Monthly Rate**

**COMMERCIAL BINS**

		<b>Bin Size (in Cubic Yards)</b>				
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>6</b>
<b># of Pickups Per Week</b>	<b>1</b>	\$195.96	\$394.17	\$594.47	\$811.50	\$1,248.05
	<b>2</b>	398.95	794.80	1,196.12	1,637.03	2,531.21
	<b>3</b>	605.43	1,199.22	1,801.27	2,462.58	3,804.82
	<b>4</b>	814.30	1,606.58	2,408.25	3,297.51	5,067.61
	<b>5</b>	1,024.86	2,019.70	3,017.32	4,135.97	6,348.39
	<b>6</b>	1,279.08	2,384.38	3,662.89	5,009.22	7,674.64
	<b>7</b>	1,509.16	2,823.89	4,312.97	5,900.73	8,988.81

The monthly rate above includes the following:

One (1) Garbage Bin

Recycling container at customer's requested size

**COMMERCIAL BINS ORGANICS**

		<b>Bin Size (in Cubic Yards)</b>				
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>6</b>
<b># of Pickups Per Week</b>	<b>1</b>	\$137.17	\$275.92	\$416.13	\$568.05	\$873.64
	<b>2</b>	279.26	556.36	837.30	1,145.92	1,771.84
	<b>3</b>	423.79	839.46	1,260.90	1,723.80	2,663.37
	<b>4</b>	570.01	1,124.60	1,685.77	2,308.25	3,547.33
	<b>5</b>	717.41	1,413.78	2,112.12	2,895.17	4,443.88
	<b>6</b>	895.37	1,669.06	2,564.03	3,506.47	5,372.25
	<b>7</b>	1,056.42	1,976.72	3,019.08	4,130.51	6,292.16

**Note:** Organics containers are charged at seventy percent (70%) of the similar garbage container size above and service level for garbage, representing a thirty percent (30%) discount



**Attachment R  
Maximum Rate Schedule**

**Effective January 1, 2016 to December 31, 2016**

**Monthly Rate**

**GARBAGE COMPACTORS**

Commercial Waste 3 Yard Compactor	\$1,427.48
Solid Waste Compactor Rate Per Yard	\$109.83
Household Hazardous Waste Fee Per Unit	<u>\$0.34</u>
Total Solid Waste Compactor Rate Per Yard	\$110.17

The monthly fee above includes the following:  
Recycling container at customer's requested size

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## Technical Appendix B – Attachment Q Unscheduled Services

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The following table specifies Maximum Allowable Rates for Unscheduled Services. These Maximum Rates shall be adjusted annually in accordance with Article 11.

**Attachment Q**  
**Unscheduled Services**

The following table specifies Maximum Allowable Rates for Unscheduled Services. These Maximum Rates shall be adjusted annually in accordance with Article 11.

<b>Unscheduled Service Category</b>	<b>Reference</b>	<b>Cost</b>	<b>Description of Cost</b>
Single-Family Dwelling Backyard Collection Service	Section 5.02.A	See Table Below	See Table Below
Distance Charge for MFD and Commercial Accounts More than 50 Feet From the Curb	Section 5.02.B and 5.02.C	A - 10% of Base monthly rate B - 25% of Base monthly Rate	A - 51 to 100 feet from Curbside B - 101 feet or more from Curbside
Extra Pick-up Cost for MFD and Commercial Customers	Section 5.02.B and 5.02.C	30% of base monthly Rate for the size of Container Collected once per week	Per Collection event
Single-Family Return Trip Cost (i.e. request to provide Collection service on other than the regularly scheduled Collection day)	Section 5.02.A	\$16.55	Per Collection event
Additional Targeted Recyclable Materials or Organic Materials Cart Rental	Sections 5.03.A and 5.04.A	A - \$1.10 B - \$3.31	A - Monthly rental fee for Targeted Recycling Cart (any size) B - Monthly rental fee for Organics/Yard Waste Cart (any size)
Additional E-Scrap Pickup Trip	Section 5.505.B4	Varies by number of items	\$27.59 for each trip (up to five items) \$11.03 per item for each additional item on the same trip \$93.80 per item for large console TV's

