



City of Alameda

Findings and Recommendations from
the Review of Alameda County
Industries' 2015 Refuse Rate Application

April 7, 2015



Overview: Collection Trucks and Containers



All CNG Trucks

Residential X's 3

1, 2, and 3 - yard bins

20, 32, 64, and 96 -gallon

≈2.9 Million

76%



Rates versus Revenue



— Rate Increase — Change in Revenue



Balancing Account Projections

Projected Net Due (to) from ACI through 2020

		Revenue Realization		
		Low	Medium	High
Commodity Revenue	Low	\$ (946,849)	\$ (292,782)	\$ 767,169
	Medium	\$ (346,849)	\$ 307,218	\$ 1,367,169
	High	\$ 253,151	\$ 907,218	\$ 1,967,169



Option #1 – Indexed Increase

	Rate Period 13		Rate Period 14		
1	Total Operating Exp. Eligible for Profit	\$9,478,705	9,754,705	(\$17,268)	\$9,737,436
2	Profit (90% Operating Ratio)	\$1,053,189	1,083,856	(\$1,919)	\$1,081,937
	Pass-Through Costs				
3	Disposal	2,313,424	2,279,463	4,978	2,284,441
4	Recycling Processing	980,933	1,006,233	897	1,007,130
5	Container Reimbursement	209,705	190,150		190,150
6	Franchise Fees	1,751,200	1,778,245	2,341	1,780,586
7	City Fees	1,318,776	1,318,776	35,219	1,353,995
8	Rate Stabilization Fund	110,000	110,000		110,000
9	Interest	296,067	261,018	(838)	260,180
10	Total Pass-Through Costs	\$6,980,105	6,943,885	\$42,598	\$6,986,482
11	Total Expenses	\$17,511,999	17,782,445	\$23,411	\$17,805,856
12	Projected Revenue (at current rates)	\$17,064,657	17,320,214	\$0	\$17,320,214
13	Projected Surplus / (Shortfall)	(\$447,343)	(\$462,231)	(\$23,411)	(\$485,642)
14	Increase for Current Operations	2.62%	2.67%		2.80%

CPI % Changes (2014 vs. 2015)

Wages - 2.09%

CBA – 2.70% min

Vehicle – 2.09%

Other - 2.67%



Option #2 - Special Rate Adjustment

- **1/14/14** - ACI approached regarding San Leandro Living Wage Ordinance
- **10/21/14** - ILWU Local 6 and ACI begin discussions for a collective bargaining agreement
- **12/01/14** - Workers begin receiving “living wages”
- **7/1/15** - Effective date of rate adjustment



Option #2 - Special Rate Adjustment

- ACI's special rate adjustment is based on:
 - Incremental costs of providing its MRF employees union wages and benefits.
 - ACI \approx 10% profit
 - City Franchise Fees
- Allocated the total incremental costs to Alameda, San Leandro and Livermore based on tons processed.



Sample Single Family Cart Rate Changes (\$/month)

Container Size (Count)	Current	Index Adj - 2.80%	\$\$ Change	With Special Rate Adjustment 10.58%*	\$\$ Change
20 - gallon (5,794)	\$28.46	\$29.26	\$0.80	\$31.47	\$3.01
32 - gallon (8,600)	\$35.92	\$36.93	\$1.01	\$39.72	\$3.80

* Includes Index Adjustment and Special Request of 7.78%

Projected Future Rate Impacts

	Rate Period 15 2016/2017	Rate Period 16 2017/2018	Rate Period 17 2018/2019	Rate Period 18 2019/2020
Rate increase	0.33%	0.28%	0.39%	0.35%
Approx. monthly dollar impact (32-gallon)	\$0.13	\$0.11	\$0.17	\$0.15



New Option

Container Size (Count)	Current	Index Adj - 2.80%	\$\$ Change	With New Option Special Rate Adjustment 7.70%*	\$\$ Change	With Special Rate Adjustment 10.58%**	\$\$ Change
20 - gallon (5,794)	\$28.46	\$29.26	\$0.80	\$30.66	\$2.20	\$31.48	\$3.02
32 - gallon (8,600)	\$35.92	\$36.93	\$1.01	\$38.69	\$2.77	\$39.72	\$3.80

* Includes Index Adjustment and Special Request of 4.90%

** Includes Index Adjustment and Special Request of 7.78%

Projected Future Rate Impacts

Approx. monthly dollar impact (32-gallon)	Rate Period 15 2016/2017	Rate Period 16 2017/ 2018	Rate Period 17 2018/2019	Rate Period 18 2019/2020
Option 2 (10.58%)	\$0.13	\$0.11	\$0.17	\$0.15
New Option (7.70%)	\$0.27	\$0.30	\$0.39	\$0.32



