RECOLOGY 2017 RATE APPLICATION TECHNICAL WORKSHOP

February 2017
AGENDA

1. Overview – Collection, Processing & Disposal Services
2. Facility Improvements – Included in the application
3. Additional Facility Improvements – Contingent Items
4. Collection Service Changes
5. Rate Changes
6. Rebates & Reserves
7. Opportunities for public input – Public Works
SERVICES OVERVIEW
Residential

Apartment

Commercial

City Services

Tons Diverted

Tons Diverted

Tons Landfilled

Programs

- Total Collection Routes: 350
- Bulky Item & Abandoned Materials
- Small Quantity Hazardous Waste
- Education and Outreach (Waste Zero Team)
- Public Receptacle Collection
Overview - Total Tonnage

Tons Received

- RY 2014
  - Trash: 256,616
  - Compost: 167,614
  - Recyclables: 165,962
  - iMRF: 69,023
  - Other: 124,212

- RY 2015
  - Trash: 261,418
  - Compost: 173,505
  - Recyclables: 174,749
  - iMRF: 83,078
  - Other: 127,981

- RY 2016
  - Trash: 269,223
  - Compost: 174,749
  - Recyclables: 162,828
  - iMRF: 86,673
  - Other: 132,503

- Projected RY 2017
  - Trash: 264,137
  - Compost: 167,671
  - Recyclables: 165,804
  - iMRF: 84,555
  - Other: 136,123

- Rate App RY 2018
  - Trash: 267,474
  - Compost: 167,671
  - Recyclables: 176,482
  - iMRF: 84,231
  - Other: 135,602
OVERVIEW - SIGNIFICANT FEATURES OF APPLICATIONS

Program Changes
- Reducing size of trash bin and increasing size of blue bin
- Repurpose single-chamber trucks from Organics to Recyclables
- Increase abandoned materials collection

Facility Improvements
- Organics transfer station
- C&D processing – Contingent Item
- Black bin processing – Contingent Item

Higher Costs
- Composting regulations
- Landfill agreement
- Labor Rates
West Wing
• New addition for organics transfer. $19M facility providing state-of-the art odor management system and expanded floor space for managing flow of material volumes

Trash Processing
• Pilot program to process 100 tons per day of trash from black bins to extract organics for digestion at EBMUD to produce electricity. Sort remaining material for recovery of marketable recyclables to be further processed at Recycle Central, resulting in reducing materials to landfill by approximately 25 tons per day.
iMRF
- Relocate and construct a new C&D and mixed materials processing building and sort system.
  - 100,000 sq. ft. facility. Estimated cost: $64 million.
  - Advanced technology, capable of processing up to 1,000 tons per day
  - Increasing diversion from current level of approximately 50% to 70%

Trash Processing
- Repurpose iMRF and transfer pit to process all remaining trash in black bins
  - 45,000 sq. ft. facility. Estimated cost: $19 million.
  - Advanced technology, capable of processing up to 1,100 tons per day
  - Increasing diversion from currently no diversion to 50% depending upon end users
COLLECTION SERVICE CHANGES

ROUTE CHANGES
• Increase capacity to collect recyclables: single-body blue, split-body black/green
• Addition of 23 routes, blue to Recycle Central, black/green to Tunnel Avenue
• On-board Route Management System

SERVICE LEVEL ADJUSTMENTS
• New default service levels for single family residences
### Average Single Family Increase of 16.4% in Year One

<table>
<thead>
<tr>
<th>Component</th>
<th>Current Default Service Level and Rates</th>
<th>Current Default Service Levels with New Rates</th>
<th>Proposed Default Service Levels with New Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Volume (gallons)</td>
<td>Charge</td>
<td>Volume (gallons)</td>
</tr>
<tr>
<td>Unit Charge</td>
<td>N/A</td>
<td>$5.16</td>
<td>N/A</td>
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<tr>
<td>Trash (black)</td>
<td>32</td>
<td>25.90</td>
<td>32</td>
</tr>
<tr>
<td>Recycling (blue)</td>
<td>32</td>
<td>2.06</td>
<td>32</td>
</tr>
<tr>
<td>Composting (green)</td>
<td>32</td>
<td>2.06</td>
<td>32</td>
</tr>
<tr>
<td>Monthly charge</td>
<td>--</td>
<td>$35.18</td>
<td>--</td>
</tr>
</tbody>
</table>
# Rate Changes

Average single family increase of 16.4% in Year One

<table>
<thead>
<tr>
<th>Trash</th>
<th>Recycling</th>
<th>Composting</th>
<th>% of Residential Customers</th>
<th>Current Monthly Rates</th>
<th>New Monthly Rates</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>32 gal</td>
<td>32 gal</td>
<td>32 gal</td>
<td>34%</td>
<td>$35.18</td>
<td>$40.88</td>
<td>16.20%</td>
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<tr>
<td>20 gal</td>
<td>32 gal</td>
<td>32 gal</td>
<td>17%</td>
<td>$25.47</td>
<td>$31.97*</td>
<td>25.5%*</td>
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<tr>
<td>32 gal</td>
<td>64 gal</td>
<td>32 gal</td>
<td>9%</td>
<td>$37.24</td>
<td>$46.10</td>
<td>23.79%</td>
</tr>
<tr>
<td>16 gal</td>
<td>64 gal</td>
<td>32 gal</td>
<td>N/A</td>
<td>N/A</td>
<td>$40.88</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Includes $5.00 per month transition credit
ZERO WASTE INCENTIVE (ZWI) FUND
- How funds are used to offset capital (Example - Recycle Central)
- How funds are used to reduce rates (Example – RY 2018 increase)

OLD SPECIAL RESERVE FUND – NEW RESERVE FUND
- How funds will be applied to build new reserve fund (in lieu of the prior 1% surcharge mechanism)
- How funds will be applied to offset rate increases in RY 18, RY 19, and RY 20
# IMPACT OF REBATES AND CREDITS

<table>
<thead>
<tr>
<th>Item</th>
<th>RY 2018</th>
<th>RY 2019</th>
<th>RY 2020</th>
<th>RY 2021</th>
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<tbody>
<tr>
<td>Cost-of-living-adjustment</td>
<td>N/A</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
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<tr>
<td>Revenue Requirement</td>
<td>324,964,140</td>
<td>324,964,140</td>
<td>324,964,140</td>
<td>324,964,140</td>
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<tr>
<td>Zero Waste Incentive Rebate</td>
<td>(11,587,896)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Special Reserve Fund Rebate</td>
<td>(2,500,000)</td>
<td>(2,000,000)</td>
<td>(2,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>RY 2017 Tier 3 &amp; 4 Pier 96 Improvement Reimbursement</td>
<td>(3,245,238)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>20-Gallon Transition Credit</td>
<td>-</td>
<td>(1,750,980)</td>
<td>(1,750,980)</td>
<td>(1,750,980)</td>
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<tr>
<td>Change ($)</td>
<td>$43,350,388</td>
<td>$13,582,154</td>
<td>-</td>
<td>$2,000,000</td>
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<tr>
<td>Increase (%)</td>
<td>16.40%</td>
<td>4.42%</td>
<td>0.00%</td>
<td>0.62%</td>
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OPPORTUNITIES FOR PUBLIC INPUT

SCHEDULE OF DIRECTOR’S HEARINGS

RATEPAYER ADVOCATE