



# City of San Leandro City Council Meeting

Request to Modify Annual Rate  
Adjustment Process

Alameda County Industries

March 2, 2020

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## Proposed Amendment 14

- Modify annual rate adjustment methodology for rates effective July 1, 2020 and thereafter
- Modify the definition of Multi-family
- Clarify point of pickup locations for multi-family residences

## Amendments to Franchise

Year	Amendment	Purpose
2010	10	Established the Refuse Rate Index (RRI) to adjust rates annually
2015 (February)	11	Adjusted rates by 4.01% for MRF labor issue
2015 (August)	12	Adjusted rates by 8.49% for special rate review (includes annual rate adjustment)
2019	13	Adjusted rates by 7.89% for special rate review (includes annual rate adjustment)
2020	14	Proposed change in annual rate adjustment methodology

**Contract expires February 1, 2025**

## Current Annual Rate Adjustment Process

- Amendment 10 specifies use of Refuse Rate Index (RRI) for determining Annual Rate Adjustment
- Includes provision to share revenues on the sale of recyclables

Cost Category	Index
Labor	Changes in actual labor costs
Diesel Fuel	#2 Diesel - Series ID WPU057303
Vehicle Replacement	Truck & Bodies – Series ID WPU141301
Vehicle Maintenance	Parts & Attachments – Series ID WPU1140378
Disposal	Changes in actual disposal costs at landfill
All Other	All items – Series ID CURR0000SA0

### Detailed Rate Adjustment Methodology (DRAM)

- Reflects actual costs for labor, transportation, disposal/composting tip fees, and container costs
- Uses indices that more accurately reflect ACI's operational costs
- Includes depreciation, interest, and profit
- Includes recycling processing costs
- Adjusted in year-three based on actual costs

## Detailed Rate Adjustment Methodology

Cost Category	Index
Labor	Changes in actual labor costs (Local 70 Union Agreement)
Vehicle Maintenance	Parts & Attachments – Series ID CUUR0000SEDT
Transportation Costs	Actual transportation costs x tonnage transported
Disposal & Tip Fees	Changes in actual disposal costs at landfill, composting site
Depreciation	Fixed at \$1,026,668.50 unless new vehicles purchased
Container Replacement	Prior 3-year average in container purchases
<b>Net Recycling Processing Costs</b>	<b>Cost per ton processing x San Leandro recycling tons</b>
Diesel Fuel	#2 Diesel - Series ID WPU057303
CNG	Schedule G-NGV1 – PG&E
Profit	Expressed as an operating ratio of .90
Interest	Fixed at \$306,727.97 unless new vehicles purchased
All Other	All items – Series ID CUURS49BSA0

### Net Recycling Processing Costs

- Uses cost factors similar to DRAM but for MRF operations
- Revenues for the sale of recyclables offset cost (95%)
- Per ton cost is established and applied to San Leandro tons
- San Leandro rate-payers assume risks associated with changes in commodity values
- ACI receives 5% of revenues from sale of recyclables and profit (expressed as .95% operating ratio)

## Rate Period Adjustment Type

Rate Period	Effective	Adjustment Method
One	July 1, 2020	Baseline
Two	July 1, 2021	Index-based
Three	July 1, 2022	Cost-based
Four	July 1, 2023	Index-based
Five	July 1, 2024	Index-based

**Rate adjustments exceeding 10% subject to Council approval**

## Monthly Solid Waste Rates

Customer	Service Level	Rate as of 7/1/19	Rate as of 7/1/20 Using DRAM (6.73%)
Residential*	20-gallon	\$25.90	\$27.64
Residential*	32-gallon	\$32.27	\$34.44
Multifamily	1cy 1x per week	\$120.26	\$128.34
Commercial	1cy 1x per week	\$141.50	\$151.03
Commercial	3cy 1x per week	\$427.81	\$456.61

\*Residential Customers billed quarterly

# Rate Comparison

## Monthly Solid Waste Rates

Jurisdiction	Residential 20-gallon	Residential 32-gallon	Residential 64-gallon	Residential 96-gallon	Commercial 1cy 1x per week	Commercial 3cy 1x per week
San Leandro - Current	\$25.90	\$32.27	\$53.72	\$75.13	\$141.50	\$427.81
San Leandro - 6.73%	<b>\$27.64</b>	<b>\$34.44</b>	<b>\$57.34</b>	<b>\$80.19</b>	<b>\$151.03</b>	<b>\$456.61</b>
Alameda	\$33.25	\$41.97	\$68.95	\$96.30	\$159.89	\$489.15
Berkeley	\$27.30	\$43.66	\$87.28	\$130.87	\$173.77	\$489.63
Dublin	N/A	\$28.82	\$52.95	\$77.07	\$139.89	\$419.58
Fremont	\$38.94	\$39.72	\$43.33	\$62.64	\$108.92	\$244.85
Hayward	\$23.62	\$34.52	\$61.56	\$88.57	\$146.82	\$378.25
Livermore	\$29.35	\$38.85	\$58.18	\$91.42	\$116.72	\$364.16
Newark	\$31.21	\$34.68	\$61.43	\$88.16	\$140.54	\$438.50
Oakland	\$43.93	\$49.88	\$88.05	\$132.34	\$244.02	\$731.96
Pleasanton	N/A	\$26.87	N/A	\$46.89	\$120.34	\$382.02
Union City	\$29.49	\$36.87	\$73.79	\$110.65	\$153.17	\$401.39
Castro Valley SD	\$30.79	\$47.74	\$82.91	\$118.07	\$202.97	\$493.63
Oro Loma SD	\$15.47	\$26.40	\$48.12	\$69.91	\$137.37	357.08

# Conclusion



Consider Detailed Rate Methodology  
Effective for July 1, 2020 Rates