Presentations

- Kent Kenney, Chief Financial Officer, ACI
 - New Option
 - Phased in Benefits over Five Years to Smooth Initial Rate Increases
 - Company to forgo Profit on Additional Labor Costs
 - City to forgo Franchise Fees on Additional Labor Costs
 - City and Company to Implement Pilot Program for Multifamily Annual Bulky Pickup



Presentations

- Andy Rose, Financial Advisor to ACI
- One Other Party Must Compromise – the Company’s Bank
- The Company Must Meet Bank Covenants
- The Issue -- The “Fixed Charge” Covenant

“Does the Company Have Sufficient Cash Available After Taxes to Make its Principal and Interest Payments”

"Fixed Charge" Covenant	2015	2016	2017	2018	2019	2020
Required Covenant	1.20	1.20	1.20	1.20	1.20	1.20
Projection	1.14	1.03	0.99	1.29	1.67	1.54

If the City Agrees to the New Option, We are Confident the Bank will Allow Adjustment to the Principal Repayments to Allow us to Again Meet the Fixed Charge Covenant



Presentations

- Fred Pecker, Secretary/Treasurer,
International Longshore and
Warehouse Union



Questions and Answers

Container Size (Count)	Current	Index Adj - 2.80%	\$\$ Change	With New Option Special Rate Adjustment 7.70%*	\$\$ Change	With Special Rate Adjustment 10.58%**	\$\$ Change
20 - gallon (5,794)	\$28.46	\$29.26	\$0.80	\$30.66	\$2.20	\$31.48	\$3.02
32 - gallon (8,600)	\$35.92	\$36.93	\$1.01	\$38.69	\$2.77	\$39.72	\$3.80

* Includes Index Adjustment and Special Request of 4.90%

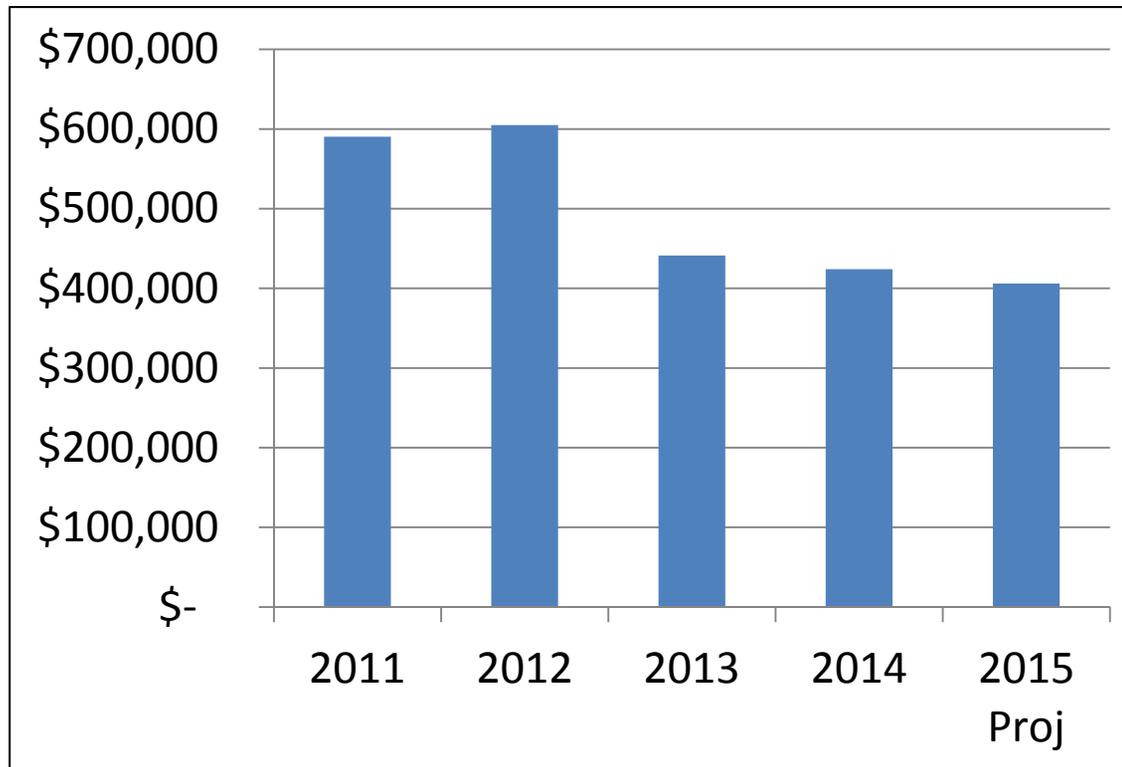
** Includes Index Adjustment and Special Request of 7.78%

