



CITY OF MERCED PUBLIC WORKS DEPARTMENT SOLID WASTE DIVISION

About Solid Waste



40 Employees

27 Daily Routes Monday-Friday

14-Residential Routes:

1,220,000 lbs. garbage hauled weekly
120,000 lbs. recyclables hauled weekly
700,000 lbs. green waste hauled weekly

13-Commercial Routes:

1,436,000 lbs. hauled weekly

110 Roll-offs hauled weekly

1-Saturday Commercial Route:

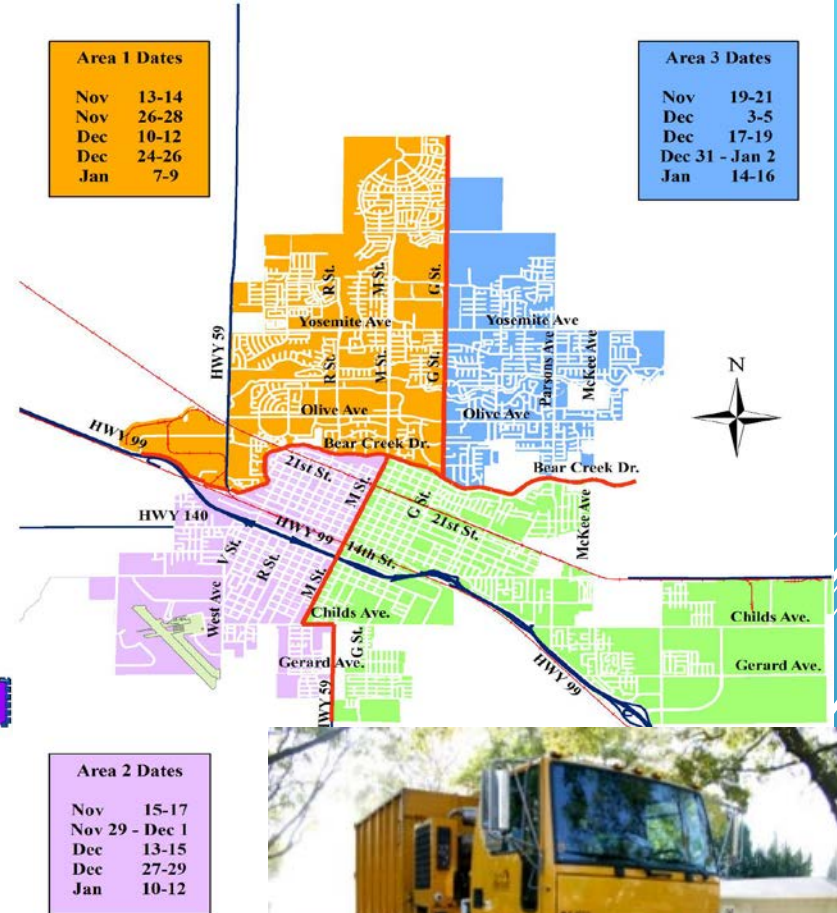
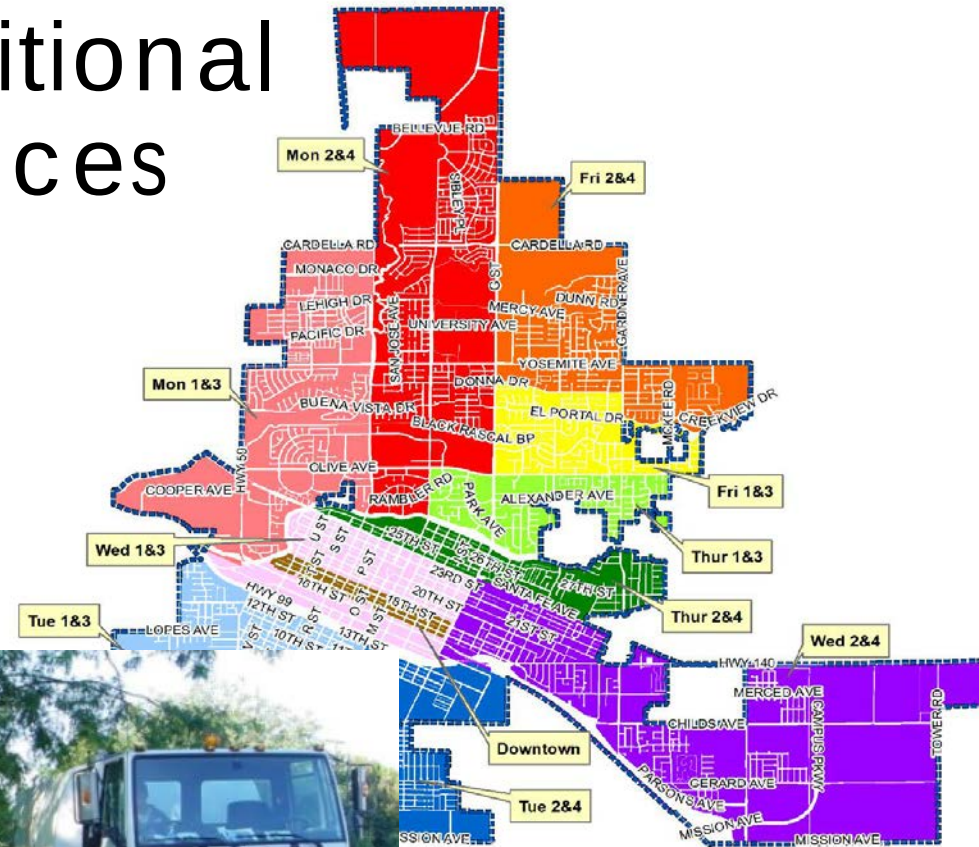
30,000 lbs. hauled weekly

