



# Two-Year Solid Waste and Recycling Rate Recommendations

To: Napa City Council, January 20, 2015

By: Kevin Miller, Materials Diversion Administrator

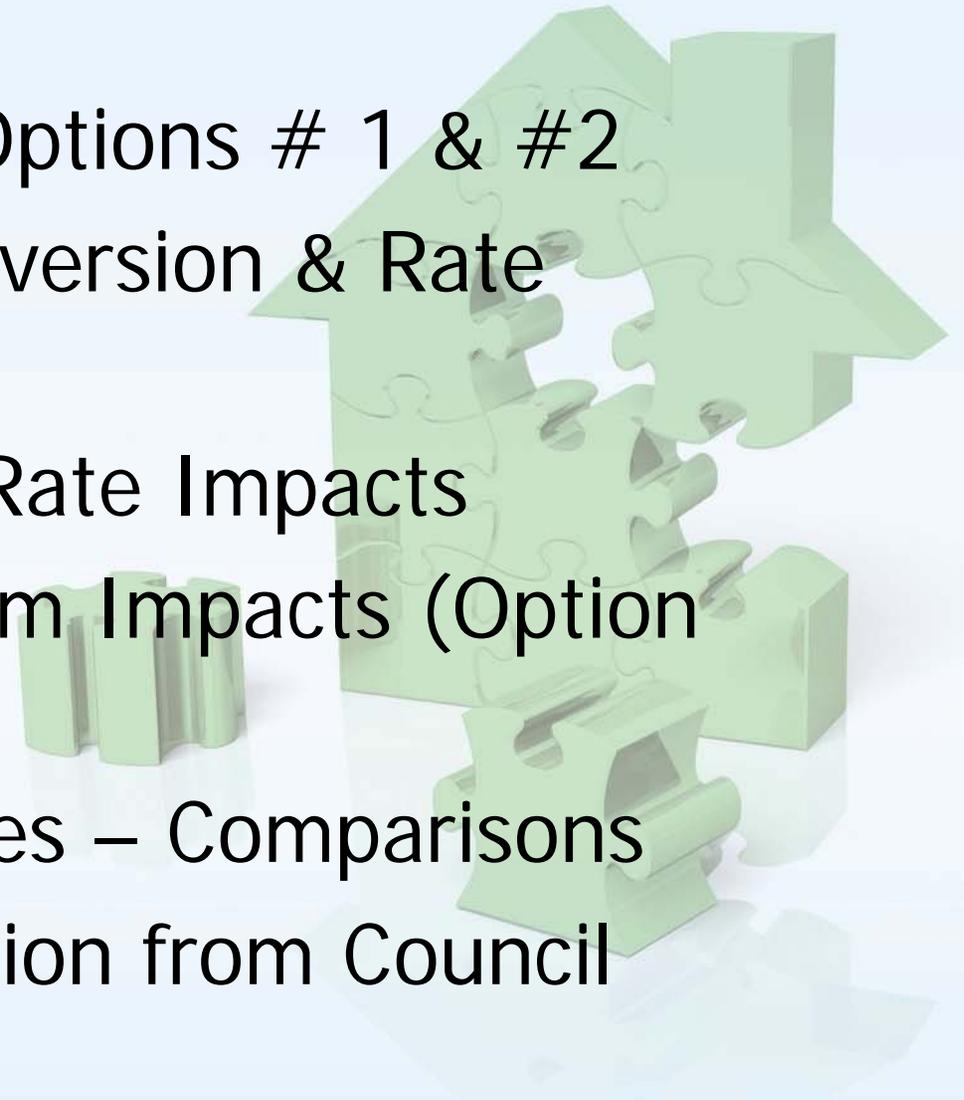
p. (707) 257-9291

[kmiller@cityofnapa.org](mailto:kmiller@cityofnapa.org)



# Outline of Presentation

1. Summary of Rate Options # 1 & #2
2. New Programs – Diversion & Rate Impacts
3. Operating Costs – Rate Impacts
4. AD to Biofuel System Impacts (Option #2)
5. Recommended Rates – Comparisons
6. Next Steps – Direction from Council





