



# THE CITY OF ONTARIO

## SOLID WASTE RATE STUDY

DRAFT

**February 11, 2025 – DRAFT REPORT**



DRAFT

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February 11, 2025

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Utilities Assistant General Manager - Administration and Customer Service  
Ontario Municipal Utilities Company  
City of Ontario  
1425 S Bon View Ave  
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**Subject: Integrated Waste and Recycling Cost of Service Study Update: FY 25/26 – Draft Report**

Dear Mike Sigsbee:

HF&H Consultants, LLC (HF&H) is pleased to submit this Cost of Service (COS) report to the City of Ontario (City). The report is organized beginning with determining how much projected revenue is needed from solid waste rates during the next five fiscal years (FYs), FY 2025/26 through FY 2029/30. The report describes how the collection, processing, and disposal costs are apportioned between residential, commercial, and debris box customers. The report concludes with a discussion of the rate design that is appropriate for each customer class to ensure that customers are paying their proportionate share.

The report reflects input from the City's staff in refining the rates. The resulting rate increases are necessary for several reasons: (1) the cost of collecting solid waste, recycling, and organics materials has increased; (2) the allocation of overhead costs (human resources, IT, administration) have increased from prior years; and (3) the cost of street sweeping is fully funded through the solid waste rates.

\* \* \* \*

We are pleased to have had the opportunity to assist the City with this study and would like to thank you for your support during the project.

If you have any questions, please call me at (925) 977-6957.

Sincerely,  
HF&H CONSULTANTS, LLC

Rick Simonson  
Senior Vice President

Danielle Derby, CPA  
Senior Associate

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## GLOSSARY

Bin	Container provided by the City that is usually made from metal. The City provides its bin customers with Solid Waste collection service at varying frequencies in a range of container sizes to meet each customer's needs. These customers are charged a monthly rate based on their subscription level or a per pick-up rate for on-call services.
Cart	Container provided by the City that is usually made from plastic with wheels for portability. The City provides its cart customers with refuse collection in either

	32-, 64-, or 96-gallon carts. The City also provides collection in recycling and organic carts at the same sizes to residential and commercial customers.
Compactor Factor	Refers to additional time needed for the driver to service the compactor, including time to disconnect and reconnect the electrical or other power sources.
COS	Cost-of-Service
Disposal Site	Refers to the El Sobrante Landfill. The City has a contract with Waste Management for the disposal of its municipal refuse delivered from the Transfer Facility.
ECU	Equivalent Container Unit
ECF	Equivalent Container Factor
Fixed Collection Costs	Costs not dependent on the subscribed volume of service.
Frequency Surcharge	Additional cost for receiving service multiple times per week. Routing is negatively impacted when trucks must return to areas previously serviced.
FY	Fiscal Year
MRF	Material Recovery Facility
Organics	Refers primarily to food, green material, landscape and/or pruning waste.
Processor	Refers to <b>Burritec Waste Industries</b> , the contracted processor of the City's recyclable materials at its West Valley Transfer Station / MRF.
Roll-Off	Container provided by the City that is made from metal. The City provides its roll-off customers with refuse, recycling, construction and demolition, or green waste collection service in a range of container sizes to meet each customer's needs. These customers are charged a per-pickup rate for on-call or scheduled services based on their debris box size (e.g., 10 cubic yard bin, 20 cubic yard compactor bin, and 40 cubic yard self-contained compactor bin).
SB 1383	California law to reduce short-lived climate pollutants, including methane. Reduction of organic waste disposal is a primary component resulting in new yard and food waste recycling organics programs to be in effect beginning January 1, 2022.
SFR	Single-Family Residential
Volumetric charge	Refers to the variable costs associated with the size of the container subscribed to by residential or commercial customers.

## LIMITATIONS

This study was prepared solely for the City of Ontario (City) in accordance with the contract between the City and HF&H and is not intended for use by any other party for any other purpose.

In preparing this study, HF&H relied on information from the City which we consider to be accurate and reliable and did not independently verify.

The cost-of-service model and accompanying analyses contain projections of revenues and expenditures based on various assumptions and estimates. While we reviewed these projections with City staff for reasonableness, actual results of operations will usually differ from projections because events and circumstances do not always occur as expected. Those differences may be significant and materially affect the analyses and findings presented in this report.

Rounding differences caused by stored values in electronic models may exist.

This study addresses relevant laws, regulations, and court decisions but should not be relied upon as legal advice. Questions concerning the interpretation of legal authorities referenced in this study should be referred to a qualified attorney.

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## EXECUTIVE SUMMARY

The City of Ontario (City) Public Works Agency Integrated Waste division oversees Solid Waste services to the City's residents and businesses. In addition, the Ontario Municipal Utilities Company Utility Customer Services division bills for the Solid Waste services along with the water and sewer services provided in the City.

The City provides all residential and commercial refuse, recycling, and organics (collectively "Solid Waste") collection and related transportation, material processing, and disposal services to the City's residential and commercial customers.

### Proposition 218

To increase rates for these services, the City intends to comply with article XIII D, section 6 of the California constitution, which was added by Proposition 218 in 1996. Article XIII D, section 6 requires that: (1) revenues derived from fees or charges for property-related services do not exceed the cost to provide service; (2) revenues derived from fees or charges are not used for any purpose other than that for which it was imposed; (3) the amount of a fee or charge imposed not exceed the proportional cost of the service attributable to the parcel; (4) no fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property; and, (5) no fee or charge may be imposed for general governmental services. The analysis conducted in support of this study was conducted in consultation with the City and its legal counsel.

### Study Purpose and Objectives

The purpose of this solid waste rate study is to conduct a comprehensive analysis of the City's solid waste rates, including documentation of the analysis, underlying assumptions, and the rationale for the recommended rates.

This study has several key objectives:

- Determine revenue that is necessary to meet the City's requirements, including operations and maintenance, capital improvement, and maintaining an adequate reserve fund;
- Determine the cost of service attributable to each customer, based upon the subscribed service level; and,
- Ensure that the proposed rate structure is compatible with Proposition 218 mandates and update previous rate phasing;

These objectives are met by applying industry best practices and by complying with all applicable laws.

### Findings and Recommendations

In preparing this solid waste rate update, the following findings were made.

#### 1. Operating Cost Increases.

- a. The City's collection operations increased ~\$1.5M for additional labor and disposal costs from the FY 2025/26 revenue requirement utilized in the previous cost-of-service study.
- b. Allocated cost for administrative programs, such as human resources, information technology, vehicles, and administrative labor, increases a combined ~\$6.5M from the FY 2025/26 revenue requirement utilized in the previous cost-of-service study.

- c. The street sweeping program, which was previously funded 50% through the solid waste rates, is assumed to be funded 100% with the FY 2025/26 rate revenue. This is a ~\$4M increase in expenditures from the projected FY 2025/26 revenue requirement utilized in the previous cost-of-service study.
- 2. **Projected Revenue Increases Needed.** The cost-of-service (COS) study projects the rate increases needed to generate additional revenue to cover: 1) the recent cost increases and 2) the prior-year revenue shortfall. Comparing the revenue required to cover the cost of providing service with the revenue from current rates indicates the need for rate increases sufficient to generate additional revenue, as follows:

**Figure ES-1. Proposed Rate Revenue Increases**

	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Annual Increase in Rate Revenue	9.1%	3.5%	11.8%	14.3%	-7.7%

Note, the percentage increase in revenue needed for FY 2025/26 is not applied uniformly to all current rates. A COS analysis was done (see Section 4 of this report) to apportion costs to each customer class and service level within each of those customer classes. As a result, some service level rates would increase, and some would decrease if the City chose to adjust all rates to meet the cost of service.

- 3. **FY 2025/26 Revenue Increases by Customer Class.** Customer classes for the purpose of this study are Cart, Bin, and Roll-off. **Figure ES-2** compares the revenue from current rates with the COS for FY 2025/26, by customer class.

**Figure ES-2. Current Rate Revenue Compared with the Cost of Service (FY 2025/26)**

Customer Class	Revenue at Current Rates	FY 2025/26 Cost of Service	Surplus / (Shortfall)
Carts (All Materials)	\$ 18,341,771	\$ 21,637,000	\$ (3,295,228)
Bins (All Materials)	24,380,855	22,422,523	1,958,332
Roll-off	12,065,517	15,701,262	(3,635,745)
Total	\$ 54,788,143	\$ 59,760,785	\$ (4,972,641)

- 4. **Cost of Service Rates.** Based on the COS analysis (described in detail in Section 4 of this report), which apportions the cost to each level of service (i.e., 32-gallon cart, 64-gallon cart, etc.), the monthly charge in rates differs depending on container size. **Figures ES-3, ES-4, and ES-5** compare the current and COS rates by customer class and service level. A breakdown of the rates is included in **Section 5, Figures 5-1 to 5-3**. Current and COS residential rates include weekly solid waste, recycling, and organics collection services.

**Figure ES-3. Current and COS Monthly Residential Rates**

Solid Waste Container Size	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
Residential Rate - 32 Gal	\$ 35.60	\$ 41.57	16.8%	\$ 43.02	3.5%	\$ 48.10	11.8%	\$ 54.98	14.3%	\$ 50.72	-7.7%
Residential Rate - 64 Gal	\$ 39.45	\$ 46.81	18.7%	\$ 48.44	3.5%	\$ 54.16	11.8%	\$ 61.91	14.3%	\$ 57.12	-7.7%
Residential Rate - 96 Gal	\$ 43.81	\$ 52.30	19.4%	\$ 54.12	3.5%	\$ 60.51	11.8%	\$ 69.16	14.3%	\$ 63.81	-7.7%

\*Note: Residential rates/service include selected refuse cart size, a 96-gallon recycling cart, and a 96-gallon organics cart.