1-Sunday Parks Route

Total- 168,288,000 lbs. annually



Additional Services



Street Sweeping / Leaf Collection



Green waste Diversion: Trees



**Celebrating 38
Years as a
"Tree City USA"!**

Spring Clean-Up



6000 Vehicle loads of
Garbage

1,556,820 lbs. of Garbage

301,600 lbs. of Metal

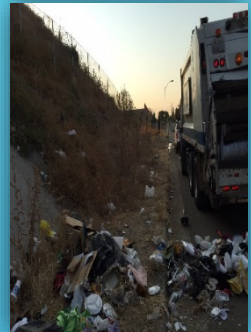
1110 Mattresses

60 yards of Chipped Brush

Bulky Item Drop-off



Clean Ups



Neighborhood Refuse Response Team:
Homeless Encampments
Illegal Dumping
Alley Clean-ups



Hazards



Refuse and Recycling Collection Worker is currently the 5th most deadly job in the world

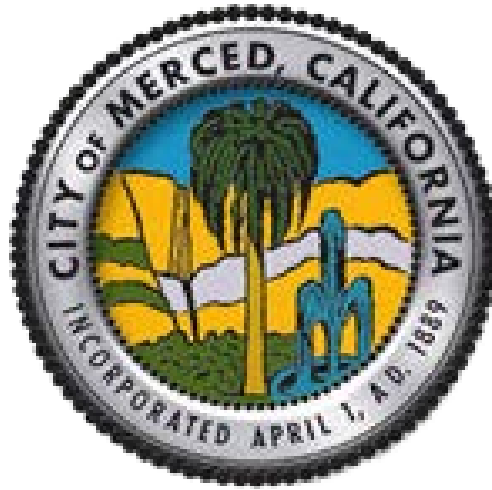


Corp Yard Expansion

Circa 1960



5-Year Refuse Rate Study



PRESENTATION TO:

City of Merced, City Council

November 4, 2019

Background

Primary Functions and Responsibilities



- ▶ Provides solid waste, recycling and green waste collection services
- ▶ Labor, operating equipment, maintenance, billing, administration, overhead
- ▶ Other programs
 - ▶ Disabled/Senior Citizen Pack-Out Service
 - ▶ Alley Cleanup/Illegal Dumping
 - ▶ Drop-off Site Removal (Spring Cleanup)
 - ▶ Bulky Waste pickup
 - ▶ Tire Removal
 - ▶ Street Sweeping
 - ▶ Street Trees
 - ▶ Encampment Cleanup
 - ▶ Christmas Tree Removal



New California Legislation

- ▶ AB 341 and AB 1826: Mandatory Commercial Recycling and Organics Collection Requirements
 - Identify Covered Generators
 - Provide Recycling Program
 - Education and Outreach
 - Monitor Compliance and Report Progress
- ▶ AB 1594: Green Material Used AS Alternative Daily Cover
- ▶ SB 1383: SLCP Organic Waste Methane Emission Reductions
 - Reduction in Disposal of Organics
 - Enforcement and Penalties (CalRecycle 2022, Local Jurisdictions 2024)



China National Sword

- ▶ Historically, California has exported a significant portion of collected recyclable material to China for processing
- ▶ In 2018, China reduced the level contamination in their accepted recyclable materials to >0.5%, essentially banning all recyclable material
- ▶ This ban has drastically shifted the global recycling markets
- ▶ The revenues generated from collected recyclables has been reduced
- ▶ Jurisdictions have been changing their collection operations model to cope with this ban

Rate Model Overview

Background



- ▶ Divisions of Refuse Fund 558
 - Refuse Collections (1112)
 - Curbside Recycling (1135)
 - Green Waste Collection (1133)
 - Street Sweeping (1113)
 - Street Trees (1122)
- ▶ FY 18/19 Budgeted Deficit of \$2.2M
- ▶ Operating Reserve Target of 16% of Budgeted Expenses
- ▶ Efficient and Effective Operations

Rate Model Overview

Increasing Cost Factors



- ▶ Labor Costs Increases
 - Collection route labor
 - General and administrative costs
 - CalPERS costs
- ▶ Other Operating Increases
 - Recycling markets change due to “China National Sword” in 2018
 - Future Costs Depend on Markets
 - Garbage Landfill Costs
 - Depreciation
 - Fleet Maintenance and Replacement
- ▶ New Operating Expenses

Rate Model Overview

New Operating Expenses



- ▶ 2004 CARB Regulation Impacts
 - 8 Collection Trucks
 - 2 Street Sweepers
 - 4 Street Trees Maintenance Trucks
- ▶ New Residential Development through FY 23/24
 - New Equipment
 - ❖ 2 Collection Trucks
 - ❖ 1 Street Sweeper
 - New Employees
 - ❖ 4 Maintenance Workers
 - ❖ 1 Street Sweeper Driver
 - ❖ 1 Tree Trimmer
- ▶ Projected Capital Outlay
 - \$3.5M, anticipated to be paid by FY 23/24
 - \$8.7M, amortized at 3% interest over a 20-year period
- ▶ Estimated New Development Fees