# Summary of Rate Options

Both options propose 2-year rate-setting  
RY2015 (Apr-Dec) & RY2016 (Jan-Dec)

- Option # 1 – Base Rate Adjustment only
- Option # 2 – Base Rate Adjustment with additional 1% in RY2016 for AD to Biofuel System (Recommended Option)



# Impact on Residential Rates

35-gallon service size		Current	RY2015	RY2016
Option #1		24.64	\$25.86	\$26.88
Option #2		24.64	\$25.86	\$27.14
Difference per month between options			\$0.00	\$0.26
65-gallon service size		Current	RY2015	RY2016
Option #1		37.80	\$39.67	\$41.27
Option #2		37.80	\$39.67	\$41.63
Difference per month between options			\$0.00	\$0.36



# Proposed New Programs

- Full-scale expanded commercial food composting program (collection and processing costs included)
- Citywide residential food composting program (co-collection with yardwaste) and processing @ City's Materials Diversion Facility included.





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## Why new programs?

- City currently stands at 65% landfill diversion rate in 2013 (63% in 2011)
- State goals (AB 341) and City goals (Disposal Reduction Policy – R2012-100 & Sustainability plan – R2012-99) seek to achieve 75+% by the year 2020
- AB 1826 now law requiring progressively increasing food scrap/organics recovery from food service businesses by 2020



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# Commercial Food Composting Program

- Current pilot program (45-55 businesses) limited to twice per week service
- Expand to 200+ businesses for up to five times per week service
- 25% savings off normal "Trash" collection service rate to provide sufficient incentive for full and successful participation.



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# Successful vs. Unsuccessful participation



Successful Participation



Contamination – Unsuccessful Participation



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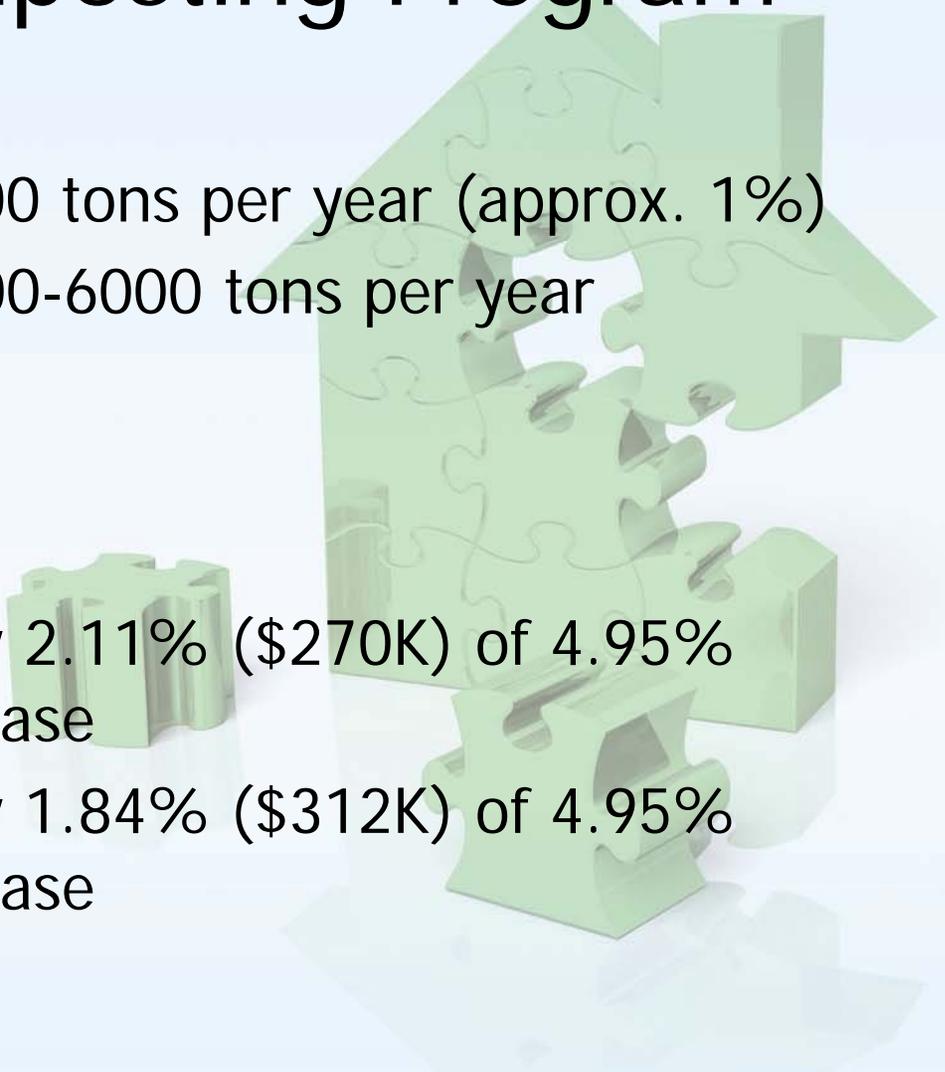
# Net impacts of Commercial Food Composting Program