**Figure ES-4. Current and COS Monthly Commercial Cart and Bin Rates**

Refuse	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
96 Gallon Cart	\$ 16.81	\$ 20.54	22.2%	\$ 21.26	3.5%	\$ 23.77	11.8%	\$ 27.17	14.3%	\$ 25.07	-7.7%
1.5 Yard Bin	\$ 140.01	\$ 132.09	-5.7%	\$ 136.69	3.5%	\$ 152.83	11.8%	\$ 174.68	14.3%	\$ 161.17	-7.7%
2 Yard Bin	\$ 154.23	\$ 143.45	-7.0%	\$ 148.44	3.5%	\$ 165.97	11.8%	\$ 189.70	14.3%	\$ 175.03	-7.7%
3 Yard Bin	\$ 179.09	\$ 171.89	-4.0%	\$ 177.87	3.5%	\$ 198.88	11.8%	\$ 227.31	14.3%	\$ 209.73	-7.7%
4 Yard Bin	\$ 213.25	\$ 196.09	-8.0%	\$ 202.91	3.5%	\$ 226.87	11.8%	\$ 259.31	14.3%	\$ 239.25	-7.7%
6 Yard Bin	\$ 281.57	\$ 267.27	-5.1%	\$ 276.57	3.5%	\$ 309.24	11.8%	\$ 353.45	14.3%	\$ 326.11	-7.7%
<b>Projected Cost of Service and Percentage Rate Increase</b>											
Recycling	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
96 Gallon Cart	\$ 10.21	\$ 13.93	36.4%	\$ 14.41	3.5%	\$ 16.11	11.8%	\$ 18.42	14.3%	\$ 16.99	-7.7%
1.5 Yard Bin	\$ 98.21	\$ 100.96	2.8%	\$ 104.48	3.5%	\$ 116.81	11.8%	\$ 133.52	14.3%	\$ 123.19	-7.7%
2 Yard Bin	\$ 107.56	\$ 111.08	3.3%	\$ 114.95	3.5%	\$ 128.53	11.8%	\$ 146.90	14.3%	\$ 135.54	-7.7%
3 Yard Bin	\$ 126.27	\$ 140.90	11.6%	\$ 145.80	3.5%	\$ 163.02	11.8%	\$ 186.33	14.3%	\$ 171.91	-7.7%
4 Yard Bin	\$ 144.98	\$ 164.17	13.2%	\$ 169.88	3.5%	\$ 189.94	11.8%	\$ 217.10	14.3%	\$ 200.31	-7.7%
6 Yard Bin	\$ 193.77	\$ 230.10	18.8%	\$ 238.11	3.5%	\$ 266.23	11.8%	\$ 304.30	14.3%	\$ 280.76	-7.7%
<b>Projected Cost of Service and Percentage Rate Increase</b>											
Organics	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
32 Gallon Cart	\$ 9.96	\$ 8.91	-10.5%	\$ 9.22	3.5%	\$ 10.31	11.8%	\$ 11.79	14.3%	\$ 10.87	-7.7%
64 Gallon Cart	\$ 16.82	\$ 13.25	-21.2%	\$ 13.71	3.5%	\$ 15.33	11.8%	\$ 17.52	14.3%	\$ 16.16	-7.7%
96 Gallon Cart	\$ 24.14	\$ 17.83	-26.1%	\$ 18.45	3.5%	\$ 20.63	11.8%	\$ 23.58	14.3%	\$ 21.76	-7.7%
1.5 Yard Bin	\$ 292.06	\$ 154.16	-47.2%	\$ 159.52	3.5%	\$ 178.36	11.8%	\$ 203.86	14.3%	\$ 188.09	-7.7%
2 Yard Bin	\$ 302.23	\$ 201.25	-33.4%	\$ 208.25	3.5%	\$ 232.85	11.8%	\$ 266.14	14.3%	\$ 245.55	-7.7%
3 Yard Bin	\$ 322.57	\$ 259.86	-19.4%	\$ 268.90	3.5%	\$ 300.66	11.8%	\$ 343.65	14.3%	\$ 317.07	-7.7%
<b>Projected Cost of Service and Percentage Rate Increase</b>											
Green Waste	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
96 Gallon Cart	\$ 16.72	\$ 17.83	6.6%	\$ 18.45	3.5%	\$ 20.63	11.8%	\$ 23.58	14.3%	\$ 21.76	-7.7%
1.5 Yard Bin	\$ 109.27	\$ 130.64	19.6%	\$ 135.18	3.5%	\$ 151.15	11.8%	\$ 172.76	14.3%	\$ 159.40	-7.7%
2 Yard Bin	\$ 122.66	\$ 169.90	38.5%	\$ 175.81	3.5%	\$ 196.57	11.8%	\$ 224.68	14.3%	\$ 207.30	-7.7%
3 Yard Bin	\$ 149.45	\$ 212.83	42.4%	\$ 220.23	3.5%	\$ 246.24	11.8%	\$ 281.45	14.3%	\$ 259.68	-7.7%

**Figure ES-5. Current and COS Per Pull Debris Box Rates**

Roll Off	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
10 - 40 YD - Loose Material*	\$ 247.61	\$ 328.71	32.8%	\$ 340.15	3.5%	\$ 380.32	11.8%	\$ 434.70	14.3%	\$ 401.07	-7.7%
10 - 40 YD - Compacted Material*	\$ 283.68	\$ 379.71	33.9%	\$ 392.92	3.5%	\$ 439.32	11.8%	\$ 502.14	14.3%	\$ 463.30	-7.7%

\*Disposal will be charged per ton in addition to the above per-pull rate.

5. **Rate Phasing Approach.** The City reviewed the COS rates presented in **Figures ES2-3, ES2-4, and ES2-5** above. Because the City has sufficient reserves to support phasing-in the COS rates, the City decided to use the reserves to phase in the COS rates over two years (FY 2025/26 and FY 2026/27) and to smooth the projected rate increases for FY 2027/28 through FY 2029/30. The phasing of the necessary increases will reduce the immediate impact to rate payers, as well as reduce the volatility of significantly increasing rates from FY 2025/26 through FY 2028/29 only to reduce rates in FY 2029/30 once one-time costs (e.g., vehicle replacements) have been funded. **Figures ES-6, ES-7, and ES-8** compares the current and phased rates by customer class and service level.

**Figure ES-6: Current and Phased Monthly Residential Rates**

Solid Waste Container Size	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
Residential Rate - 32 Gal	\$ 35.60	\$ 39.55	11.1%	\$ 44.07	11.4%	\$ 46.71	6.0%	\$ 49.05	5.0%	\$ 51.01	4.0%
Residential Rate - 64 Gal	\$ 39.45	\$ 44.32	12.3%	\$ 49.62	12.0%	\$ 52.60	6.0%	\$ 55.23	5.0%	\$ 57.44	4.0%
Residential Rate - 96 Gal	\$ 43.81	\$ 49.43	12.8%	\$ 55.44	12.2%	\$ 58.76	6.0%	\$ 61.70	5.0%	\$ 64.17	4.0%

\*Note: Residential rates/service include selected refuse cart size, a 96 -gallon recycling cart, and a 96-gallon organics cart.

**Figure ES-7: Current and Phased Monthly Commercial Rates**

Refuse	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
96 Gallon Cart	\$ 16.81	\$ 19.28	14.7%	\$ 21.78	12.9%	\$ 23.08	6.0%	\$ 24.24	5.0%	\$ 25.21	4.0%
1.5 Yard Bin	\$ 140.01	\$ 140.01	0.0%	\$ 140.02	0.0%	\$ 148.42	6.0%	\$ 155.84	5.0%	\$ 162.07	4.0%
2 Yard Bin	\$ 154.23	\$ 147.10	-4.6%	\$ 152.05	3.4%	\$ 161.18	6.0%	\$ 169.24	5.0%	\$ 176.01	4.0%
3 Yard Bin	\$ 179.09	\$ 179.09	0.0%	\$ 182.20	1.7%	\$ 193.14	6.0%	\$ 202.79	5.0%	\$ 210.91	4.0%
4 Yard Bin	\$ 213.25	\$ 201.90	-5.3%	\$ 207.85	2.9%	\$ 220.32	6.0%	\$ 231.34	5.0%	\$ 240.59	4.0%
6 Yard Bin	\$ 281.57	\$ 281.57	0.0%	\$ 283.31	0.6%	\$ 300.31	6.0%	\$ 315.32	5.0%	\$ 327.94	4.0%

**Projected Cost of Service and Percentage Rate Increase**

Recycling	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
96 Gallon Cart	\$ 10.21	\$ 12.67	24.1%	\$ 14.76	16.5%	\$ 15.65	6.0%	\$ 16.43	5.0%	\$ 17.09	4.0%
1.5 Yard Bin	\$ 98.21	\$ 100.03	1.9%	\$ 107.02	7.0%	\$ 113.44	6.0%	\$ 119.11	5.0%	\$ 123.88	4.0%
2 Yard Bin	\$ 107.56	\$ 109.89	2.2%	\$ 117.75	7.2%	\$ 124.81	6.0%	\$ 131.06	5.0%	\$ 136.30	4.0%
3 Yard Bin	\$ 126.27	\$ 135.94	7.7%	\$ 149.35	9.9%	\$ 158.31	6.0%	\$ 166.23	5.0%	\$ 172.88	4.0%
4 Yard Bin	\$ 144.98	\$ 157.67	8.8%	\$ 174.02	10.4%	\$ 184.46	6.0%	\$ 193.68	5.0%	\$ 201.43	4.0%
6 Yard Bin	\$ 193.77	\$ 217.80	12.4%	\$ 243.91	12.0%	\$ 258.54	6.0%	\$ 271.47	5.0%	\$ 282.33	4.0%

**Projected Cost of Service and Percentage Rate Increase**

Organics	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
32 Gallon Cart	\$ 9.96	\$ 9.27	-7.0%	\$ 9.45	1.9%	\$ 10.01	6.0%	\$ 10.51	5.0%	\$ 10.93	4.0%
64 Gallon Cart	\$ 16.82	\$ 14.46	-14.0%	\$ 14.04	-2.9%	\$ 14.89	6.0%	\$ 15.63	5.0%	\$ 16.25	4.0%
96 Gallon Cart	\$ 24.14	\$ 19.97	-17.3%	\$ 18.90	-5.3%	\$ 20.04	6.0%	\$ 21.04	5.0%	\$ 21.88	4.0%
1.5 Yard Bin	\$ 292.06	\$ 200.85	-31.2%	\$ 163.40	-18.6%	\$ 173.21	6.0%	\$ 181.87	5.0%	\$ 189.14	4.0%
2 Yard Bin	\$ 302.23	\$ 235.44	-22.1%	\$ 213.32	-9.4%	\$ 226.12	6.0%	\$ 237.43	5.0%	\$ 246.93	4.0%
3 Yard Bin	\$ 322.57	\$ 281.09	-12.9%	\$ 275.45	-2.0%	\$ 291.98	6.0%	\$ 306.58	5.0%	\$ 318.84	4.0%

**Projected Cost of Service and Percentage Rate Increase**

Green Waste	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
96 Gallon Cart	\$ 16.72	\$ 17.46	4.4%	\$ 18.90	8.3%	\$ 20.04	6.0%	\$ 21.04	5.0%	\$ 21.88	4.0%
1.5 Yard Bin	\$ 109.27	\$ 123.40	12.9%	\$ 138.48	12.2%	\$ 146.79	6.0%	\$ 154.13	5.0%	\$ 160.29	4.0%
2 Yard Bin	\$ 122.66	\$ 153.90	25.5%	\$ 180.09	17.0%	\$ 190.89	6.0%	\$ 200.44	5.0%	\$ 208.46	4.0%
3 Yard Bin	\$ 149.45	\$ 191.37	28.0%	\$ 225.60	17.9%	\$ 239.13	6.0%	\$ 251.09	5.0%	\$ 261.13	4.0%

**Figure ES-7: Current and Phased Per Pull Debris Box Rates**

Roll Off	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
10 - 40 YD - Loose Material*	\$ 247.61	\$ 301.25	21.7%	\$ 348.43	15.7%	\$ 369.34	6.0%	\$ 387.81	5.0%	\$ 403.32	4.0%
10 - 40 YD - Compacted Material*	\$ 283.68	\$ 347.19	22.4%	\$ 402.49	15.9%	\$ 426.64	6.0%	\$ 447.97	5.0%	\$ 465.89	4.0%

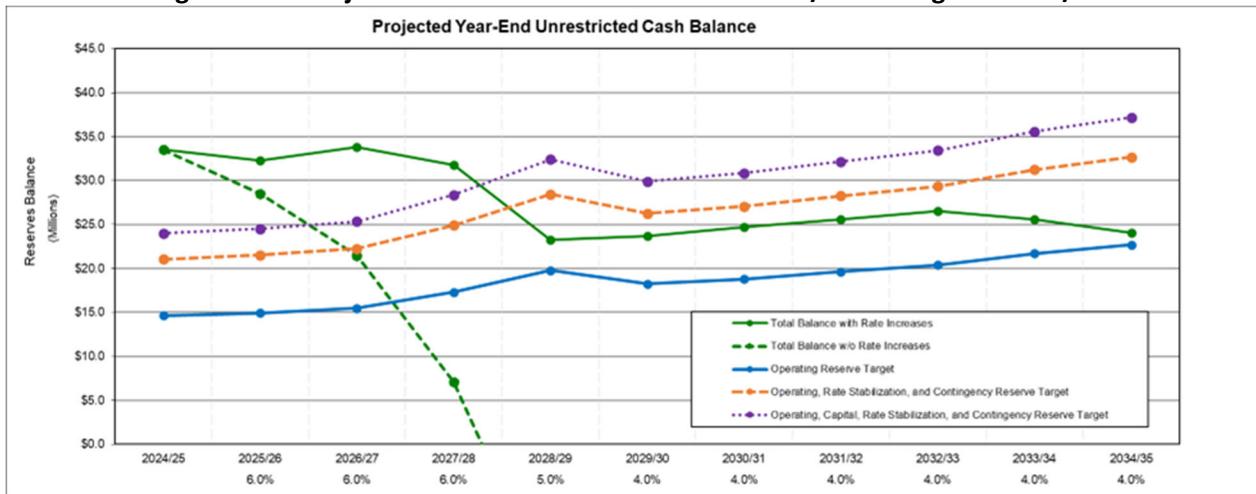
\*Disposal will be charged per ton in addition to the above per-pull rate.