**Attachment Q**  
**Unscheduled Services (Continued)**

Unscheduled Service Category	Reference	Cost	Description of Cost
Additional Confidential Document Destruction Service Event	Section 5.07	\$1,324.17	Per Event
Litter Abatement and Collection Service	Section 5.09B	\$75.04 per hour with an eight (8) hour minimum per service person (includes truck)	Per Event
Additional Compost Material Delivery	Section 5.11	A - \$137.93 B - \$275.87	A - one way delivery (compost left on site) B - two way delivery (Drop box left on site)
Fee for Service On-Call Bulky Item Collection Service	Section 5.12	\$89.99	Per Event
Additional Community Drop-Off Events	Section 5.13	\$22,510.87 Additional \$1.10 per household for post card announcement if requested by Agency	Per event targeting approximately 6,000 households. Does not include disposal.
Collection for Additional Agency-Sponsored and Non-Agency sponsored Large Events (other than the number of events specified in Attachment C)	Section 5.08	A - \$3,310.42 B - \$5,517.37 C - \$8,276.05	A - one-day events with a projected 2,500 or fewer attendees B - one (1) or two (2) day events less than 7,500 attendees per day, that does not qualify for Category A above C - one (1) or two (2) day events with a projected 7,501 to 10,000 attendees per day
Emergency Services	Section 7.08	\$137.93/hour	Cost includes refuse collection vehicle and driver

**Attachment Q**  
**Unscheduled Services (Continued)**

Unscheduled Service Category	Reference	Cost	Description of Cost
Fee to Collect Contaminated Targeted Recyclable Materials or Organic Materials Container	Section 6.03.A and 8.02.F	25% of the base monthly Rate for the size of Container Collected once per week plus: \$16.55	Per Collection Event
Key Service	Section 8.02.B	A - \$9.38 B - \$10.48	Monthly cost: A - Residential Customers B - Commercial Customers
Lock purchase fee (replacement at no additional cost)	Section 8.02.B	\$18.76	One-time per Account cost.
Overage Fee (Unless Overage Bags purchased)	Section 8.02.G	100% of the base monthly Rate	Per Collection event
Overage Bags Cost (includes Collection)	Section 8.02.G	\$8.83	Per bag
Container Cleaning Fee	Section 8.05.D	A - \$55.17 B - \$93.80	A - per Cart B - per Bin or Drop-Box
Dirty Cart Replacement Cost	Section 8.05.D	A - \$71.73 B - \$82.76 C - \$93.80	A - per 32 gallon Cart B - per 64 gallon Cart C - per 96 gallon Cart

**Attachment Q**  
**Unscheduled Services (Continued)**

<b>Backyard Collection Service Distance Costs for Single Family Dwellings (Section 5.02.A)</b>				
<b>Distance from Curbside</b>	<b>One (1) Solid Waste Cart</b>	<b>Two (2) Solid Waste Carts</b>	<b>Three (3) Solid Waste Carts</b>	<b>Four (4) Solid Waste Carts</b>
0 - 50 feet	\$19.86	\$31.69	\$63.38	\$95.08
51 - 100 feet	23.17	35.00	66.69	98.39
101 - 150 feet	26.48	38.31	70.00	101.70
151 - 200 feet	29.79	41.62	73.31	105.01
201 - 250 feet	33.10	44.93	76.63	108.32
251 - 300 feet	36.41	48.24	79.94	111.63
301 feet or more	39.73	51.55	83.25	114.94



## Technical Appendix A – Attachment R Regularly Scheduled Service

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The following Attachment R rates are the proposed 2016 rates.



**Attachment R  
Maximum Rate Schedule**

**Effective January 1, 2016 to December 31, 2016**

**Monthly Rate**

**RESIDENTIAL CARTS**

	Cart Size (in Gallons)			
	20	32	64	96
1 Pickup Per Week	\$21.19	\$35.17	\$71.67	\$112.30

Residential customers are billed based on their Garbage Cart size.