Rate Model Overview

Solid Waste Fund Expenses



Actual and Budgeted Expenses

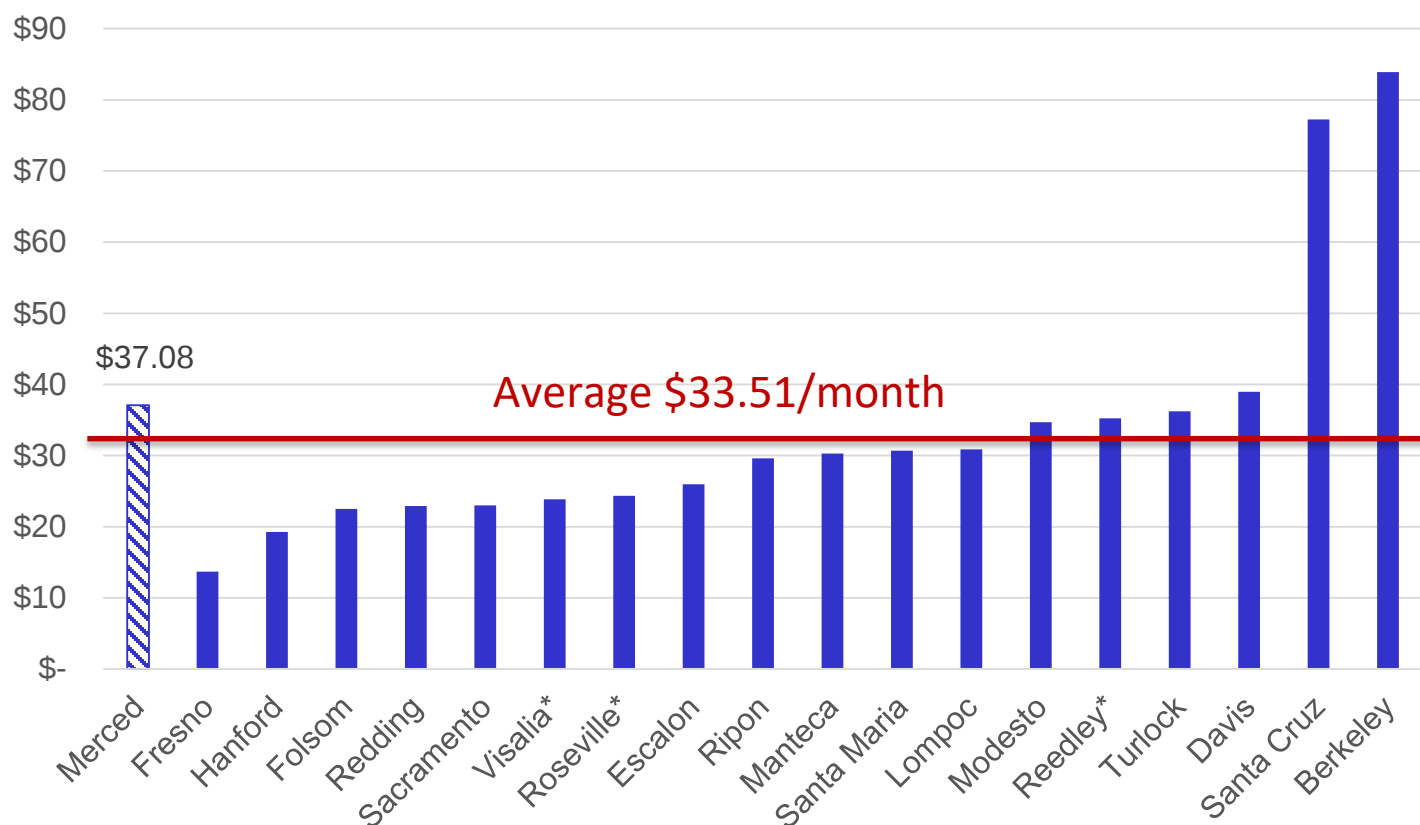
Account	Actual FY 16/17	Actual FY 17/18	Approved Budget FY 18/19
Refuse (1112)	8,448,954	9,319,879	11,236,058
Recycling (1135)	936,997	1,012,075	1,063,961
Green Waste (1133)	700,736	738,499	911,461
Street Sweeping (1113)	1,366,380	1,442,453	1,394,984
Street Trees (1122)	839,022	1,027,563	1,169,501
Finance (0701)	269,010	39,000	425,739
Total	12,561,099	13,579,469	16,201,703
Annual Change		1,018,370	2,622,234
% Increase FY 16/17		8.1%	29.0%