## Implementation

After increasing rates effective July 1, 2025, the City should monitor its rates before implementing subsequent rate increases. There are future events that will impact the City's solid waste operations; these cost impacts (either up or down) are unknown at this time and may affect the proposed rates for FY 2026/27 – FY 2029/30 presented above and included in **Attachment A (City of Ontario FY 2025/26 Proposed Rates)**.

A projection of the City's reserve fund balance over the next ten years is provided in **Figure ES-8** below. The solid green line illustrates the reserve fund balance over the next ten years assuming the phased rate increases as described in **Figures ES-5, ES-6, and ES-7** above plus inflationary increases in outer years.

**Figure ES-8: Projected Reserve Fund Balance - FY 2024/25 Through FY 2034/35**



## SECTION 1. INTRODUCTION

The City's Public Works Agency provides all residential and commercial refuse, recycling, and organics collection and related transportation, material processing, and disposal services to the City's residents and businesses. It also provides customer service and billing services to its Solid Waste customers.

In 2018, the City requested HF&H to assist with developing a COS model and rate structure based on the level of service received by each customer class. In 2022, the City requested HF&H to update and extend the COS model for an additional two years, through FY 2027/28. In 2024, the City requested HF&H to update and extend the model up to ten years in the future. The purpose of this report is to document the updated analysis and summarize our assumptions, findings, and recommendations.

The report is organized to explain how the revenue requirements are determined over the next five years. As part of the documentation, this report includes a copy of the spreadsheet model that was used to derive rates (See Appendices).

### Study Purpose

The main purpose of this report is to document that the proposed rates comply with the relevant laws in California for setting solid waste rates. Another key purpose is to ensure that the rates generate sufficient revenue to fund the solid waste, recyclable material, and organics collection, processing, and disposal activities over the five-year planning period (FY 2025/26 – FY 2029/30) operating and capital costs as well as to maintain adequate reserves.

### Billing Procedures and Current Rates

The City's Solid Waste accounts are billed through the City's Utility Billing System.

The City's single-family rate payers pay one monthly charge for collection and disposal and processing service of refuse, recycling, and organics. Extra recycling carts and organics carts are available for an additional charge.

The City's commercial and multi-family rate payers pay one monthly charge for collection and disposal service of refuse but pay separately for recycling and organics containers.

Industrial customers who use roll-off containers are billed monthly based on the number of hauls. Refuse customers pay a flat fee per haul which includes excludes disposal cost paid directly by the customer based on weight.

The current rates are summarized beginning with **Figure 1-1** below.

**Figure 1-1. Current Cart and Roll-Off Rates**

## **Integrated Waste Rates**

(Effective 07/01/2024)

<b>Residential Automated Cans</b>	<b>Monthly Rate</b>
96-gallon Set* (per dwelling unit)	\$43.81
64-gallon Set* (per dwelling unit)	\$39.45
32-gallon Set* (per dwelling unit)	\$35.60
Extra 96-gallon Trash Can**	\$12.15
Extra 64-gallon Trash Can**	\$7.73
Extra 32-gallon Trash Can**	\$3.75
Extra 96-gallon Recycling Can	\$7.34
Extra 96-gallon Green Waste Can	\$13.69
Special Empty/Late Set Out - Per Commodity	Fee \$24.48
Additional Can Removed < 6 mos	Fee \$10.60
Elective Autocan Replacement - Per Can	Fee \$10.60
Restore Can Service for Non-Payment	Fee \$47.00

\*Trash, Recycle, and Green Waste Set of Cans  
equal to or smaller than current set

\*\*Extra Can must be

<b>Commercial Automated Cans</b>	<b>Monthly Rate</b>
96-gallon Trash Can*	\$16.81
96-gallon Recycle Can*	\$10.21
96-gallon Green Waste Can*	\$16.72
Extra 96-gallon Trash Can	\$12.15
Extra 96-gallon Recycling Can	\$7.34
Extra 96-gallon Green Waste Can	\$13.69

\* A La Carte, No Set Rate

<b>Temporary Bins</b>	<b>Fee</b>
7-Day Temporary Bin Rental	\$95.00
Additional Empties within 7-days	\$69.00
7-Day Temporary Greenwaste/Recycle Bin Rental	\$61.00
Additional Empties within 7-days	\$30.50
Dead Run (Unable to Empty or Remove Bin)	\$42.00

<b>Other IW Services</b>	<b>Fee</b>
Compost Bin	\$53.00
Lock-Fee (per lock per amount of weekly pickup/monthly)	\$10.60
Replacement Lock	\$14.00
Bin Scouting (per bin per amount of weekly pu/monthly)	\$41.13
Bulky Item Pickup Commercial/Add'l Pickups (5 Items)	\$57.00
Restore Commercial Bin Service	\$106.00
Elective Bin Replacement	\$42.00

<b>Roll-Off Containers</b> Disposal cost based on weight will be added.	<b>Rate</b>
10 Yard - Refuse Per Load - Additional Cost for Disposal	\$247.61
20 Yard - Refuse Per Load - Additional Cost for Disposal	\$247.61
30 Yard - Refuse Per Load - Additional Cost for Disposal	\$247.61
40 Yard - Refuse Per Load - Additional Cost for Disposal	\$247.61
Recycling Per Load - Additional Cost for Disposal	\$247.61
Green Waste Per Load - Additional Cost for Disposal	\$247.61
Inert/C&D Per Load - Additional Cost for Disposal	\$247.61
Compactor Per Load - Additional Cost for Disposal	\$283.68
Excess Weight Charge Over 12 Tons Per Ton (Any Load)	\$115.00
Dry Run / Other Haul Charge	\$247.61
Copies of Weight Slips	\$14.70
Certificate of Destruction	\$120.00

**Figure 1-2. Current Monthly Bin Rates**

**Bin Rates** (Effective 07/01/2024)

	Number of Collection Days						Extra Empties
	1	2	3	4	5	6	
<b>1st Bin</b>							
1.5 yard	\$140.01	\$198.16	\$256.31	\$314.46	\$372.61	\$430.76	\$97.00
3 yard	\$179.09	\$278.01	\$376.93	\$475.85	\$574.77	\$673.69	\$113.00
4 yard	\$213.25	\$346.33	\$479.41	\$612.49	\$745.57	\$878.65	\$138.00
6 yard	\$281.57	\$482.97	\$684.37	\$885.77	\$1,087.17	\$1,288.57	\$200.00
<b>Additional Bin</b>							
1.5 yard	\$40.94	\$99.09	\$157.24	\$215.39	\$273.54	\$331.69	\$97.00
3 yard	\$83.91	\$182.83	\$281.75	\$380.67	\$479.59	\$578.51	\$113.00
4 yard	\$119.53	\$252.61	\$385.69	\$518.77	\$651.85	\$784.93	\$138.00
6 yard	\$189.71	\$391.11	\$592.51	\$793.91	\$995.31	\$1,196.71	\$200.00
<b>1st Compactor*</b>							
2 yard	\$235.71	\$391.25	\$546.79	\$702.33	\$857.87	\$1,013.41	\$203.00
3 yard	\$315.26	\$550.35	\$785.44	\$1,020.53	\$1,255.62	\$1,490.71	\$249.00
4 yard	\$404.12	\$728.08	\$1,052.04	\$1,376.00	\$1,699.96	\$2,023.92	\$297.00
6 yard	\$684.98	\$1,289.80	\$1,894.62	\$2,499.44	\$3,104.26	\$3,709.08	\$392.00
<b>Additional Compactor*</b>							
2 yard	\$138.21	\$293.75	\$449.29	\$604.83	\$760.37	\$915.91	\$203.00
3 yard	\$220.11	\$455.20	\$690.29	\$925.38	\$1,160.47	\$1,395.56	\$249.00
4 yard	\$311.31	\$635.27	\$959.23	\$1,283.19	\$1,607.15	\$1,931.11	\$297.00
6 yard	\$594.52	\$1,199.34	\$1,804.16	\$2,408.98	\$3,013.80	\$3,618.62	\$392.00

	Number of Collection Days					Extras Empties
	1	2	3	4	5	
<b>1st Bin</b>						
1.5 yard	\$98.21	\$153.88	\$209.55	\$265.22	\$320.89	\$35.70
3 yard	\$126.27	\$213.24	\$300.21	\$387.18	\$474.15	\$51.00
4 yard	\$144.98	\$252.82	\$360.66	\$468.50	\$576.34	\$60.20
6 yard	\$193.77	\$359.31	\$524.85	\$690.39	\$855.93	\$79.60
<b>Additional Bin</b>						
1.5 yard	\$38.46	\$94.13	\$149.80	\$205.47	\$261.14	\$35.70
3 yard	\$71.96	\$158.93	\$245.90	\$332.87	\$419.84	\$51.00
4 yard	\$94.30	\$202.14	\$309.98	\$417.82	\$525.66	\$60.20
6 yard	\$153.85	\$319.39	\$484.93	\$650.47	\$816.01	\$79.60
<b>1st Compactor*</b>						
2 yard	\$141.14	\$256.23	\$371.32	\$486.41	\$601.50	\$112.91
3 yard	\$202.46	\$378.87	\$555.28	\$731.69	\$908.10	\$161.97
4 yard	\$253.14	\$480.23	\$707.32	\$934.41	\$1,161.50	\$202.51
6 yard	\$386.42	\$746.79	\$1,107.16	\$1,467.53	\$1,827.90	\$309.14
<b>Additional Compactor*</b>						
2 yard	\$97.76	\$212.85	\$327.94	\$443.03	\$558.12	\$104.42
3 yard	\$161.42	\$337.83	\$514.24	\$690.65	\$867.06	\$138.39
4 yard	\$214.45	\$441.54	\$668.63	\$895.72	\$1,122.81	\$166.47
6 yard	\$350.07	\$710.44	\$1,070.81	\$1,431.18	\$1,791.55	\$240.32

## Bin Rates Continued (Effective 07/01/2024)

	Number of Collection Days					Extra Empties
	1	2	3	4	5	
<b>1st Bin</b>						
1.5 yard	\$109.27	\$172.42	\$235.57	\$298.72	\$361.87	\$35.70
2 yard	\$122.66	\$199.21	\$275.76	\$352.31	\$428.86	\$35.70
3 yard	\$149.45	\$252.79	\$356.13	\$459.47	\$562.81	\$51.00
4 yard	\$176.24	\$306.37	\$436.50	\$566.63	\$696.76	\$60.20
6 yard	\$229.82	\$413.53	\$597.24	\$780.95	\$964.66	\$79.60
<b>Additional Bin</b>						
1.5 yard	\$43.96	\$105.14	\$166.32	\$227.50	\$288.68	\$35.70
2 yard	\$57.83	\$131.28	\$204.73	\$278.18	\$351.63	\$35.70
3 yard	\$85.46	\$183.44	\$281.42	\$379.40	\$477.38	\$51.00
4 yard	\$112.46	\$236.40	\$360.34	\$484.28	\$608.22	\$60.20
6 yard	\$166.85	\$345.19	\$523.53	\$701.87	\$880.21	\$79.60

**NO SATURDAY SERVICE for Green Waste Collection**

	Number of Collection Days					Extra Empties
	1	2	3	4	5	
<b>1st Bin</b>						
1.5 yard	\$292.06	\$409.84	\$527.62	\$645.40	\$763.18	\$233.65
2 yard	\$302.23	\$451.15	\$600.07	\$748.99	\$897.91	\$241.78
3 yard	\$322.57	\$534.47	\$746.37	\$958.27	\$1,170.17	\$258.06
<b>Additional Bin</b>						
1.5 yard	\$100.57	\$218.35	\$336.13	\$453.91	\$571.69	\$233.65
2 yard	\$132.60	\$281.52	\$430.44	\$579.36	\$728.28	\$241.78
3 yard	\$196.18	\$408.08	\$619.98	\$831.88	\$1,043.78	\$258.06
<b>1st Can</b>						
32 gallon	\$9.96	\$28.55	\$47.14	\$65.73	\$84.32	\$7.97
64 gallon	\$16.82	\$42.26	\$67.70	\$93.14	\$118.58	\$13.46
<b>Additional Can</b>						
32 gallon	\$6.80	\$25.39	\$43.98	\$62.57	\$81.16	\$7.97
64 gallon	\$13.76	\$39.20	\$64.64	\$90.08	\$115.52	\$13.46

**NO SATURDAY SERVICE for Organics Collection**

## Legal Requirements

The City is responsible for setting rates in compliance with California law. Voters passed Proposition 218 in November 1996, which added article XIII D to the California constitution. Article XIII D section 6(b)(1-5) has five substantive requirements that must be met:

1. Revenue from rates must not exceed the cost of providing service.
2. Revenue from rates must be used for providing service.
3. Fees and charges imposed must be proportional to the cost of providing the service attributable to the parcel.
4. Fee or charge may not be imposed for a service unless that service is used by, or immediately available to, the owner of the property.
5. No fee or charge may be imposed for general governmental services.