The monthly rate above includes the following:

- One (1) Garbage Cart provided to customer
- Curbside Household Hazardous Waste Collection
- One (1) 64-Gallon Recycling Cart and (1) 96-Gallon Yard Waste Cart

**Attachment R  
Maximum Rate Schedule**

**Effective January 1, 2016 to December 31, 2016**

**Monthly Rate**

**COMMERCIAL CARTS**

		Cart Size (in Gallons)			
		20	32	64	96
# of Pickups Per Week	1	\$37.63	\$41.79	\$80.81	\$116.78
	2	77.40	86.01	163.03	239.20
	3	115.23	128.03	247.35	363.01
	4	158.22	175.80	332.60	491.03
	5	200.19	222.42	422.78	620.80
	6	250.48	278.31	515.19	781.46
	7	305.13	339.02	603.12	911.69

The monthly rate above includes the following:

- One (1) Garbage Cart
- Recycling Cart

Multi-Family Customers are charged \$0.34 \* Residential Units for Household Hazardous Waste Collection in addition to above

**COMMERCIAL CARTS ORGANICS**

		Cart Size (in Gallons)		
		32	64	96
# of Pickups Per Week	1	\$29.26	\$56.57	\$81.75
	2	60.21	114.12	167.43
	3	89.62	173.14	254.11
	4	123.07	232.82	343.72
	5	155.70	295.96	434.56
	6	194.82	360.62	547.02
	7	237.33	422.18	638.19

**Note:** Organics containers are charged at seventy percent (70%) of the similar Garbage commercial cart rate above container size and service levels for Garbage, representing a thirty percent (30%) discount

**Attachment R  
Maximum Rate Schedule**

**Effective January 1, 2016 to December 31, 2016**

**Monthly Rate**

**COMMERCIAL BINS**

		<b>Bin Size (in Cubic Yards)</b>				
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>6</b>
<b># of Pickups Per Week</b>	<b>1</b>	\$195.96	\$394.17	\$594.47	\$811.50	\$1,248.05
	<b>2</b>	398.95	794.80	1,196.12	1,637.03	2,531.21
	<b>3</b>	605.43	1,199.22	1,801.27	2,462.58	3,804.82
	<b>4</b>	814.30	1,606.58	2,408.25	3,297.51	5,067.61
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	<b>6</b>	1,279.08	2,384.38	3,662.89	5,009.22	7,674.64
	<b>7</b>	1,509.16	2,823.89	4,312.97	5,900.73	8,988.81

The monthly rate above includes the following:

One (1) Garbage Bin

Recycling container at customer's requested size

**COMMERCIAL BINS ORGANICS**

		<b>Bin Size (in Cubic Yards)</b>				
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>6</b>
<b># of Pickups Per Week</b>	<b>1</b>	\$137.17	\$275.92	\$416.13	\$568.05	\$873.64
	<b>2</b>	279.26	556.36	837.30	1,145.92	1,771.84
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	<b>4</b>	570.01	1,124.60	1,685.77	2,308.25	3,547.33
	<b>5</b>	717.41	1,413.78	2,112.12	2,895.17	4,443.88
	<b>6</b>	895.37	1,669.06	2,564.03	3,506.47	5,372.25
	<b>7</b>	1,056.42	1,976.72	3,019.08	4,130.51	6,292.16

**Note:** Organics containers are charged at seventy percent (70%) of the similar garbage container size above and service level for garbage, representing a thirty percent (30%) discount

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Maximum Rate Schedule**

**Effective January 1, 2016 to December 31, 2016**

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**GARBAGE COMPACTORS**

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Solid Waste Compactor Rate Per Yard	\$109.83
Household Hazardous Waste Fee Per Unit	<u>\$0.34</u>
Total Solid Waste Compactor Rate Per Yard	\$110.17

The monthly fee above includes the following:  
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## Technical Appendix B – Attachment Q Unscheduled Services

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The following table specifies Maximum Allowable Rates for Unscheduled Services. These Maximum Rates shall be adjusted annually in accordance with Article 11.

**Attachment Q**  
**Unscheduled Services**

The following table specifies Maximum Allowable Rates for Unscheduled Services. These Maximum Rates shall be adjusted annually in accordance with Article 11.