## **Diversion Rate Impacts:**

- RY2015 – Additional 1000 tons per year (approx. 1%)
- RY2016 – Additional 4000-6000 tons per year (approx. 5%-7%)

## **Rate Cost (net) Impacts:**

- RY2015 – Approximately 2.11% (\$270K) of 4.95% recommended rate increase
- RY2016 – Approximately 1.84% (\$312K) of 4.95% recommended rate increase





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# Residential (Co-collected) Food Composting Program

- Current pilot program (1500+ households in City, 800+ households in County)
- Pilot survey – 2 out of 3 households reported participating in pilot program; average trash volume decreased by 24%
- Citywide program – Only first year start-up costs for kitchen pails and educational materials (same cart, same driver, same truck, same compost facility)

# Images for Residential food composting program





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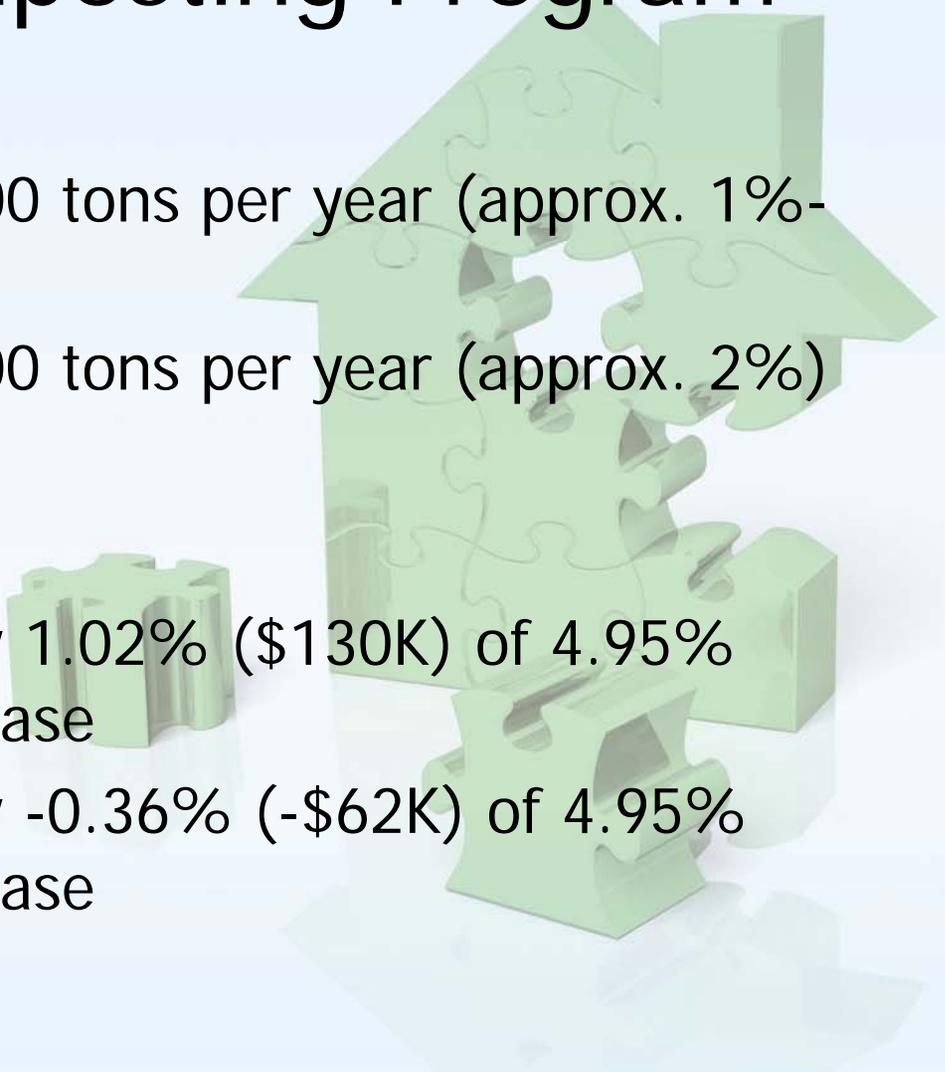
# Net impacts of Residential Food Composting Program