The basis for setting rates that are proportional to the cost of providing service was not prescribed in article XIIID; therefore, the analyst was responsible for meeting the requirements of Sections 6(b) 1-5, as reasonably as possible. “Reasonable” rates are not capricious (there is a documented source for all data), not arbitrary (decisions required to make assumptions and analyze data have a sound reason), and not discriminatory (the results do not unduly favor one customer at the expense of another).

We interpret this concept to mean that rates must be proportionate to the COS across the range of subscribed services. We further interpret it to mean that the rates for each level of service must correlate with the actual demand that customers place on the collection vehicles and for which the system must be designed to provide the level of service customers require.

DRAFT

## SECTION 2. REVENUE REQUIREMENT PROJECTIONS

To determine whether additional rate revenue is required, projected operating expenses are compared with projected revenue from current rates. Rates are then increased so that projected expenses are covered. If required by the City, additional rate increases are applied to reach or maintain operating and capital target reserve levels.

### Expense Projections

Rates are developed to cover costs for the following projected expenses over the five-year planning period. The City's FY 2024/25 budgeted revenues and expenditures served as the basis for determining the revenue requirement, by inflating the budgeted costs to FY 2025/26 by the factors shown in **Figure 2-1**. The City budget is developed annually by the Department of Financial Management and approved by the City Council. The model currently allows for inflation to be applied individually to subcategories within the main categories below, and further by year to accurately reflect anticipated or known increases in personnel, benefits, capital expenses, capital improvements, and new programs.

**Figure 2-1. Inflation Factors & Spend Factors**

Inflation Factors	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
General Inflation	3.50%	3.50%	3.50%	3.50%	3.50%
Labor Costs	8.75%	4.23%	4.23%	4.23%	4.23%
Disposal & Processing Fees	6.00%	6.00%	6.00%	6.00%	6.00%
No Growth	0.00%	0.00%	0.00%	0.00%	0.00%
Interest on Fund Balance	4.00%	4.00%	4.00%	4.00%	4.00%

The City's projected revenue requirement from FY 2025/26 through FY 2029/30 are summarized in **Figure 2-2** based on the City's budget and application of spend factors.

**Figure 2-2. Projected Expenses**

Expenditures*	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
<u>Overhead</u>					
Human Resources	\$ 1,745,149	\$ 1,812,115	\$ 1,881,742	\$ 1,954,137	\$ 2,029,412
Street Sweeping	5,145,704	5,335,183	5,531,772	5,735,743	5,947,381
Transfer Out	420,936	420,936	420,936	420,936	420,936
<u>Direct</u>					
Integrated Waste Admin	\$ 15,551,383	\$ 16,122,114	\$ 16,714,051	\$ 17,327,990	\$ 17,964,754
Automated Residential Collection	14,379,951	15,454,048	17,088,373	21,039,497	18,032,451
Commercial Bin Collection	15,288,915	15,984,504	18,379,531	20,944,185	18,730,489
Roll-Off Bin Collection	10,004,610	10,158,758	11,441,296	13,980,435	12,225,418
<u>New Programs</u>					
Customer Information System Replacement	\$ 165,600	\$ 171,396	\$ 177,395	\$ 183,604	\$ 190,030
Bioswale Drainage	12,000	12,000	12,000	12,000	12,000
Municipal Services Center Relocation	800,000	-	-	-	-
Public Works Order Management Upgrade	83,333	-	-	-	-
<b>Total Revenue Requirement</b>	<b>\$ 63,597,579</b>	<b>\$ 65,471,054</b>	<b>\$ 71,647,095</b>	<b>\$ 81,598,526</b>	<b>\$ 75,552,871</b>

\*Reflects 90% of adopted budget based on historical results of actual vs. budget for all categories except City projects, City IT and Overhead Allocations, vehicle purchases and replacements, depreciation, and transfers, which are assumed to be 100% of budget.

In addition, **Figure 2-3** summarizes the solid waste reserve fund balance resulting from collection of current revenue at current rates for the five-year period if rates remained the same and the City used reserves to offset the shortfall. The City receives non-rate revenue from late charges, interest income, grant revenue, and the City utility service. Projected non-rate revenue has been included to determine the net annual shortfall. This figure illustrates the growing shortfall facing the City if rates were not changed during the

next five-year planning period. **Figure 2-3** assumes the City uses reserves to offset the revenue shortfall. The next subsection of this report discusses the necessary annual revenue increases to bridge the revenue shortfall for the next five-year period.

**Figure 2-3. Projected Reserve Fund Balance with No Rate Increases (2026-2030)**

	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Beginning Fund Balance	\$ 33,486,025	\$ 28,513,384	\$ 21,461,568	\$ 7,106,325	\$ (17,135,178)
Revenue at Current Rates	\$ 54,788,143	\$ 54,788,143	\$ 54,788,143	\$ 54,788,143	\$ 54,788,143
Non-Rate Revenue	3,836,795	3,631,094	2,503,708	2,568,881	2,636,334
Total Revenue Requirement	(63,597,579)	(65,471,054)	(71,647,095)	(81,598,526)	(75,552,871)
Surplus/(Shortfall)	\$ (4,972,641)	\$ (7,051,816)	\$ (14,355,243)	\$ (24,241,502)	\$ (18,128,394)
Ending Fund Balance	\$ 28,513,384	\$ 21,461,568	\$ 7,106,325	\$ (17,135,178)	\$ (35,263,571)

## Revenue Increases

Working with staff, proposed revenue increases were developed to cover the cost of providing service to solid waste customers. **Figure 2-4** summarizes the projected revenue (see **Row 3**) from proposed rate increases (see **Row 2**), annual revenue requirements (see **Row 10**), the projected year-end solid waste reserve fund balance (see **Row 13**).

The revenue increase strategy was to utilize the City's reserve fund balance to reduce the necessary rate increases (see **Row 13**). This strategy allows the City to avoid implementing larger rate increases that are necessary to meet the City's updated cost of service.

**Figure 2-4. Projected Expenses and Revenue at Proposed Revenue Increases**

Solid Waste Projections		FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
1	Rate Revenue (Before Rate Increases)	\$ 54,788,143	\$ 59,760,785	\$ 61,839,960	\$ 69,143,386	\$ 79,029,646
2	<i>Proposed Rate Increases</i>	<i>Cost of Service</i>	3.5%	11.8%	14.3%	-7.7%
3	Rate Revenue with Proposed Increases	\$ 59,760,785	\$ 61,839,960	\$ 69,143,386	\$ 79,029,646	\$ 72,916,537
4	Non-Rate Revenue	3,836,795	3,631,094	2,503,708	2,568,881	2,636,334
5	<b>Total Revenue with Increases</b>	<b>\$63,597,579</b>	<b>\$65,471,054</b>	<b>\$71,647,095</b>	<b>\$81,598,526</b>	<b>\$75,552,871</b>
6	Expenses					
7	Overhead	\$ 7,311,788	\$ 7,568,234	\$ 7,834,450	\$ 8,110,816	\$ 8,397,729
8	Direct	55,224,858	57,719,424	63,623,250	73,292,107	66,953,113
9	New Programs	1,060,933	183,396	189,395	195,604	202,030
10	<b>Total Revenue Requirement</b>	<b>\$63,597,579</b>	<b>\$65,471,054</b>	<b>\$71,647,095</b>	<b>\$81,598,526</b>	<b>\$75,552,871</b>
11	<b>Operating Surplus/(Shortfall)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
12	Beginning Year Reserve Balance	\$ 33,486,025	\$ 33,486,025	\$ 33,486,025	\$ 33,486,025	\$ 33,486,025
13	Projected Year End Reserve Balance	\$ 33,486,025	\$ 33,486,025	\$ 33,486,025	\$ 33,486,025	\$ 33,486,025

## SECTION 3. COST OF SERVICE STUDY

### Methodology

A COS Study determines the unit cost of the services provided to the City's solid waste customers. Each customer class is charged the same unit cost for its share of the services that it requires. In this way, the total revenue requirement is split between the fixed service charges and the volumetric charges; with the volumetric charges further proportioned among the customer classes. The customer classes for this study are Cart, Bin, and Roll-off.

Most the City's solid waste services are related to meeting customer demands for solid waste, recycling, and organics collection services. The complete costs of collection, transportation, and disposal include two main categories: 1) City's collection expenses and 2) overhead expenses. The City's collection expenses include the direct costs of collection, transportation, and processing and disposal of refuse, recycling, and organics. City overhead costs include City staff and administrative expenses to bill and oversee services and new programs.

The collection services vary based on the customer's subscribed size and type of container (bin vs. cart vs. roll-off) used for the collection of solid waste materials.

The solid waste collection service levels are defined as follows:

1. **Cart Customers** – Cart customers receive service in a 32-, 64- or 96-gallon cart for solid waste and a 96-gallon cart for recycling and organics. Additional carts may be provided if requested, for an additional fee. The carts are typically collected by a rear-loader or automated truck. And are used by residential, multi-family, and commercial customers depending on the amount of capacity required.
2. **Bin Customers** – Bin customers receive service in a container ranging from 1.5 – 6 cubic yards. The bins are collected by a front loader truck. Typically, these containers are used at multi-family complexes or commercial businesses. The size and frequency of collection will differ between container type (solid waste, recycling, organics) and by customer.
3. **Roll-off Customers** – Roll-off customers typically receive service in debris boxes (ranging from 10 – 40 cubic yards). The bins are collected by a front-loader truck. Customers can choose their container size and the specific material(s) that will be disposed of in each bin. Service is provided on an on-call basis instead of a recurring frequency. Therefore, rates are based on a charge per pull. A charge occurs for each container collected.

## FY 2025/26 Cost-of-Service

**Figure 3-1** summarizes the FY 2025/26 net revenue requirement by expense category which is offset by non-rate revenue. The net revenue requirement of \$59,760,785 was used for rate setting purposes.