Projected Future Rate Impacts

Approx. monthly dollar impact (32-gallon)	Rate Period 15 2016/2017	Rate Period 16 2017/ 2018	Rate Period 17 2018/2019	Rate Period 18 2019/2020
Option 2 (10.58%)	\$0.13	\$0.11	\$0.17	\$0.15
New Option (7.70%)	\$0.27	\$0.30	\$0.39	\$0.32



Commodity Revenue – City Portion



City Receives:

- 25% of revenue exceeding \$26/ton
- 75% of revenue exceeding \$80/ton



Tables from Staff Report

Table 1: Hourly Rate and Benefit Schedule

	Staffing Agency	Current	Rate Per. 14 2015/2016	Rate Per. 15 2016/2017	Rate Per. 16 2017/2018	Rate Per. 17 2018/2019
Hourly Rate	\$9.00	\$14.59	\$15.68	\$16.86	\$18.12	\$19.48
Benefits			\$13.75	\$14.50	\$15.30	\$16.15
Burdened Rate	\$14.57	\$14.59	\$29.43	\$31.36	\$33.42	\$35.63



Tables from Staff Report

Table 2: Monthly Single-Family Rates

Cart Size (Count)	Existing Rate	With 2.80% increase	\$ change from existing	With 10.58% increase	\$ change from existing
20 gal -5,794	\$28.46	\$29.26	\$0.80	\$31.47	\$3.01
32 gal -8,600	\$35.92	\$36.93	\$1.01	\$39.72	\$3.80
64 gal -713	\$59.02	\$60.67	\$1.65	\$65.27	\$6.25
96 gal -39	\$82.42	\$84.73	\$2.31	\$91.14	\$8.72



Tables from Staff Report

Table 3: Projected Future Rate Impacts

	Rate Period 15 2016/2017	Rate Period 16 2017/ 2018	Rate Period 17 2018/2019	Rate Period 18 2019/2020
Rate increase	0.33%	0.28%	0.39%	0.35%
Approx. monthly dollar impact (32-gallon)	\$0.13	\$0.11	\$0.17	\$0.15



Alameda County Rate Survey

Jurisdiction	Residential Single - Family				Commercial			
	20-Gal.	30-35 Gal.	60-64 Gal.	90-96 Gal.	1 YD Bin 1X/Week	1YD Bin 3X/Week	3 YD Bin 1X/Week	3 YD Bin 3X/Week
City of Alameda - Current	\$28.46	\$35.92	\$59.02	\$82.42	\$136.82	\$418.66	\$410.47	\$1,256.00
City of Alameda - Proposed	\$29.26	\$36.93	\$60.67	\$84.73	\$140.65	\$430.38	\$421.96	\$1,291.17
City of Albany	\$35.92	\$40.23	\$69.53	\$98.82	\$160.30	\$480.90	\$480.90	\$1,442.70
City of Berkeley	\$23.10	\$36.93	\$73.83	\$110.71	\$147.00	\$414.21	\$406.85	\$1,208.45
City of Dublin	N/A	\$21.10	\$38.75	\$56.40	\$102.35	\$357.99	\$307.05	\$972.09
City of Emeryville	\$10.93	\$18.10	\$36.19	\$54.29	\$107.78	\$323.34	\$323.34	\$970.02
City of Fremont	\$29.89	\$30.51	\$33.39	\$48.93	\$86.95	\$250.10	\$195.45	\$575.58
City of Hayward	\$20.40	\$29.81	\$53.16	\$76.48	\$116.61	\$316.24	\$300.45	\$829.23
City of Livermore	\$19.36	\$28.76	\$53.34	\$86.21	\$116.72	\$364.16	\$350.16	\$1,115.62
City of Newark	\$24.93	\$27.72	\$49.09	\$70.44	\$112.31	\$350.41	\$297.13	\$810.32
City of Oakland ¹	\$32.10	\$36.82	\$67.19	\$102.43	\$194.10	\$582.30	\$462.27	\$1,386.81
City of Piedmont	\$49.45	\$51.88	\$60.57	\$70.97	\$162.69	\$458.61	NA	NA
City of Pleasanton	N/A	\$33.80	N/A	\$41.43	\$205.95	\$467.86	\$467.86	\$1,253.58
City of San Leandro	\$21.06	\$26.23	\$43.66	\$61.07	\$115.01	\$347.71	\$347.71	\$1,043.12
City of Union City	\$36.75	\$42.95	\$73.99	\$104.99	\$128.16	\$353.98	\$335.85	\$915.30
Castro Valley Sanitary District	\$23.80	\$36.92	\$64.11	\$91.33	\$261.83	\$785.60	\$696.78	\$1,952.78

Note: Oro Loma Sanitary District is not included in the survey; Oro Loma customers receive bi-weekly recycling service, while all other jurisdictions represented above receive weekly service.

¹ The City of Oakland rates are effective 7/1/2015