Rates & Services Comparison

Residential Customer Rates



64 Gallon Cart



* Reedley, Roseville, and Visalia provide a 90-gallon container

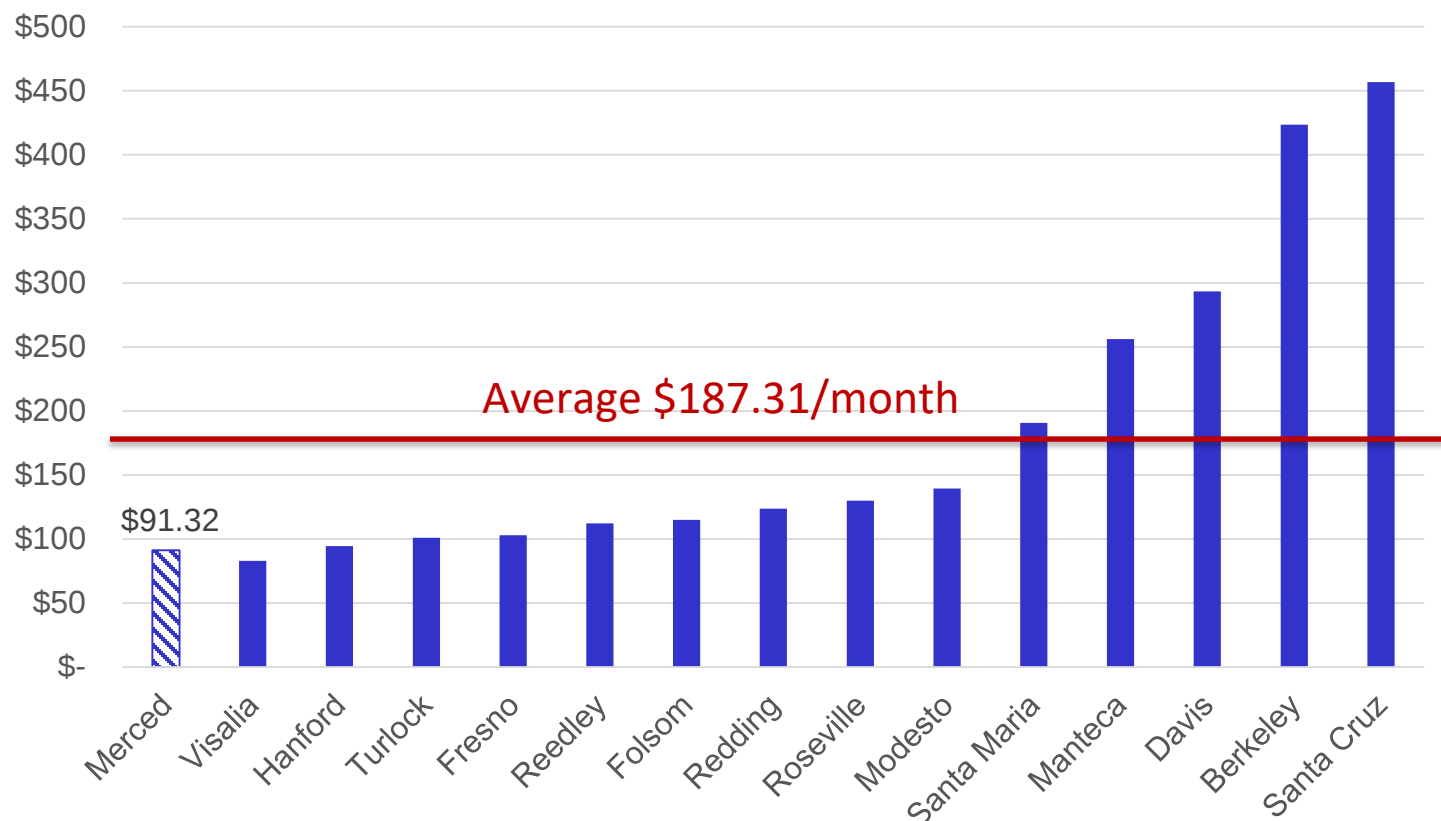
City of Merced Residential Customer Rates
11% **Higher** than Average

Rates & Services Comparison

Commercial Customer Rates



3 Cubic Yard Bin



City of Merced Commercial Customer Rates
51% **Lower** than Average

Rate Adjustment Scenarios

Without Litter Abatement Program



Scenarios	2020	2021	2022	2023	2024	Operating Reserve (FY 24)	Annual Revenue (Shortfall) (FY 24)
Scenario 1						\$3,868,000	(\$326,000)
Residential	29.0%	6.0%	5.0%	4.0%	0.0%		
Commercial	29.0%	6.0%	5.0%	4.0%	0.0%		
Scenario 2						\$472,000	\$357,000
Residential	12.5%	12.5%	12.5%	8.0%	0.0%		
Commercial	12.5%	12.5%	12.5%	8.0%	0.0%		
Scenario 3						\$3,970,000	\$472,000
Residential	20.0%	5.0%	5.0%	5.0%	0.0%		
Commercial	35.0%	10.0%	10.0%	10.0%	0.0%		