**Figure 3-1. 2023 Net Revenue Requirement by Customer Class**

Expenditures	Carts	Bins	Roll-Off	FY 2025/26 Cost of Service
<u>Overhead</u>				
Human Resources	\$ 349,030	\$ 698,059	\$ 698,059	\$ 1,745,149
Street Sweeping	3,338,591	957,497	849,616	5,145,704
Transfer Out	205,751	134,468	80,717	420,936
Non-Rate Revenue	(1,150,205)	(988,663)	(1,697,927)	(3,836,795)
<u>Direct</u>				
Integrated Waste Admin	\$ 3,510,744	\$ 6,274,453	\$ 5,766,186	\$ 15,551,383
Automated Residential Collection	14,379,951	-	-	14,379,951
Commercial Bin Collection	-	15,288,915	-	15,288,915
Roll-Off Bin Collection	-	-	10,004,610	10,004,610
<u>New Programs</u>				
Customer Information System Replacement	\$ 156,579	\$ 9,021	\$ -	\$ 165,600
Bioswale Drainage	11,346	654	-	12,000
Municipal Services Center Relocation	756,420	43,580	-	800,000
Public Works Order Management Upgrade	78,793	4,540	-	83,333
<b>Total Revenue Requirement</b>	<b>\$ 21,637,000</b>	<b>\$ 22,422,523</b>	<b>\$ 15,701,262</b>	<b>\$ 59,760,785</b>

The customer class allocations and the expenses attributable to customer accounts are compared with the estimated revenue from current rates in **Figure 3-2**.

**Figure 3-2. Current Rate Revenue Compared to Cost of Service**

Class	Revenue at FY 2025/26		
	Current Rates	Cost of Service	\$ Difference
Carts	\$18,341,771	\$21,637,000	(\$3,295,228)
Bins	24,380,855	22,422,523	1,958,332
Roll-off	12,065,517	15,701,262	(3,635,745)
<b>Total</b>	<b>\$54,788,143</b>	<b>\$59,760,785</b>	<b>(\$4,972,641)</b>

Rates need to be designed to generate each class's share of the revenue requirement. **Section 4** provides a recommended rate structure to meet the COS.

## SECTION 4. RATE DESIGN – 2025 COST-OF-SERVICE

This section discusses the design of volumetric charges for the various sizes of carts, bins, and roll-off customers, as well as the fixed service charges for each customer class. All cost categories were evaluated to determine if the cost would fluctuate (variable) or remain constant (fixed) and if there were variances in the subscribed level of service and type of container. The following methodology was used to calculate the cost-of-service by service level and customer class for all solid waste, recycling, and service level organics.

**Figure 4-1** details the allocation of collection costs by customer class and material stream. The method of allocation is listed to the left of each cost. Fixed collection costs include City program costs, new administrative programs, inter-fund transfers, street sweeping, and non-rate revenue. Variable collection costs include direct costs to service cart, bin, and roll-off customers including the residential bulky program. These costs vary according to the capacity of collection a customer subscribes to. Disposal collection costs include the costs to dispose or process solid waste, recyclable materials, or organic materials.

Figure 4-1. Cost of Service Overview

	Allocation	Residential & Commercial			Commercial			Total		
		Carts MSW	Carts Recycling	Carts Organics	Bins MSW	Bins Recycling	Bins Organics			
<b>Fixed Collection Costs</b>										
1	Utilities Customer Service	Utilities Customer Service	\$ 116,343	\$ 116,343	\$ 116,343	\$ 375,049	\$ 287,733	\$ 35,278	\$ 698,059	\$ 1,745,149
2	Integrated Waste Admin - Fixed	Integrated Waste Admin	580,423	580,423	580,423	1,778,946	1,364,785	167,332	3,042,848	8,095,181
3	Customer Information System Replacement	Overall Account Allocation	50,987	50,973	54,619	4,847	3,718	456	-	165,600
4	Bioswale Drainage	Overall Account Allocation	3,695	3,694	3,958	351	269	33	-	12,000
5	Municipal Services Center Relocation	Overall Account Allocation	246,313	246,247	263,859	23,414	17,963	2,202	-	800,000
6	Public Works Order Management Upgrade	Overall Account Allocation	25,658	25,651	27,485	2,439	1,871	229	-	83,333
7	Transfer Out	Route Hours	89,976	54,401	61,374	91,442	35,861	7,166	80,717	420,936
8	Non-Rate Revenue									
9	Recycling	Annual REC Tonnage	-	(82,632)	-	-	(67,368)	-	-	(150,000)
10	Late Charges	Overall Account Allocation	(127,467)	(127,433)	(136,547)	(12,117)	(9,296)	(1,140)	-	(414,000)
11	Interest Income	Revenue by Service Sector	(159,470)	(440)	(4,679)	(161,204)	(48,801)	(8,775)	(108,269)	(491,639)
12	Grant Revenue	Revenue by Service Sector	(495,625)	(1,368)	(14,543)	(501,017)	(151,673)	(27,272)	(336,497)	(1,527,996)
13	Cart General Overhead	Labor Hours Carts	569,469	405,716	457,723	-	-	-	-	1,432,908
14	Bin General Overhead	Labor Hours Bins	-	-	-	1,515,576	594,362	118,763	-	2,228,700
15	RO General Overhead	Labor Hours Roll-Off	-	-	-	-	-	-	605,561	605,561
16	Street Sweeping	Curb Miles and Annual Tonnage	2,035,788	472,317	830,486	845,371	97,729	14,397	849,616	5,145,704
17			\$ 2,936,090	\$ 1,743,892	\$ 2,240,501	\$ 3,963,097	\$ 2,127,152	\$ 308,669	\$ 3,578,875	\$ 16,898,277
18	<b>Variable Collection Costs</b>									
19	Integrated Waste Admin - Variable	Integrated Waste Admin	\$ 519,477	\$ 519,477	\$ 519,477	\$ 1,592,150	\$ 1,221,478	\$ 149,762	\$ 2,723,338	\$ 7,245,159
20	Cart Direct Variable Costs	Subscribed Volume (carts)	2,035,669	2,093,144	2,192,954	-	-	-	-	6,321,768
21	Bin Direct Variable Costs	Labor Hours Bins	-	-	-	5,000,106	1,960,886	391,816	-	7,352,807
22	RO Direct Variable Costs	Labor Hours Roll-Off	-	-	-	-	-	-	3,489,690	3,489,690
23	HHW to Residents	All Residential SW	337,718	-	-	-	-	-	-	337,718
24	Integrated Waste Admin - Bulky	Automated Residential Collection	211,043	-	-	-	-	-	-	211,043
25	Cart Direct Variable Costs - Bulky	Automated Residential Collection	-	-	-	-	-	-	-	-
26			\$ 3,103,907	\$ 2,612,621	\$ 2,712,431	\$ 6,592,256	\$ 3,182,363	\$ 541,578	\$ 6,213,029	\$ 24,958,185
27	<b>Disposal and Processing Costs</b>									
28	SW Processing - Carts	Annual SW Cart Tonnage	\$ 3,281,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,281,185
29	SW Processing - Bins	All Commercial SW Bins	-	-	-	5,096,319	-	-	-	5,096,319
30	SW Processing - RO	Labor Hours Roll-Off	-	-	-	-	-	-	4,321,182	4,321,182
31	Recycling Processing - Carts	Annual REC Cart Tonnage	-	643,690	-	-	-	-	-	643,690
32	Recycling Processing - Bins	All REC Bins	-	-	-	-	431,175	-	-	431,175
33	Recycling Processing - RO	Labor Hours Roll-Off	-	-	-	-	-	-	218,198	218,198
34	YW/ORG Processing - Carts	Annual ORG Cart Tonnage	-	-	2,362,683	-	-	-	-	2,362,683
35	YW/ORG Processing - Bins	All ORG Bins	-	-	-	-	-	88,705	-	88,705
36	YW/ORG Processing - RO	Labor Hours Roll-Off	-	-	-	-	-	-	105,893	105,893
37	Food Waste Processing	All ORG Bins	-	-	-	-	-	91,209	-	91,209
38	Construction & Demolition Processing	Labor Hours Roll-Off	-	-	-	-	-	-	1,264,085	1,264,085
39			\$ 3,281,185	\$ 643,690	\$ 2,362,683	\$ 5,096,319	\$ 431,175	\$ 179,914	\$ 5,909,358	\$ 17,904,323
40	<b>Total Revenue Requirement</b>		<b>\$ 9,321,182</b>	<b>\$ 5,000,203</b>	<b>\$ 7,315,615</b>	<b>\$ 15,651,671</b>	<b>\$ 5,740,690</b>	<b>\$ 1,030,161</b>	<b>\$ 15,701,262</b>	<b>\$ 59,760,785</b>

## Fixed Collection Costs

Fixed collection costs (Fixed Costs) are City costs that are not dependent on the subscribed service volume. Costs include such items as: customer service representatives, billing costs, human resources, etc. These costs are borne equally by each rate payer, regardless of the level of service. **Figure 4-2** shows the calculation of Fixed Costs per material stream. Fixed costs are divided by account for cart and bin service and the number of pulls for Roll-Off service.

**Figure 4-2. Fixed Collection Costs**

Customer Class	Carts		Bins		Bins	
	All Materials	MSW	Recycling	Organics	Roll-Off	
Total Fixed Costs	A	\$ 6,897,539	\$ 3,757,932	\$ 2,078,020	\$ 303,510	\$ 3,578,875
Accounts/Pulls	B	103,378	3,200	2,455	301	28,695
Annual Rate	A / B = C	\$ 66.72	\$ 1,174.35	\$ 846.44	\$ 1,008.34	\$ 124.72
Monthly Rate per unit	C / 12 = D	\$ 5.56	\$ 97.86	\$ 70.54	\$ 84.03	

## Volumetric (Variable) Collection Costs

Volumetric (variable) collection costs are proportional costs based on the subscribed size and type of container for carts, bins, and roll-off. To properly allocate the variable costs, the various factors identified below were calculated based on existing subscription levels of the City's residents and businesses. The variable collection costs exclude transfer and disposal and fixed costs, which are calculated separately.

### Equivalent Container Factors

The subscribed level of service of each customer, in essence, reserves that equivalent volume of space in the collection vehicle. The City must route its drivers and vehicles in order to ensure the collection trucks on those routes have sufficient capacity to accept the amount of material set out for collection by the customer. The size of the containers multiplied by the number of containers will determine the amount of truck capacity required. Further, the average route hours, collection truck capacity per load, and disposal trip time are integral to apportion volumetric costs.

An Equivalent Container Factor (ECF) was calculated to determine the variable component of the monthly rates as follows:

1. For a given material stream and customer class, the total number of containers of various sizes collected by a specific truck were gathered to find a total sum of containers.
2. Percentages of the number of containers versus the overall total number of containers were calculated.
3. For each container size collected, a theoretical maximum of container lifts to be collected was calculated by dividing the trucks weight at capacity by a maximum weight of a single container collected.
4. The percentages in step 2 were multiplied by the lifts in step 3 to determine the total number of containers collected for each size in an ideal route.
5. The total number of containers in step 1 was divided by step 4 to determine the total number of loads required to service all containers in one week.
6. For each container size collected, the number of lifts in step 3 were divided by the total number of containers to calculate the adjusted loads if all customers subscribed to that size.

7. The variable collection costs divided by the number of loads per week calculated in step 5 were used to calculate a unit rate per load.
8. The unit rate per load was multiplied by the adjusted loads in step 6 to calculate a cost per load for each container size.
9. The ECF for each container size was calculated by dividing cost per load by the minimum cost per load of all container sizes.

**Figure 4-3** lists the ECFs for the Cart customer class. **Figure 4-4** lists the ECFs for the Bin customer class. **Figure 4-5** lists the ECFs for the Roll-Off customer class.

Separate trucks provide service to each customer class. Therefore, each computation of the ECF is specific to the subscription levels offered within a customer class that are collected by the specified truck. The ECF for compactor debris box within the Roll-off customer class was assumed. The multiplier of 1.25 recognizes the supplemental material that can be accommodated with compacting when compared to a traditional roll-off bin with loose material.

