



REVIEW OF RECOLOGY SONOMA MARIN'S ANNUAL RATE ADJUSTMENT EFFECTIVE JANUARY 1, 2019

Long Term Financial Policy
and Audit Subcommittee
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Joey Hejnowicz
Administrative Analyst, City Manager's Office

BACKGROUND

- Section 4.03 of the Solid Waste Collection Services Agreement (Agreement) sets forth Adjustments to Service Recipient Rates.
- Recology may apply for annual adjustments to Service Recipient Rates and must submit financial information to the City by October 1 each year.
- City staff perform an administrative review of the rate application to verify Recology has calculated the adjustments correctly and in accordance with the terms of the Agreement.

ANALYSIS

- Service Recipient Rates consist of a combination of the following elements: collection, disposal, recyclable material processing/expense, recyclable material revenue, organic waste processing and franchise fee element.
- Solid waste industry indices are applied to each respective cost element to determine annual Service Recipient Rate adjustments.

ANALYSIS

- Collection Element Adjustment: **4.18%**
- Disposal Element Adjustment: **2.46%**
- Recyclable Material Processing/Expense Element Adjustment: **4.18%**
- Recyclable Material Revenue Element Adjustment: **-11.89%**
- Organic Waste Processing Element: **3.12%**

SERVICE RATE SUMMARY

- The 2019 Single-Family Residential Service Rate change, on average, is a **6.91%** increase from 2018 rates for an average **\$2.50** increase per month.
- The 2019 Multi-Family Dwelling Service Rate change, on average, is a **3.78%** increase from 2018 rates.
- The 2019 Commercial Service Rate change, on average, is a **3.79%** increase from 2018 rates.

FINANCIAL IMPACT

- There is no expenditure/cost impact to the City's General Fund from the Service Recipient Rates 2019 adjustment.
- The sole expenditure/cost impact to the City's General Fund comes by way of the Low-Income Discount Program (CARE Program) which is funded on a dollar-for-dollar basis reduction in franchise fees.
- Based on current 2018 enrollment levels (1649 customers) the 2019 Low-Income discount cost impact to the General Fund is approximately \$89,000.

QUESTIONS?