R3

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Rate Adjustment Scenarios

With Litter Abatement Program



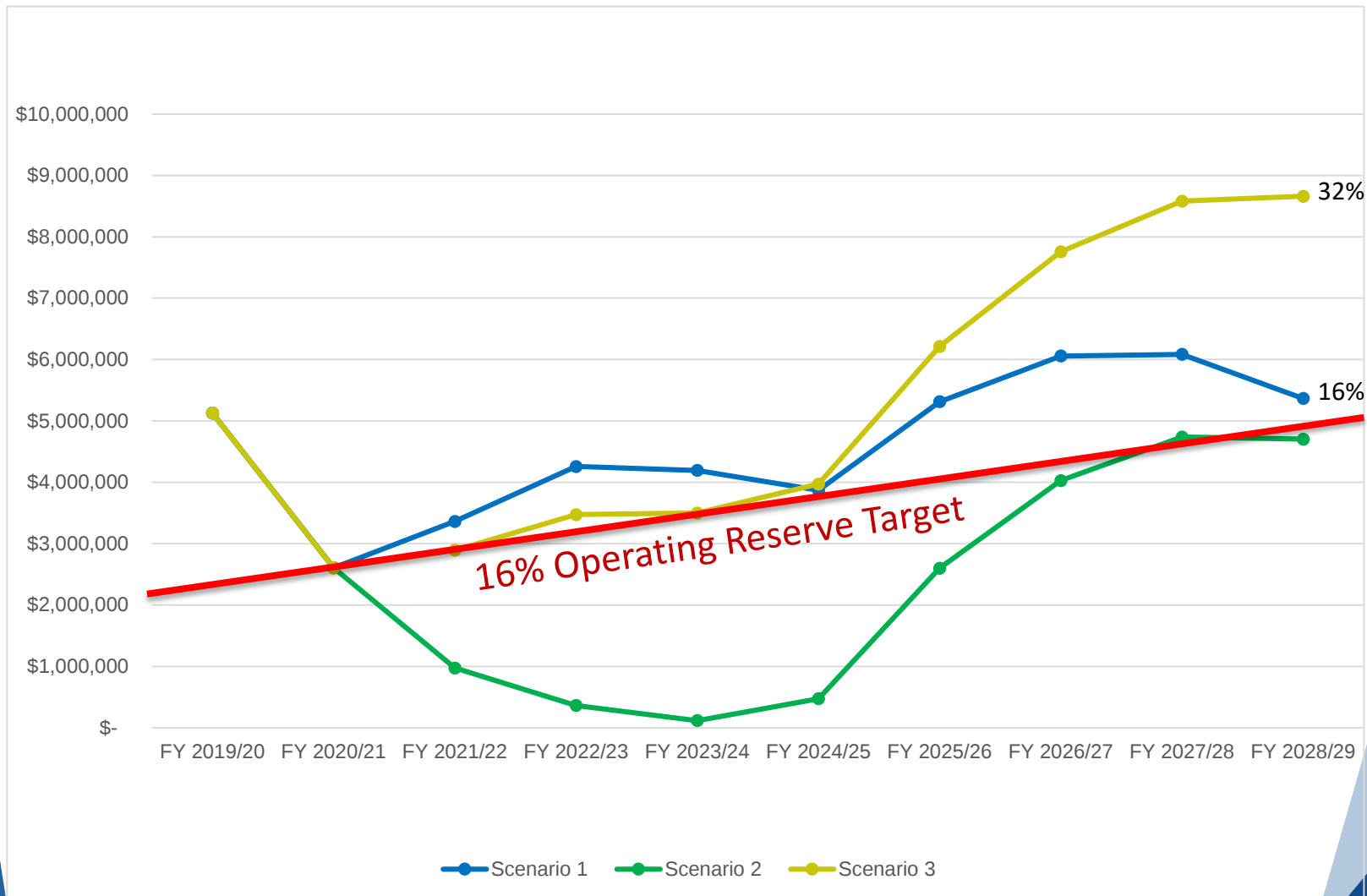
Scenarios	2020	2021	2022	2023	2024	Operating Reserve (FY 24)	Annual Revenue (Shortfall) (FY 24)
Scenario 1						\$3,530,000	(\$148,000)
Residential	29.0%	9.0%	5.0%	4.0%	0.0%		
Commercial	29.0%	9.0%	5.0%	4.0%	0.0%		
Scenario 2						\$911,000	\$365,000
Residential	14.5%	14.5%	14.5%	4.5%	0.0%		
Commercial	14.5%	14.5%	14.5%	4.5%	0.0%		
Scenario 3						\$5,652,000	\$1,879,000
Residential	26.0%	4.5%	4.5%	4.5%	0.0%		
Commercial	40.0%	7.5%	7.5%	7.5%	0.0%		

R3

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GROUP, INC.

