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# Preliminary Results

Ry 9 Rate Setting

(March 2023-February 2024)

Central Contra Costa Solid Waste Authority  
September 22, 2022





# Agenda

- |   |                                  |
|---|----------------------------------|
| 1 | Background and Scope of Analysis |
| 2 | Approach                         |
| 3 | Result of Preliminary Analysis   |

# Background and Scope of Analysis



## Introduction

- Setting rates for RY9; Effective March 1, 2023.
  - RY 6 rate was set using the “cost-based method.”
  - RY 7 and 8 rates were set using the “index method.”
  - RY 9 will be set using the “cost based-method.”



## Background and Scope of Analysis

- July - Republic requested a 27.82 percent rate increase consisting of:
  - 3.60 percent cost increase for RY 8 index-based request, and
  - 24.22 percent Special Rate Review request
- August/September - Crowe and Authority staff reviewed and began to adjust the application in accordance with the methodology in Exhibit D of the Franchise Agreement.

# Approach



# Approach

- Crowe reviewed:
  - Franchise Agreement and Exhibits
  - Collective bargaining agreements
  - Monthly tonnage reports
  - Changes in applicable indices
  - Assumptions, calculations, and data used to support the request
- Crowe and Authority staff propose adjustments to Republic's application

# Results of Preliminary Analysis



# Application Adjustments

	Republic Request	Initial Adjusted
RY 9 Cost Based Year	3.60%	3.86%
Special Rate Review	24.22%	23.68%
Total	27.82%	27.53%

- Reflects adjustments to Republic's Compensation (and organics processing costs).
  - RY 9 Cost-Based Year
    - Updated CPI and Fuel index for actual June results (+, minor)
    - Hours per year (+, minor)
    - Holiday pay (-, minor)
  - Special Rate Review
    - Walnut Creek Saturday service (-, minor)
    - Covid-related labor (-, minor)

## Preliminary RY 9 Revenue Requirement Increase

No.	Cost	RY 8	RY 9	RY8 vs RY9 Variance
1	<b>Republic Compensation</b>	\$ 45,674,556	\$ 55,019,394	\$ 9,344,838
	<b>Member Agency/JPA Administrative Expenses</b>			
2	Franchise Fees	4,453,020	5,362,725	909,705
3	Vehicle Impact Costs	5,971,283	5,971,283	-
4	MDR Recycling Payment	2,547,852	2,547,852	0
5	JPA-related Expenses	3,001,008	3,144,936	143,928
6	<b>Total MA/JPA Expenses</b>	\$ 15,973,163	\$ 17,026,797	\$ 1,053,634
	<b>Other Program Costs</b>			
7	ReUse/Clean Up Program	\$ 1,127,511	\$ 1,127,511	\$ -
8	<b>Total Revenue Requirement</b>	\$ 62,775,230	\$ 73,173,702	\$ 10,398,472
9	Prior Revenue Requirement	\$ 60,841,753	\$ 62,775,230	\$ 1,933,477
10	<b>Rate Impact (using NO reserves)</b>	<b>3.18%</b>	<b>18.37%</b>	

# Preliminary RY 9 Member Agency's Share

No.	Cost	Danville	Lafayette	Moraga	Orinda	Walnut Creek	County	Total
1	<b>Republic Compensation</b>	\$ 10,582,954	\$ 7,243,878	\$ 3,699,227	\$ 5,352,650	\$ 17,108,787	\$11,031,897	\$ 55,019,394
<b>Member Agency/JPA</b>								
<b>Administrative</b>								
2	Franchise Fees	\$ 1,058,295	\$ 724,388	\$ 443,907	\$ 653,023	\$ 1,710,879	\$ 772,233	\$ 5,362,725
3	Vehicle Impact Costs	868,803	1,104,716	879,003	1,269,662	1,849,099	-	5,971,283
4	MDR Recycling Payment	517,585	292,505	177,031	207,419	841,315	511,998	2,547,852
5	JPA-related Expenses	614,118	388,041	214,772	285,192	1,012,836	629,977	3,144,936
6	<b>Total MA/JPA Expenses</b>	\$ 3,058,801	\$ 2,509,650	\$ 1,714,713	\$ 2,415,297	\$ 5,414,128	\$ 1,914,208	\$ 17,026,797
<b>Other Program Costs</b>								
7	ReUse/Clean Up Program	263,955	139,502	81,582	111,647	268,580	262,246	1,127,511
8	<b>Total Revenue Requirement</b>	\$ 13,905,710	\$ 9,893,030	\$ 5,495,522	\$ 7,879,594	\$ 22,791,496	\$13,208,351	\$ 73,173,702