**Figure 4-3. Cart Services Equivalent Container Factors**

Cart Subscriptions	All Materials	
		ECF
Carts (gallons)		
32		1.00
64		2.64
96		4.45

**Figure 4-4. Bin Services Equivalent Container Factors**

Bin Subscriptions	Solid Waste	Recycling	Organics/GW
	ECF	ECF	ECF
Bins (Cubic Yards)			
1.5	1.00	1.00	1.00
2	1.33	1.33	2.00
3	2.32	2.36	3.00
4	3.07	3.14	4.01
6	5.87	5.45	6.00
Compactors (Cubic Yards)			
1.5			3.00
2	3.07	3.14	4.01
3	5.87	5.45	6.00
4	8.56	7.25	
6	18.36	13.87	

**Figure 4-5. Roll-Off Equivalent Container Factors**

Roll-Off Subscriptions	ECF
MSW	1.00
REC/OCC	1.00
Org/YW	1.00
C&D	1.00
MSW - Comp	1.25
Recy - Comp	1.25
Org/YW - Comp	1.25

#### **Equivalent Container Units**

Equivalent Container Units (ECU) were calculated to properly allocate the variable collection costs, excluding the transfer, disposal, and processing costs. ECUs were calculated by multiplying the number of containers by size, by the applicable ECF. Current containers in service were provided by the City from operational data. **Figure 4-6** shows the calculation of the ECUs for the cart customer class. **Figure 4-7** show the calculations of the ECUs for the bin customer class.

**Figure 4-6. Cart Equivalent Container Units**

Cart Subscription	ECF <b>A</b>	Total Lifts <b>B</b>	ECUs
			<b>A X B = C</b>
Solid Waste Carts (gallons)			
32	1.00	1,315	1,315
64	2.64	4,810	12,713
96	4.45	29,790	132,515
Recycling Carts (gallons)			
32	1.00	-	-
64	2.64	-	-
96	4.45	34,379	152,929
Organic Carts (gallons)			
32	1.00	2,456	2,456
64	2.64	790	2,088
96	4.45	34,673	154,237
<b>Total Carts</b>		<b>108,213</b>	<b>458,253</b>

**Figure 4-7. Bin Equivalent Container Units**

Bin Subscription	ECF	Total Lifts		ECUs
		A	B	
<b>Solid Waste Bins (Cubic Yards)</b>				
1.5	1.00	549	549	
2	1.33	-	-	
3	2.32	1,406	3,262	
4	3.07	7,503	23,004	
6	5.87	387	2,271	
<b>Solid Waste Compactors (Cubic Yards)</b>				
2	3.07	76	233	
3	5.87	-	-	
4	8.56	6	51	
6	18.36	12	220	
<b>Recycling Bins (Cubic Yards)</b>				
1.5	1.00	1,408	1,408	
2	1.33	13	17	
3	2.36	526	1,243	
4	3.14	2,042	6,420	
6	5.45	128	697	
<b>Recycling Compactors (Cubic Yards)</b>				
2	3.14	-	-	
3	5.45	-	-	
4	7.25	-	-	
6	13.87	2	28	
<b>Organics/Green Waste (Cubic Yards)</b>				
1.5	1.00	176	176	
2	2.00	16	32	
3	3.00	95	285	
4	4.01	130	521	
6	6.00	39	234	
<b>Organics/Green Waste Compactors (Cubic Yards)</b>				
1.5	3.00	-	-	
2	4.01	-	-	
3	6.00	-	-	
<b>Total Commercial</b>		<b>14,514</b>	<b>40,653</b>	

ECUs for Roll-off service are calculated by multiplying the total number of pulls by material type and density (loose or compacted). Bins are collected separately, thus the capacity of one truck is not a concern. Each collection request requires a separate truck. The density of the material and the factor applied recognizes the added weight of the truck's load required if the material is compacted. **Figure 4-8** shows the calculation of the ECUs for the Roll-Off customer class.

**Figure 4-8. Roll-Off Equivalent Container Units**

Roll-Off Subscriptions	ECF	Pulls	ECUs
	A	B	A X B = C
MSW	1.00	13,118	13,118
REC/OCC	1.00	3,481	3,481
Org/YW	1.00	1,940	1,940
C&D	1.00	3,106	3,106
MSW - Comp	1.25	6,806	8,508
Recy - Comp	1.25	244	305
Org/YW - Comp	1.25	-	-
<b>Total Roll-Off</b>		<b>28,695</b>	<b>30,458</b>

#### **Variable Route Collection Costs Calculation – Solid Waste**

Annual variable costs were determined based on the review of City's direct operational costs. These variable costs vary based on the size, type, and number of containers and frequency of service. Costs include items such as: labor, equipment operation, and maintenance.

##### *Cart Customers*

**Figure 4-9** shows the calculation of the monthly variable route collection costs per month for cart customer services regardless of material stream. Annual variable costs were computed in **Figure 4-1**. ECUs were computed in **Figure 4-6**.

**Figure 4-9A. Cart Variable Collection Costs per Month**

		Cart Size (Gallons)		
		32	64	96
Annual Variable Costs (from Figure 4-1)	\$ 8,412,351	A		
Equivalent Container Units (ECU) (from Figure 4-6)	458,253	B		
Annual Variable Costs per ECU	\$ 18.36	A / B = C		
Monthly Variable Cost per ECU	\$ 1.53	C / 12 = D		
Equivalent Container Factor		E	1.00	2.64
Variable Route Collection Costs per Month*		D x E	\$ 1.53	\$ 4.04
				\$ 6.80

\* Totals may vary slightly due to rounding

##### *Bin Customers*

**Figures 4-10A-C** show the calculation of the monthly variable route collection costs per month for bin customer services by material stream. Annual variable costs were computed in **Figure 4-1**. ECUs were computed in **Figure 4-7**.

**Figure 4-10A. Solid Waste Variable Route Collection Costs – Bins**

	\$	Annual Variable Costs (from Figure 4-1)	6,180,715	Solid Waste Bins (Cubic Yards)					
				1.5	2	3	4	6	
Equivalent Container Units (ECU) (from Figure 4-6)	\$	29,591		A	B				
Annual Variable Costs per ECU	\$	208.87		A / B = C					
Monthly Variable Cost per ECU	\$	17.41		C / 12 = D					
Equivalent Container Factor			E		1.00	1.33	2.32	3.07	5.87
Variable Route Collection Costs per Month*			D x E	\$ 17.41	\$ 23.16	\$ 40.39	\$ 53.37	\$ 102.13	

\* Totals may vary slightly due to rounding

**Figure 4-10B. Recyclable Materials Variable Route Collection Costs – Bins**

	\$	Annual Variable Costs (from Figure 4-1)	3,082,269	Recycling Bins (Cubic Yards)					
				1.5	2	3	4	6	
Equivalent Container Units (ECU) (from Figure 4-6)	\$	9,814		A	B				
Annual Variable Costs per ECU	\$	314.08		A / B = C					
Monthly Variable Cost per ECU	\$	26.17		C / 12 = D					
Equivalent Container Factor			E		1.00	1.33	2.36	3.14	5.45
Variable Route Collection Costs per Month*			D x E	\$ 26.17	\$ 34.88	\$ 61.86	\$ 82.29	\$ 142.56	

\* Totals may vary slightly due to rounding

**Figure 4-10C. Organics Variable Route Collection Costs – Bins**

	\$	Annual Variable Costs (from Figure 4-1)	532,986	Organics/Green Waste (Cubic Yards)					
				1.5	2	3	4	6	
Equivalent Container Units (ECU) (from Figure 4-6)	\$	1,248		A	B				
Annual Variable Costs per ECU	\$	426.94		A / B = C					
Monthly Variable Cost per ECU	\$	35.58		C / 12 = D					
Equivalent Container Factor			E		1.00	2.00	3.00	4.01	6.00
Variable Route Collection Costs per Month*			D x E	\$ 35.58	\$ 71.16	\$ 106.73	\$ 142.69	\$ 213.47	

\* Totals may vary slightly due to rounding

#### *Roll-Off Customers*

**Figure 4-11** shows the calculation of the monthly variable route collection costs per pull for roll-off services. The annual variable cost shown in **Figure 4-1** is divided by the ECUs calculated in **Figure 4-8**. The variable cost per pull is multiplied by the ECF identified in **Figure 4-8** for the loose and compacted bin options.

**Figure 4-11. Variable Route Collection Costs – Roll-Off**

		<u>Roll-Off</u>		
		Loose	Compacted	
Annual Variable Costs <i>(From Figure 4-1)</i>	\$ 6,213,029	<b>A</b>		
Total Volume (Cubic Yards)	30,458	<b>B</b>		
Variable Cost per Pull	\$ 203.99	<b>A / B = C</b>		
Compactor Factor		<b>D</b>	1.00	1.25
Variable Route Collection Cost per Pull		<b>C x D = E</b>	\$ 203.99	\$ 254.99

## Disposal Collection Costs

The cost per gallon or cubic yard of service is calculated by dividing the projected disposal or processing costs by the number of subscribed gallons or cubic yards. **Figures 4-12A-F** summarizes the cost per month to dispose or process solid waste, recyclable materials, or organic materials for carts and bins. Because roll-off customers pay for disposal and processing costs directly based on the tons of material delivered to the respective facility, there is no calculation of disposal costs for the rates.

**Figure 4-12A. Solid Waste Disposal Costs – Carts**

		<u>Solid Waste Cart Size (Gallons)</u>	32	64	96
Annual Disposal Costs ( <i>from Figure 4-1</i> )	\$ 3,281,185	<b>A</b>			
Annual Volume (gallons)	3,209,760	<b>B</b>			
Annual Disposal Costs per gallon	\$ 1.02	<b>A / B = C</b>			
Monthly Disposal Cost per gallon	\$ 0.09	<b>C / 12 = D</b>			
Volume of Material		<b>E</b>	32	64	96
Disposal Costs per Month*		<b>D x E</b>	\$ 2.73	\$ 5.45	\$ 8.18

\* Totals may vary slightly due to rounding

**Figure 4-12B. Recyclable Materials Processing Costs – Carts**

		<u>Recycling Cart Size (Gallons)</u>	32	64	96
Annual Processing Costs ( <i>from Figure 4-1</i> )	\$ 643,690	<b>A</b>			
Annual Volume (gallons)	3,300,384	<b>B</b>			
Annual Processing Costs per gallon	\$ 0.20	<b>A / B = C</b>			
Monthly Processing Cost per gallon	\$ 0.02	<b>C / 12 = D</b>			
Volume of Material		<b>E</b>	32	64	96
Processing Costs per Month*		<b>D x E</b>	\$ 0.52	\$ 1.04	\$ 1.56

\* Totals may vary slightly due to rounding

**Figure 4-12C. Organic Materials Processing Costs – Carts**

		Organics Cart Size (Gallons)		
		32	64	96
Annual Processing Costs (from Figure 4-1)	\$ 2,362,683	A		
Annual Volume (gallons)	3,457,760	B		
Annual Processing Costs per gallon	\$ 0.68	A / B = C		
Monthly Processing Cost per gallon	\$ 0.06	C / 12 = D		
Volume of Material		E	32	64
Processing Costs per Month*		D x E	\$ 1.82	\$ 3.64
			\$ 5.47	

\* Totals may vary slightly due to rounding

**Figure 4-12D. Solid Waste Disposal Costs – Bins**

		Solid Waste Bins (Cubic Yards)				
		1.5	2	3	4	6
Annual Disposal Costs (from Figure 4-1)	\$ 5,096,318.76	A				
Annual Volume (cubic yards)	37,872	B				
Annual Disposal Costs per cubic yard	\$ 134.57	A / B = C				
Monthly Disposal Cost per cubic yard	\$ 11.21	C / 12 = D				
Volume of Material		E	1.5	2	3	4
Disposal Costs per Month*		D x E	\$ 16.82	\$ 22.43	\$ 33.64	\$ 44.86
			\$ 67.28			