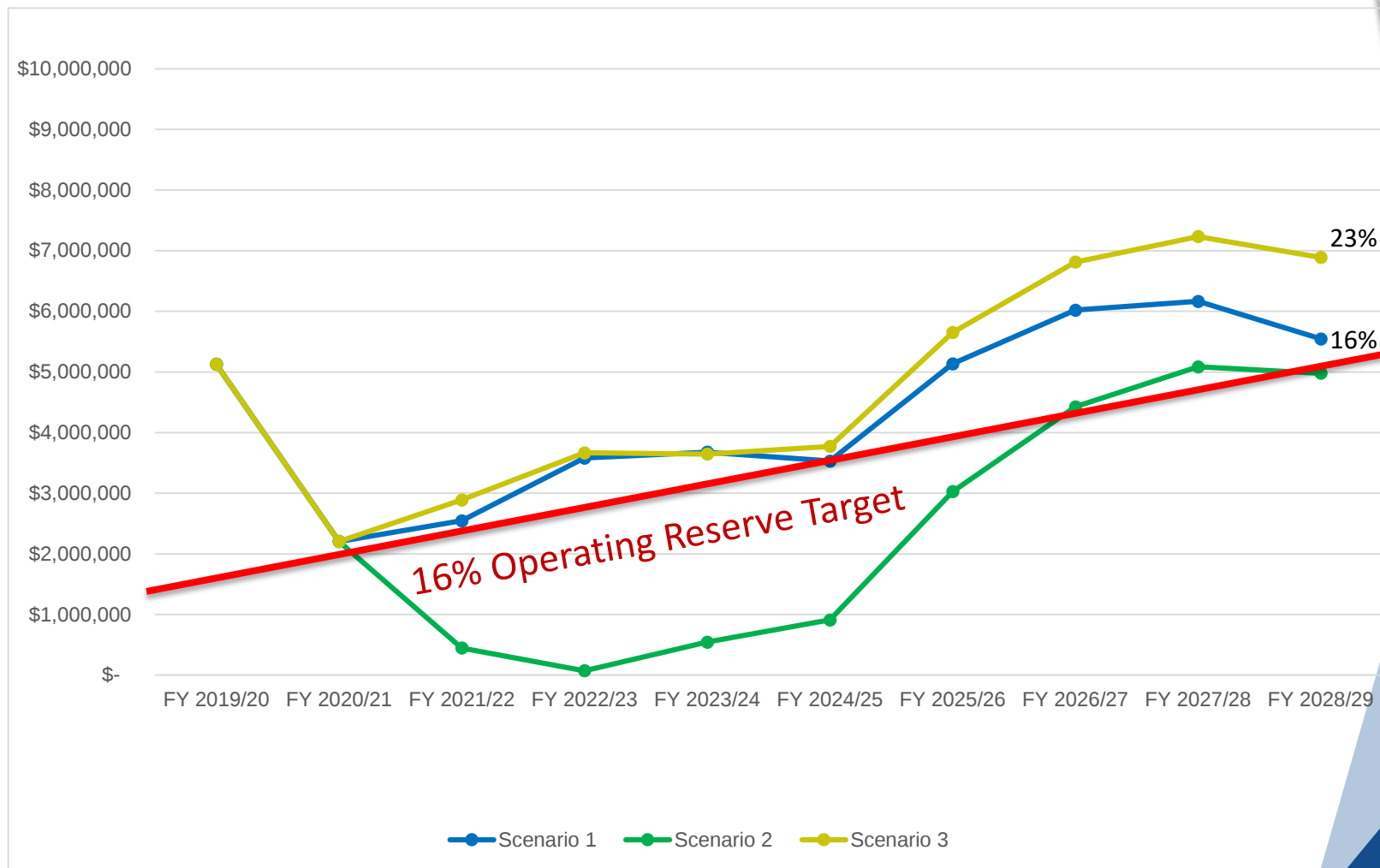
Rate Adjustment Scenarios

Deficit Recovery (without Litter Abatement Program)



Rate Adjustment Scenarios

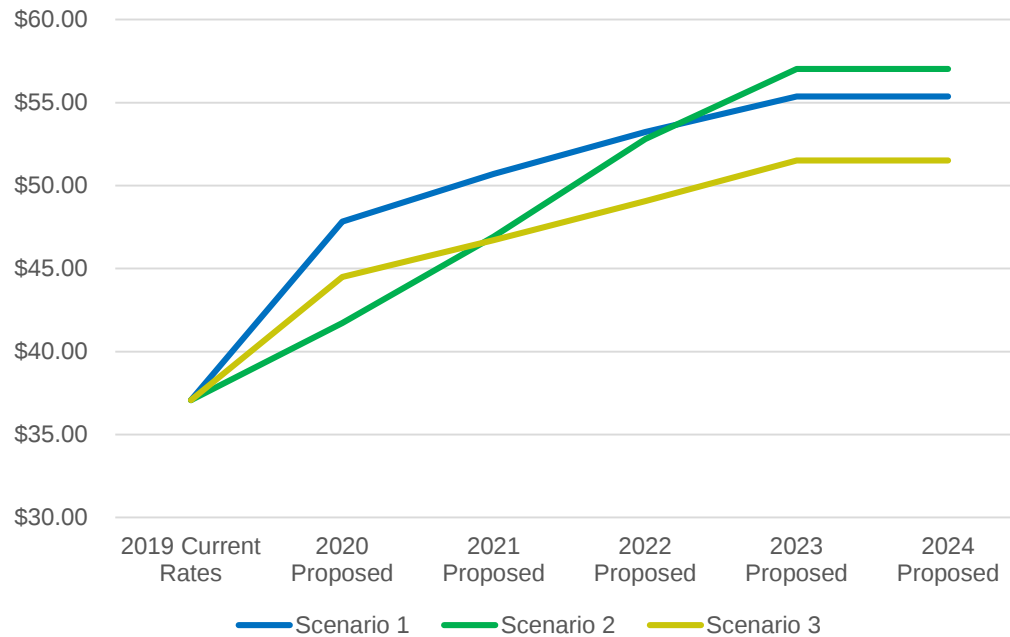
Deficit Recovery (with Litter Abatement Program)



Rate Adjustment Scenarios

Proposed Residential Rates

(without Litter Abatement Program)



Total Monthly Rate
Includes Weekly
Collection of:

- ▶ 64-Gal Garbage
- ▶ 90-Gal Green Waste
- ▶ 64-Gal Recycling

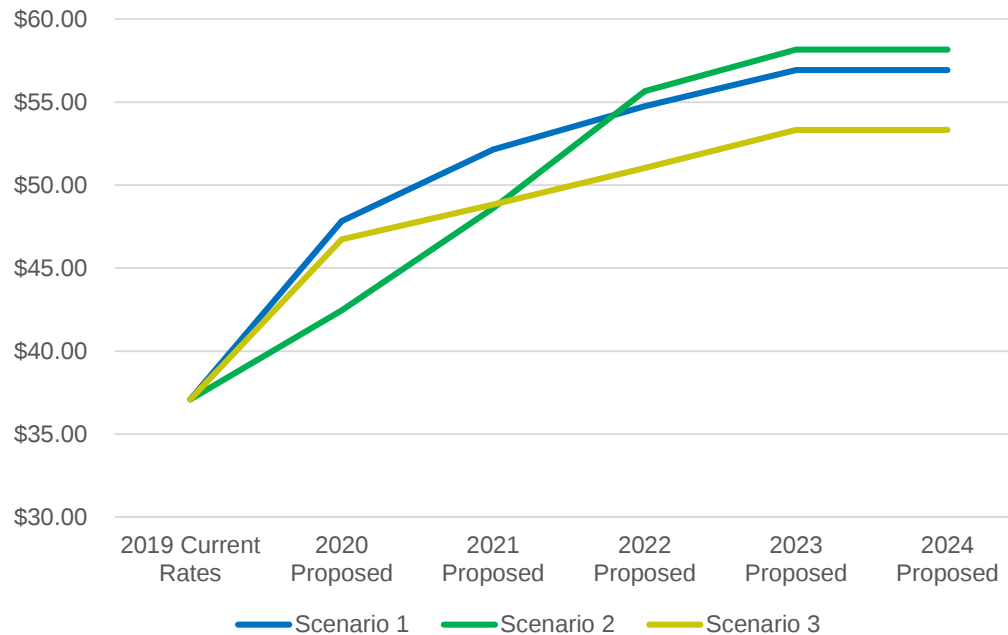
Residential Dollar Increase over Prior Year by Scenario *(without Litter Abatement Program)*