# Ry 9 Rate Impact: Base Services Before Reserve and/or Agency Fee Adjustments

No.	Cost	Danville	Lafayette	Moraga	Orinda	Walnut Creek	County	Total
1	<b>Total RY9 Revenue Requirement</b>	\$ 13,905,710	\$ 9,893,030	\$ 5,495,522	\$ 7,879,594	\$ 22,791,496	\$13,208,351	\$ 73,173,702
2	RY8 Revenue Requirement	\$ 11,782,163	\$ 8,434,516	\$ 4,752,074	\$ 6,731,197	\$ 20,034,589	\$11,040,691	\$ 62,775,230
3	Prior RY Reserve Increase/Decrease	(553,631)	(146,228)	(65,386)	-	-	(191,059)	(956,304)
4	Adjusted RY8 Revenue Requirement	\$ 11,228,532	\$ 8,288,288	\$ 4,686,688	\$ 6,731,197	\$ 20,034,589	\$10,849,632	\$ 61,818,926
5	<b>RY9 Surplus/(Shortfall)</b>	\$ (2,677,178)	\$ (1,604,742)	\$ (808,834)	\$(1,148,397)	\$ (2,756,907)	\$ (2,358,719)	\$(11,354,776)
6	<b>Rate Impact (using NO reserves)</b>	<b>23.84%</b>	<b>19.36%</b>	<b>17.26%</b>	<b>17.06%</b>	<b>13.76%</b>	<b>21.74%</b>	<b>18.37%</b>

# Reserves Available for RY 9 Rate Setting

Description	Danville	Lafayette	Moraga	Orinda	Walnut Creek	County	Total
Balance as of 6/30/2022	\$ 3,339,355	\$ 2,679,070	\$ 946,786	\$ 1,236,142	\$ 3,995,590	\$ 2,476,202	\$ 14,673,144
Recycling Contribution Allocation (22/23), Estimated	189,622	108,719	67,314	77,547	307,122	194,121	944,445
RY8 Addition (Reduction) to Reserves (22/23)	(553,631)	(146,228)	(65,386)	-	-	(191,059)	(956,304)
<b>Projected Available Reserves</b>	<b>\$ 2,975,345</b>	<b>\$ 2,641,561</b>	<b>\$ 948,714</b>	<b>\$ 1,313,689</b>	<b>\$ 4,302,712</b>	<b>\$ 2,479,263</b>	<b>\$ 14,661,285</b>

# Special Rate Request

- Components of Special Rate Request include:

Item No.	Title	Total Request
1	Walnut Creek Bridge Construction Project	\$ 226,717
2	Covid Impact on Pool Employees	96,321
3	Covid-Related Labor Cost	862,461
4	Recycling Rate Increases - Ordinance 15-1	1,299,181
5	Organics Rate Increases - AB 1826 & SB 1383	2,230,241
6	Organic Processing Increase	565,436
7	Cost increases not recovered through Index-Based Adjustment	2,738,041
<b>Total</b>		<b>\$ 8,018,397</b>

## Schedule and Next Steps

Activity	Completion Date
September Board Meeting: Present Preliminary Results	September 22, 2022
Prepare Member Agency Rate Scenarios	October 2022
Complete Individual Member Agency Meetings	November 11, 2022
December Board Meeting: Review Draft Rates	December 8, 2022
Opportunity to Revise Rate Strategies	December 12, 2022 to January 6, 2023
January Board Meeting: Adopt Rates	January 26, 2023