## Diversion Rate Impacts:

- RY2015 – Additional 1500 tons per year (approx. 1%-1.5%)
- RY2016 – Additional 2000 tons per year (approx. 2%)

## Rate Cost (net) Impacts:

- RY2015 – Approximately 1.02% (\$130K) of 4.95% recommended rate increase
- RY2016 – Approximately -0.36% (-\$62K) of 4.95% recommended rate increase





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# Summary of New Program Impacts

Program	R <sub>Y</sub> 2015 Net Costs	% of rate	TPY Div. rate impacts	R <sub>Y</sub> 2016 Net Costs	% of rate	TPY Div. rate impacts
Commercial	\$270K	2.11%	1000 TPY (1%)	\$374K	2.20%	4000-6000 TPY (5-7%)
Residential	\$130K	1.02%	1500 TPY (1%-1.5%)	-\$62K	-0.36%	2000 TPY (2%)
<b>Total</b>	<b>\$400K</b>	<b>3.13%</b>	<b>2500 TPY (2%-2.5%) 67%-67.5%</b>	<b>\$312K</b>	<b>1.84%</b>	<b>6000-8000 TPY (7-9%) 72%-74%</b>



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# Operating Costs – Projected Net Rate Impacts

- Contractor (NRWS) Costs =  
\$200K for RY2015 (1.57% of RY2015) &  
\$428K (1.84% of RY2016)
- Material Sales Revenue (projected 4% price reduction) =  
\$138K for RY2015 (1.08% of RY2015) &  
\$166K (0.98% of RY2016)
- Net of All other rate study projection items =  
-\$106K of RY2015 (-0.83% of RY2015) &  
-\$236K of RY2016 (-1.39% of RY2016)



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# AD to Biofuel System Impacts (Option #2)

- Updated Anaerobic Digestion (AD) to Biofuel System provided by ZWE on Jan 16<sup>th</sup>
- See supplemental materials for updated 20-year cost-benefit analysis
- Midrange annual rate impacts (scenario B) went from \$153K/yr (0.90%) to \$163K/yr (0.96%) ... revised state LCFS = \$117K/yr
- Rate Recommendation remains unchanged at additional 1% per year into rate base