Scenarios	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	\$10.75	\$2.87	\$2.54	\$2.13	\$0.00
2	\$4.64	\$5.21	\$5.87	\$4.22	\$0.00
3	\$7.42	\$2.22	\$2.34	\$2.45	\$0.00

Rate Adjustment Scenarios

Proposed Residential Rates

(with Litter Abatement Program)



Total Monthly Rate
Includes Weekly
Collection of:

- ▶ 64-Gal Garbage
- ▶ 90-Gal Green Waste
- ▶ 64-Gal Recycling

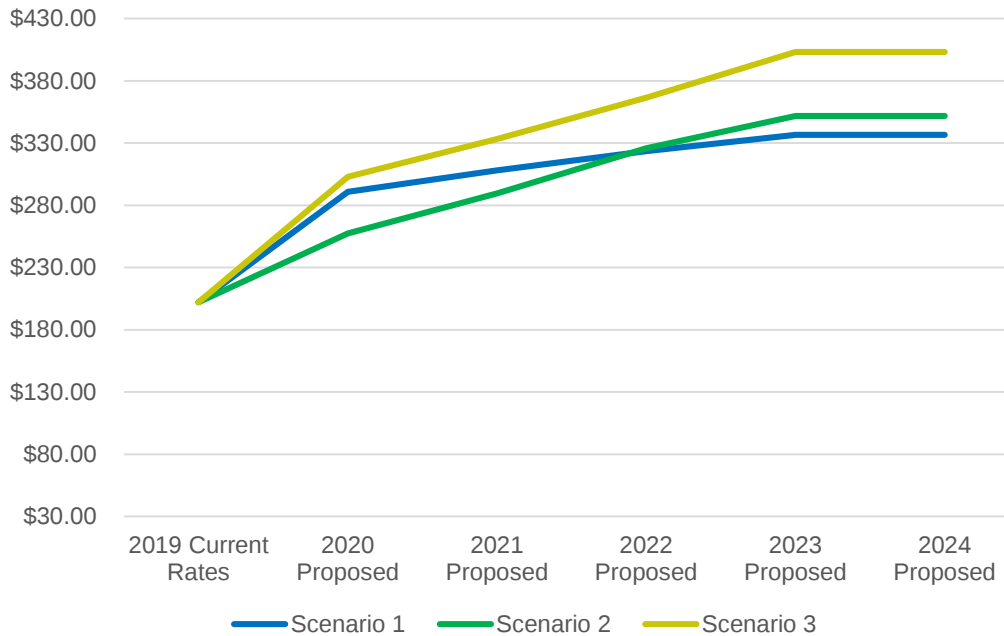
Residential Dollar Increase over Prior Year by Scenario *(with Litter Abatement Program)*

Scenarios	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	\$10.75	\$4.30	\$2.61	\$2.19	\$0.00
2	\$5.38	\$6.16	\$7.05	\$2.50	\$0.00
3	\$9.64	\$2.10	\$2.20	\$2.30	\$0.00

Rate Adjustment Scenarios

Proposed Commercial Rates

(without Litter Abatement Program)



Total Monthly Rate
Includes Weekly
Collection of:

- ▶ 3CY Garbage
- ▶ 64-Gal Organic Waste
- ▶ 3 CY Recycling

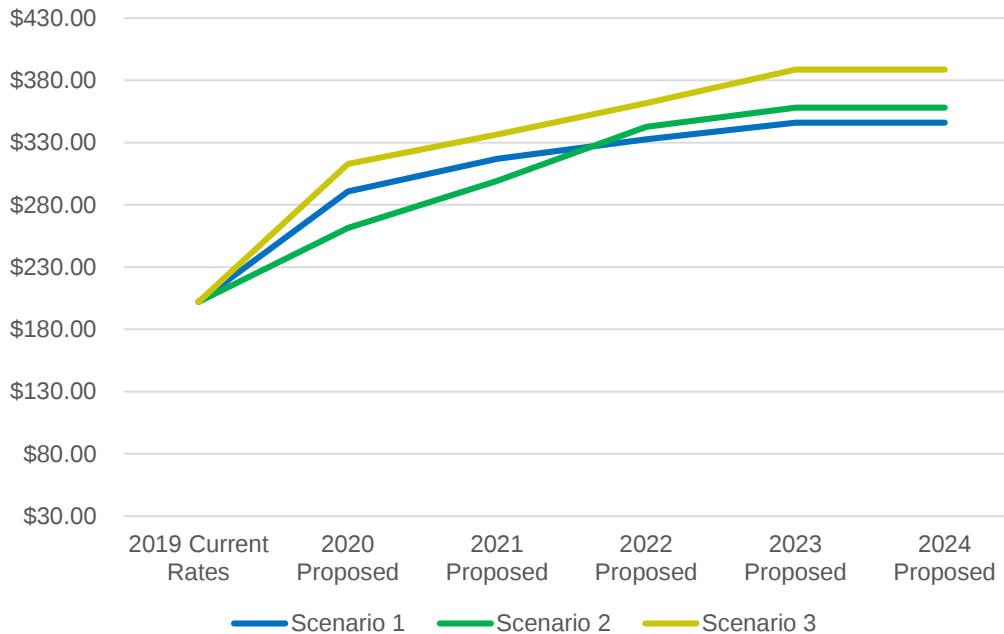
Commercial Dollar Increase over Prior Year by Scenario (without Litter Abatement Program)