\* Totals may vary slightly due to rounding

**Figure 4-12E. Recyclable Materials Processing Costs – Bins**

		Recycling Bins (Cubic Yards)				
		1.5	2	3	4	6
Annual Processing Costs (from Figure 4-1)	\$ 431,174.63	A				
Annual Volume (cubic yard)	12,676	B				
Annual Processing Costs per cubic yard	\$ 34.02	A / B = C				
Monthly Processing Cost per cubic yard	\$ 2.83	C / 12 = D				
Volume of Material		E	1.5	2	3	4
Disposal Costs per Month*		D x E	\$ 4.25	\$ 5.67	\$ 8.50	\$ 11.34
			\$ 17.01			

\* Totals may vary slightly due to rounding

**Figure 4-12F. Organic Materials Processing Costs – Bins**

Yard V	Food Waste	Organics/Green Waste (Cubic Yards)				
		1.5	2	3	4	6
Annual Processing Costs (from Figure 4-1)	\$ 91,209	A				
Annual Volume (cubic yard)	330	B				
Annual Processing Costs per cubic yard	\$ 276.39	A / B = C				
Monthly Processing Cost per cubic yard	\$ 23.03	C / 12 = D				
Volume of Material		E	1.5	2	3	4
Processing Costs per Month - Yard Waste*		C x E	\$ 11.03	\$ 14.71	\$ 22.07	\$ 29.42
Processing Costs per Month - Food Waste*		D x E	\$ 34.55	\$ 46.06	\$ 69.10	\$ 92.13
						\$ 138.19

\* Totals may vary slightly due to rounding

## Summary of the Cost of Service

### Cart Customers

Figure 4-13 summarizes the cost of service for cart customers. Fixed charges were calculated in Figure 4-2. Variable charges were calculated in Figures 4-9A-C. Disposal charges were calculated in Figure 4-12A-C.

**Figure 4-13. Cart Customers Monthly Rates**

Monthly Rate	Residential Carts			Commercial Carts		
	32	64	96	32	64	96
<u>Solid Waste</u>						
Fixed Charge	\$ 5.56	\$ 5.56	\$ 5.56	\$ 5.56	\$ 5.56	\$ 5.56
Variable Charge	1.53	4.04	6.80	1.53	4.04	6.80
Disposal Charge	2.73	5.45	8.18	2.73	5.45	8.18
<b>Total Charge</b>	<b>\$ 9.82</b>	<b>\$ 15.06</b>	<b>\$ 20.54</b>	<b>\$ 9.82</b>	<b>\$ 15.06</b>	<b>\$ 20.54</b>
<u>Recycling</u>						
Fixed Charge	\$ 5.56	\$ 5.56	\$ 5.56	\$ 5.56	\$ 5.56	\$ 5.56
Variable Charge	1.53	4.04	6.80	1.53	4.04	6.80
Disposal Charge	0.52	1.04	1.56	0.52	1.04	1.56
<b>Total Charge</b>	<b>\$ 7.61</b>	<b>\$ 10.64</b>	<b>\$ 13.93</b>	<b>\$ 7.61</b>	<b>\$ 10.64</b>	<b>\$ 13.93</b>
<u>Organics</u>						
Fixed Charge	\$ 5.56	\$ 5.56	\$ 5.56	\$ 5.56	\$ 5.56	\$ 5.56
Variable Charge	1.53	4.04	6.80	1.53	4.04	6.80
Disposal Charge	1.82	3.64	5.47	1.82	3.64	5.47
<b>Total Charge</b>	<b>\$ 8.91</b>	<b>\$ 13.25</b>	<b>\$ 17.83</b>	<b>\$ 8.91</b>	<b>\$ 13.25</b>	<b>\$ 17.83</b>

### Bin Customers

Figure 4-14 summarizes the cost of service for bin customers for collection of the first container collected once per week. Fixed charges were calculated in Figure 4-2. Variable charges were calculated in Figures 4-10A-C. Disposal charges were calculated in Figure 4-13A-C.

**Figure 4-14. Bin Customer Monthly Rates**

Monthly Rate	<u>Bins</u>				
	1.5 CY	2 CY	3 CY	4 CY	6 CY
<u>Solid Waste</u>					
Fixed Charge	\$ 97.86	\$ 97.86	\$ 97.86	\$ 97.86	\$ 97.86
Variable Charge	17.41	23.16	40.39	53.37	102.13
Disposal Charge	16.82	22.43	33.64	44.86	67.28
<b>Total Charge</b>	<b>\$ 132.09</b>	<b>\$ 143.45</b>	<b>\$ 171.89</b>	<b>\$ 196.09</b>	<b>\$ 267.27</b>
<u>Recycling</u>					
Fixed Charge	\$ 70.54	\$ 70.54	\$ 70.54	\$ 70.54	\$ 70.54
Variable Charge	26.17	34.88	61.86	82.29	142.56
Disposal Charge	4.25	5.67	8.50	11.34	17.01
<b>Total Charge</b>	<b>\$ 100.96</b>	<b>\$ 111.08</b>	<b>\$ 140.90</b>	<b>\$ 164.17</b>	<b>\$ 230.10</b>
<u>Yard Waste</u>					
Fixed Charge	\$ 84.03	\$ 84.03	\$ 84.03	\$ 84.03	\$ 84.03
Variable Charge	35.58	71.16	106.73	142.69	213.47
Disposal Charge	11.03	14.71	22.07	29.42	44.13
<b>Total Charge</b>	<b>\$ 130.64</b>	<b>\$ 169.90</b>	<b>\$ 212.83</b>	<b>\$ 256.14</b>	<b>\$ 341.63</b>
<u>Food Waste</u>					
Fixed Charge	\$ 84.03	\$ 84.03	\$ 84.03	\$ 84.03	\$ 84.03
Variable Charge	35.58	71.16	106.73	142.69	213.47
Disposal Charge	34.55	46.06	69.10	92.13	138.19
<b>Total Charge</b>	<b>\$ 154.16</b>	<b>\$ 201.25</b>	<b>\$ 259.86</b>	<b>\$ 318.85</b>	<b>\$ 435.69</b>

## Roll-Off

**Figure 4-15** summarizes the cost of service for Roll-off customers per pull. The per-pull charge does not include tipping fees which are charged based on the material weighed at the scales, and billed directly to the customer. Fixed charges were calculated in **Figure 4-2**. Variable charges were calculated in **Figure 4-11**.

**Figure 4-15. Roll-Off Collection Cost-of-Service Rates**

Per Pull Rate	Any Material / Size	
	Loose	Compacted
Fixed Charge	\$ 124.72	\$ 124.72
Variable Charge	203.99	254.99
<b>Total Charge</b>	<b>\$ 328.71</b>	<b>\$ 379.71</b>

## SECTION 5. IMPLEMENTATION

HF&H performed the COS analysis and identified the variance between existing rates and the cost-of-service. **Figures 5-1, 5-2, and 5-3** reflect the rate adjustment if the City chooses to adopt full COS rates beginning FY 2025/26. As previously mentioned above, the significant increase in administrative expenses and fully funding the street sweeping program have significantly increased many of the rates. Commercial organics rates under COS are significantly lower than current rates as the current rates were initial estimates during the roll-out of the program and were conservative at the time. Increased participation and decrease in processing costs have calculated a lower rate. Roll-Off rates are increasing due to increased administrative costs that outweigh the increase in annual pulls.

**Figure 5-1. Current and COS Monthly Residential Rates**

Solid Waste Container Size	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
Residential Rate - 32 Gal	\$ 35.60	\$ 41.57	16.8%	\$ 43.02	3.5%	\$ 48.10	11.8%	\$ 54.98	14.3%	\$ 50.72	-7.7%
Residential Rate - 64 Gal	\$ 39.45	\$ 46.81	18.7%	\$ 48.44	3.5%	\$ 54.16	11.8%	\$ 61.91	14.3%	\$ 57.12	-7.7%
Residential Rate - 96 Gal	\$ 43.81	\$ 52.30	19.4%	\$ 54.12	3.5%	\$ 60.51	11.8%	\$ 69.16	14.3%	\$ 63.81	-7.7%

\*Note: Residential rates/service include selected refuse cart size, a 96-gallon recycling cart, and a 96-gallon organics cart.

**Figure 5-2. Current and COS Monthly Commercial Rates**

Refuse	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
96 Gallon Cart	\$ 16.81	\$ 20.54	22.2%	\$ 21.26	3.5%	\$ 23.77	11.8%	\$ 27.17	14.3%	\$ 25.07	-7.7%
1.5 Yard Bin	\$ 140.01	\$ 132.09	-5.7%	\$ 136.69	3.5%	\$ 152.83	11.8%	\$ 174.68	14.3%	\$ 161.17	-7.7%
2 Yard Bin	\$ 154.23	\$ 143.45	-7.0%	\$ 148.44	3.5%	\$ 165.97	11.8%	\$ 189.70	14.3%	\$ 175.03	-7.7%
3 Yard Bin	\$ 179.09	\$ 171.89	-4.0%	\$ 177.87	3.5%	\$ 198.88	11.8%	\$ 227.31	14.3%	\$ 209.73	-7.7%
4 Yard Bin	\$ 213.25	\$ 196.09	-8.0%	\$ 202.91	3.5%	\$ 226.87	11.8%	\$ 259.31	14.3%	\$ 239.25	-7.7%
6 Yard Bin	\$ 281.57	\$ 267.27	-5.1%	\$ 276.57	3.5%	\$ 309.24	11.8%	\$ 353.45	14.3%	\$ 326.11	-7.7%

**Projected Cost of Service and Percentage Rate Increase**

Recycling	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
96 Gallon Cart	\$ 10.21	\$ 13.93	36.4%	\$ 14.41	3.5%	\$ 16.11	11.8%	\$ 18.42	14.3%	\$ 16.99	-7.7%
1.5 Yard Bin	\$ 98.21	\$ 100.96	2.8%	\$ 104.48	3.5%	\$ 116.81	11.8%	\$ 133.52	14.3%	\$ 123.19	-7.7%
2 Yard Bin	\$ 107.56	\$ 111.08	3.3%	\$ 114.95	3.5%	\$ 128.53	11.8%	\$ 146.90	14.3%	\$ 135.54	-7.7%
3 Yard Bin	\$ 126.27	\$ 140.90	11.6%	\$ 145.80	3.5%	\$ 163.02	11.8%	\$ 186.33	14.3%	\$ 171.91	-7.7%
4 Yard Bin	\$ 144.98	\$ 164.17	13.2%	\$ 169.88	3.5%	\$ 189.94	11.8%	\$ 217.10	14.3%	\$ 200.31	-7.7%
6 Yard Bin	\$ 193.77	\$ 230.10	18.8%	\$ 238.11	3.5%	\$ 266.23	11.8%	\$ 304.30	14.3%	\$ 280.76	-7.7%

**Projected Cost of Service and Percentage Rate Increase**

Organics	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
32 Gallon Cart	\$ 9.96	\$ 8.91	-10.5%	\$ 9.22	3.5%	\$ 10.31	11.8%	\$ 11.79	14.3%	\$ 10.87	-7.7%
64 Gallon Cart	\$ 16.82	\$ 13.25	-21.2%	\$ 13.71	3.5%	\$ 15.33	11.8%	\$ 17.52	14.3%	\$ 16.16	-7.7%
96 Gallon Cart	\$ 24.14	\$ 17.83	-26.1%	\$ 18.45	3.5%	\$ 20.63	11.8%	\$ 23.58	14.3%	\$ 21.76	-7.7%
1.5 Yard Bin	\$ 292.06	\$ 154.16	-47.2%	\$ 159.52	3.5%	\$ 178.36	11.8%	\$ 203.86	14.3%	\$ 188.09	-7.7%
2 Yard Bin	\$ 302.23	\$ 201.25	-33.4%	\$ 208.25	3.5%	\$ 232.85	11.8%	\$ 266.14	14.3%	\$ 245.55	-7.7%
3 Yard Bin	\$ 322.57	\$ 259.86	-19.4%	\$ 268.90	3.5%	\$ 300.66	11.8%	\$ 343.65	14.3%	\$ 317.07	-7.7%