<b>Unscheduled Service Category</b>	<b>Reference</b>	<b>Cost</b>	<b>Description of Cost</b>
Single-Family Dwelling Backyard Collection Service	Section 5.02.A	See Table Below	See Table Below
Distance Charge for MFD and Commercial Accounts More than 50 Feet From the Curb	Section 5.02.B and 5.02.C	A - 10% of Base monthly rate B - 25% of Base monthly Rate	A - 51 to 100 feet from Curbside B - 101 feet or more from Curbside
Extra Pick-up Cost for MFD and Commercial Customers	Section 5.02.B and 5.02.C	30% of base monthly Rate for the size of Container Collected once per week	Per Collection event
Single-Family Return Trip Cost (i.e. request to provide Collection service on other than the regularly scheduled Collection day)	Section 5.02.A	\$16.55	Per Collection event
Additional Targeted Recyclable Materials or Organic Materials Cart Rental	Sections 5.03.A and 5.04.A	A - \$1.10 B - \$3.31	A - Monthly rental fee for Targeted Recycling Cart (any size) B - Monthly rental fee for Organics/Yard Waste Cart (any size)
Additional E-Scrap Pickup Trip	Section 5.505.B4	Varies by number of items	\$27.59 for each trip (up to five items) \$11.03 per item for each additional item on the same trip \$93.80 per item for large console TV's

**Attachment Q**  
**Unscheduled Services (Continued)**

Unscheduled Service Category	Reference	Cost	Description of Cost
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Litter Abatement and Collection Service	Section 5.09B	\$75.04 per hour with an eight (8) hour minimum per service person (includes truck)	Per Event
Additional Compost Material Delivery	Section 5.11	A - \$137.93 B - \$275.87	A - one way delivery (compost left on site) B - two way delivery (Drop box left on site)
Fee for Service On-Call Bulky Item Collection Service	Section 5.12	\$89.99	Per Event
Additional Community Drop-Off Events	Section 5.13	\$22,510.87 Additional \$1.10 per household for post card announcement if requested by Agency	Per event targeting approximately 6,000 households. Does not include disposal.
Collection for Additional Agency-Sponsored and Non-Agency sponsored Large Events (other than the number of events specified in Attachment C)	Section 5.08	A - \$3,310.42 B - \$5,517.37 C - \$8,276.05	A - one-day events with a projected 2,500 or fewer attendees B - one (1) or two (2) day events less than 7,500 attendees per day, that does not qualify for Category A above C - one (1) or two (2) day events with a projected 7,501 to 10,000 attendees per day
Emergency Services	Section 7.08	\$137.93/hour	Cost includes refuse collection vehicle and driver



**Attachment Q**  
**Unscheduled Services (Continued)**

Unscheduled Service Category	Reference	Cost	Description of Cost
Fee to Collect Contaminated Targeted Recyclable Materials or Organic Materials Container	Section 6.03.A and 8.02.F	25% of the base monthly Rate for the size of Container Collected once per week plus: \$16.55	Per Collection Event
Key Service	Section 8.02.B	A - \$9.38 B - \$10.48	Monthly cost: A - Residential Customers B - Commercial Customers
Lock purchase fee (replacement at no additional cost)	Section 8.02.B	\$18.76	One-time per Account cost.
Overage Fee (Unless Overage Bags purchased)	Section 8.02.G	100% of the base monthly Rate	Per Collection event
Overage Bags Cost (includes Collection)	Section 8.02.G	\$8.83	Per bag
Container Cleaning Fee	Section 8.05.D	A - \$55.17 B - \$93.80	A - per Cart B - per Bin or Drop-Box
Dirty Cart Replacement Cost	Section 8.05.D	A - \$71.73 B - \$82.76 C - \$93.80	A - per 32 gallon Cart B - per 64 gallon Cart C - per 96 gallon Cart

**Attachment Q**  
**Unscheduled Services (Continued)**

<b>Backyard Collection Service Distance Costs for Single Family Dwellings (Section 5.02.A)</b>				
<b>Distance from Curbside</b>	<b>One (1) Solid Waste Cart</b>	<b>Two (2) Solid Waste Carts</b>	<b>Three (3) Solid Waste Carts</b>	<b>Four (4) Solid Waste Carts</b>
0 - 50 feet	\$19.86	\$31.69	\$63.38	\$95.08
51 - 100 feet	23.17	35.00	66.69	98.39
101 - 150 feet	26.48	38.31	70.00	101.70
151 - 200 feet	29.79	41.62	73.31	105.01
201 - 250 feet	33.10	44.93	76.63	108.32
251 - 300 feet	36.41	48.24	79.94	111.63
301 feet or more	39.73	51.55	83.25	114.94