Scenarios	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	\$88.61	\$17.44	\$15.41	\$12.94	\$0.00
2	\$55.27	\$32.17	\$36.19	\$26.06	\$0.00
3	\$100.74	\$30.29	\$33.31	\$36.65	\$0.00

Rate Adjustment Scenarios

Proposed Commercial Rates

(with Litter Abatement Program)



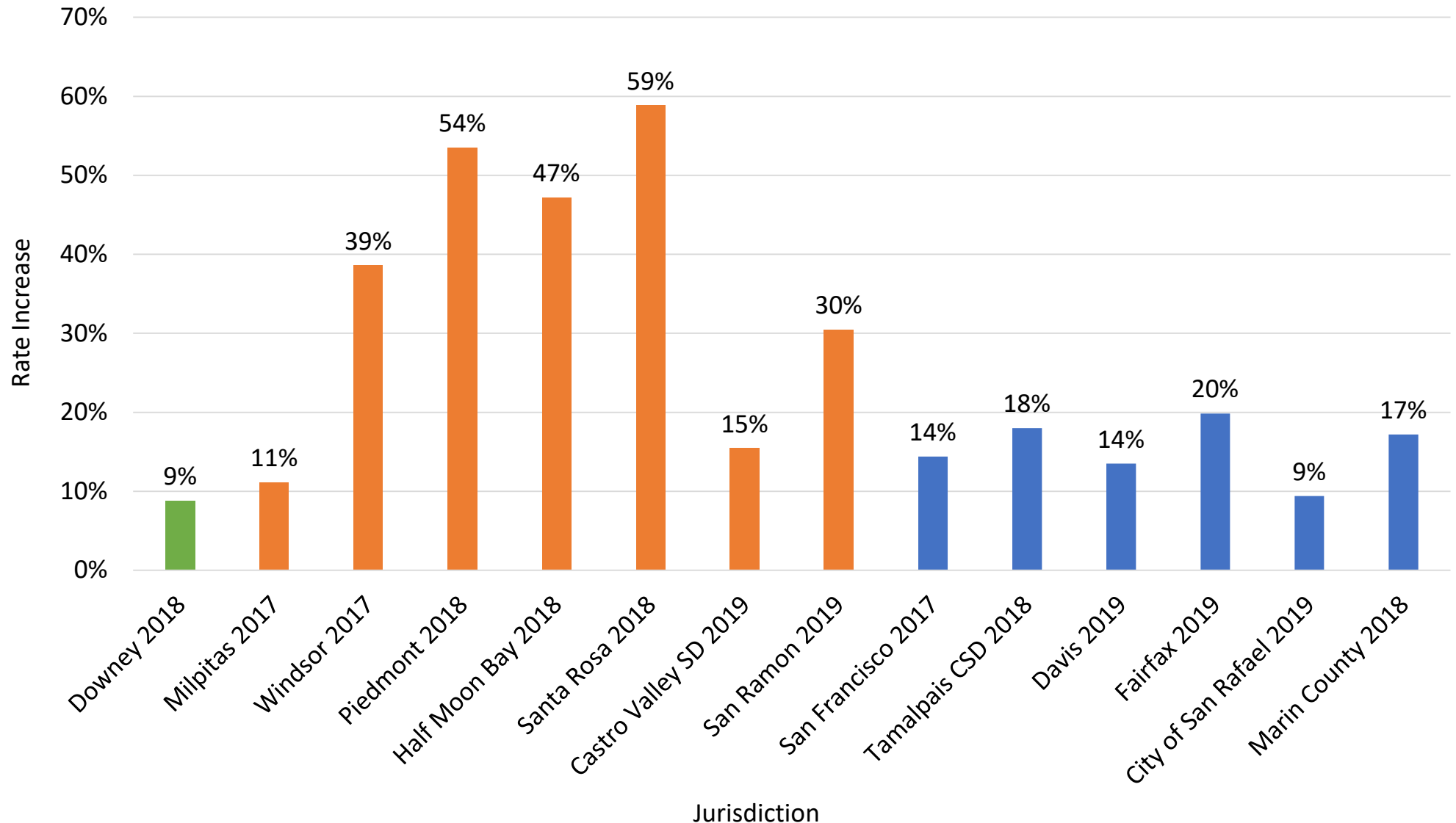
Total Monthly Rate
Includes Weekly
Collection of:

- ▶ 3CY Garbage
- ▶ 64-Gal Organic Waste
- ▶ 3 CY Recycling

Commercial Dollar Increase over Prior Year by Scenario (with Litter Abatement Program)

Scenarios	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	\$88.61	\$26.17	\$15.85	\$13.31	\$0.00
2	\$59.31	\$37.91	\$43.40	\$15.42	\$0.00
3	\$110.85	\$23.47	\$25.23	\$27.13	\$0.00

Sample CA Rate Increases



QUESTIONS & ANSWERS

THANK YOU FOR YOUR TIME

For additional questions, contact:

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