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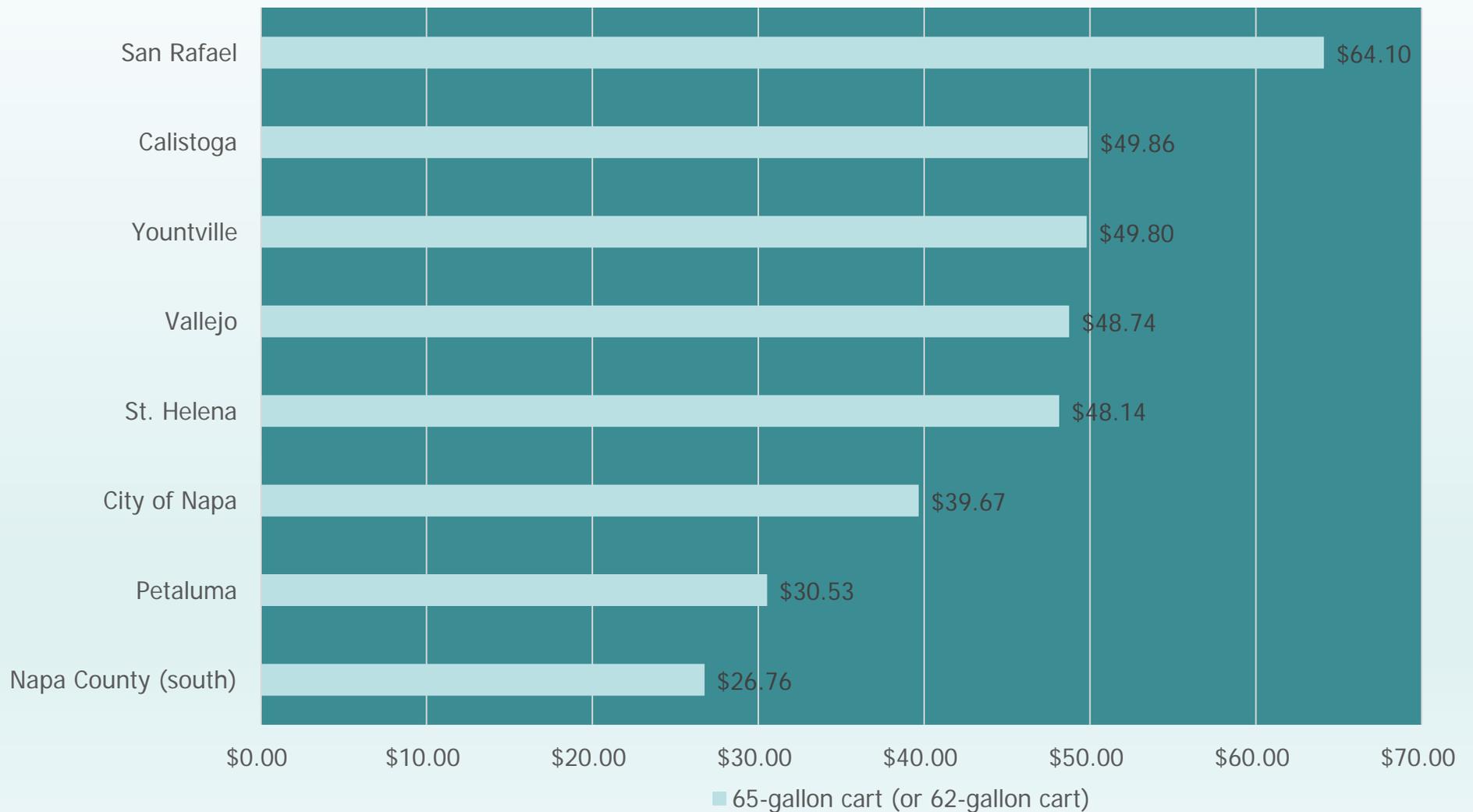
## 5-year “phase-in” for commercial carts

- **Rate Gap Issue**: During Commercial Food Composting Program study, a 25% service rate discrepancy was identified between commercial cart vs. bin customers in current City rates
- **5-year phased plan**: Staff proposes a 5-year “linearization” corrective action of 5% per year for 5 years to align the per gallon service rate charge between commercial bin and commercial cart customers (note: 5% would be additional to base rate increases)



# Recommended Rates – Comparisons

Proposed RY2015 monthly rate compared to other current rates





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# Next Steps – Direction to City staff

1. **Option Selection**: Council to provide direction to staff for preferred rate option 1 or option 2
2. **Proposition 218 notice**: Move to direct Public Works Director, or his designee, to issue 2-year rate notice to all City solid waste rate payers and property owners
3. **Determine Final Rate Hearing Date**: Move to direct the Public Works Director, or his designee, to schedule a final rate hearing on March 17, 2015 for rate to become effective April 1, 2015



*Questions?*