**Projected Cost of Service and Percentage Rate Increase**

Green Waste	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
96 Gallon Cart	\$ 16.72	\$ 17.83	6.6%	\$ 18.45	3.5%	\$ 20.63	11.8%	\$ 23.58	14.3%	\$ 21.76	-7.7%
1.5 Yard Bin	\$ 109.27	\$ 130.64	19.6%	\$ 135.18	3.5%	\$ 151.15	11.8%	\$ 172.76	14.3%	\$ 159.40	-7.7%
2 Yard Bin	\$ 122.66	\$ 169.90	38.5%	\$ 175.81	3.5%	\$ 196.57	11.8%	\$ 224.68	14.3%	\$ 207.30	-7.7%
3 Yard Bin	\$ 149.45	\$ 212.83	42.4%	\$ 220.23	3.5%	\$ 246.24	11.8%	\$ 281.45	14.3%	\$ 259.68	-7.7%

**Figure 5-3. Current and COS Per Pull Debris Box Rates**

Roll Off	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
10 - 40 YD - Loose Material*	\$ 247.61	\$ 328.71	32.8%	\$ 340.15	3.5%	\$ 380.32	11.8%	\$ 434.70	14.3%	\$ 401.07	-7.7%
10 - 40 YD - Compacted Material*	\$ 283.68	\$ 379.71	33.9%	\$ 392.92	3.5%	\$ 439.32	11.8%	\$ 502.14	14.3%	\$ 463.30	-7.7%

\*Disposal will be charged per ton in addition to the above per-pull rate.

After reviewing the COS rates, the City chose to phase-in rates to achieve COS. Because the City has sufficient reserves to support phasing-in the COS rates, the City decided to use the reserves to phase in the COS rates over two years (FY 2025/26 and FY 2026/27) and to smooth the projected rate increases for FY 2027/28 through FY 2029/30. The phasing of the necessary increases will reduce the immediate impact to rate payers, as well as reduce the volatility of significantly increasing rates from FY 2025/26 through FY 2028/29 only to reduce rates in FY 2029/30 once one-time costs (e.g., vehicle replacements) have been funded. Some rates that had short term decreases followed by increases in the first two years were held flat in FY 2025/26.. **Figures 5-4, 5-5, and 5-6** reflect the phased rates by customer class.

**Figure 5-4. Current and Phased Monthly Residential Rates**

Solid Waste Container Size	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
Residential Rate - 32 Gal	\$ 35.60	\$ 39.55	11.1%	\$ 44.07	11.4%	\$ 46.71	6.0%	\$ 49.05	5.0%	\$ 51.01	4.0%
Residential Rate - 64 Gal	\$ 39.45	\$ 44.32	12.3%	\$ 49.62	12.0%	\$ 52.60	6.0%	\$ 55.23	5.0%	\$ 57.44	4.0%
Residential Rate - 96 Gal	\$ 43.81	\$ 49.43	12.8%	\$ 55.44	12.2%	\$ 58.76	6.0%	\$ 61.70	5.0%	\$ 64.17	4.0%

\*Note: Residential rates/service include selected refuse cart size, a 96-gallon recycling cart, and a 96-gallon organics cart.

**Figure 5-5. Current and Phased Monthly Commercial Rates**

Projected Cost of Service and Percentage Rate Increase											
Refuse	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
96 Gallon Cart	\$ 16.81	\$ 19.28	14.7%	\$ 21.78	12.9%	\$ 23.08	6.0%	\$ 24.24	5.0%	\$ 25.21	4.0%
1.5 Yard Bin	\$ 140.01	\$ 140.01	0.0%	\$ 140.02	0.0%	\$ 148.42	6.0%	\$ 155.84	5.0%	\$ 162.07	4.0%
2 Yard Bin	\$ 154.23	\$ 147.10	-4.6%	\$ 152.05	3.4%	\$ 161.18	6.0%	\$ 169.24	5.0%	\$ 176.01	4.0%
3 Yard Bin	\$ 179.09	\$ 179.09	0.0%	\$ 182.20	1.7%	\$ 193.14	6.0%	\$ 202.79	5.0%	\$ 210.91	4.0%
4 Yard Bin	\$ 213.25	\$ 201.90	-5.3%	\$ 207.85	2.9%	\$ 220.32	6.0%	\$ 231.34	5.0%	\$ 240.59	4.0%
6 Yard Bin	\$ 281.57	\$ 281.57	0.0%	\$ 283.31	0.6%	\$ 300.31	6.0%	\$ 315.32	5.0%	\$ 327.94	4.0%

Projected Cost of Service and Percentage Rate Increase											
Recycling	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
96 Gallon Cart	\$ 10.21	\$ 12.67	24.1%	\$ 14.76	16.5%	\$ 15.65	6.0%	\$ 16.43	5.0%	\$ 17.09	4.0%
1.5 Yard Bin	\$ 98.21	\$ 100.03	1.9%	\$ 107.02	7.0%	\$ 113.44	6.0%	\$ 119.11	5.0%	\$ 123.88	4.0%
2 Yard Bin	\$ 107.56	\$ 109.89	2.2%	\$ 117.75	7.2%	\$ 124.81	6.0%	\$ 131.06	5.0%	\$ 136.30	4.0%
3 Yard Bin	\$ 126.27	\$ 135.94	7.7%	\$ 149.35	9.9%	\$ 158.31	6.0%	\$ 166.23	5.0%	\$ 172.88	4.0%
4 Yard Bin	\$ 144.98	\$ 157.67	8.8%	\$ 174.02	10.4%	\$ 184.46	6.0%	\$ 193.68	5.0%	\$ 201.43	4.0%
6 Yard Bin	\$ 193.77	\$ 217.80	12.4%	\$ 243.91	12.0%	\$ 258.54	6.0%	\$ 271.47	5.0%	\$ 282.33	4.0%

Projected Cost of Service and Percentage Rate Increase											
Organics	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
32 Gallon Cart	\$ 9.96	\$ 9.27	-7.0%	\$ 9.45	1.9%	\$ 10.01	6.0%	\$ 10.51	5.0%	\$ 10.93	4.0%
64 Gallon Cart	\$ 16.82	\$ 14.46	-14.0%	\$ 14.04	-2.9%	\$ 14.89	6.0%	\$ 15.63	5.0%	\$ 16.25	4.0%
96 Gallon Cart	\$ 24.14	\$ 19.97	-17.3%	\$ 18.90	-5.3%	\$ 20.04	6.0%	\$ 21.04	5.0%	\$ 21.88	4.0%
1.5 Yard Bin	\$ 292.06	\$ 200.85	-31.2%	\$ 163.40	-18.6%	\$ 173.21	6.0%	\$ 181.87	5.0%	\$ 189.14	4.0%
2 Yard Bin	\$ 302.23	\$ 235.44	-22.1%	\$ 213.32	-9.4%	\$ 226.12	6.0%	\$ 237.43	5.0%	\$ 246.93	4.0%
3 Yard Bin	\$ 322.57	\$ 281.09	-12.9%	\$ 275.45	-2.0%	\$ 291.98	6.0%	\$ 306.58	5.0%	\$ 318.84	4.0%

Projected Cost of Service and Percentage Rate Increase											
Green Waste	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
96 Gallon Cart	\$ 16.72	\$ 17.46	4.4%	\$ 18.90	8.3%	\$ 20.04	6.0%	\$ 21.04	5.0%	\$ 21.88	4.0%
1.5 Yard Bin	\$ 109.27	\$ 123.40	12.9%	\$ 138.48	12.2%	\$ 146.79	6.0%	\$ 154.13	5.0%	\$ 160.29	4.0%
2 Yard Bin	\$ 122.66	\$ 153.90	25.5%	\$ 180.09	17.0%	\$ 190.89	6.0%	\$ 200.44	5.0%	\$ 208.46	4.0%
3 Yard Bin	\$ 149.45	\$ 191.37	28.0%	\$ 225.60	17.9%	\$ 239.13	6.0%	\$ 251.09	5.0%	\$ 261.13	4.0%

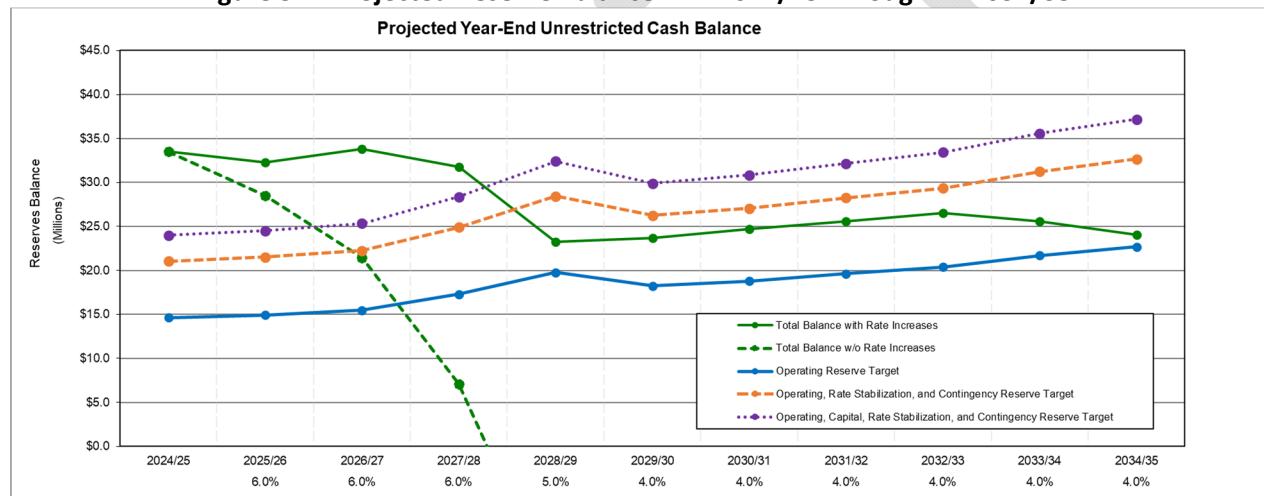
**Figure 5-6. Current and Phased Per Pull Debris Box Rates**

Roll Off	Current Rates	FY 2025/26	% Change	FY 2026/27	% Change	FY 2027/28	% Change	FY 2028/29	% Change	FY 2029/30	% Change
10 - 40 YD - Loose Material*	\$ 247.61	\$ 301.25	21.7%	\$ 348.43	15.7%	\$ 369.34	6.0%	\$ 387.81	5.0%	\$ 403.32	4.0%
10 - 40 YD - Compacted Material*	\$ 283.68	\$ 347.19	22.4%	\$ 402.49	15.9%	\$ 426.64	6.0%	\$ 447.97	5.0%	\$ 465.89	4.0%

\*Disposal will be charged per ton in addition to the above per-pull rate.

A projection of the City's reserve fund balance over the next ten years is provided in **Figure ES-8** below. The dashed green line represents the reserve fund balance if no rate increases are implemented. The blue line represents the City's operating reserve target of 3 months of operating expenditures. The dashed orange line represents the City's operating reserve target plus its rate stabilization policy and contingency reserve policy of 10% and 1% of operating reserves, respectively. The dotted purple line represents all previously mentioned reserve policies plus a capital reserve policy of an additional 5% of operating expenditures. The solid green line illustrates the reserve fund balance over the next ten years assuming the phased rate increases as described in **Figures ES-5, ES-6, and ES-7** above plus inflationary increases in outer years.

**Figure 5-7: Projected Reserve Balance – FY 2024/25 Through FY 2034/35**



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