



SB 1383 Local Service Rates Analysis

LOS ANGELES COUNTY INTEGRATED WASTE MANAGEMENT TASK FORCE

NOVEMBER 19, 2020

Purpose

- Cost impacts of SB 1383 to local jurisdictions
- Collection
- Customer rates
- Infrastructure
- Organics Collection Case Studies
- Local Services Rates Analysis Survey



Collection: Findings

- Many jurisdictions **lack adequate services** to achieve compliance with SB 1383, such as mandatory organics collection.
- An increased organics collection customer base will lead to **economies of scale** for haulers and lower per-unit costs.
- Jurisdictions that fully implement their **MORe (AB 1826)** programs will expend less effort to implement the SB 1383 requirements.
- **Exclusive franchise systems** facilitate the implementation of new programs and services through one provider.



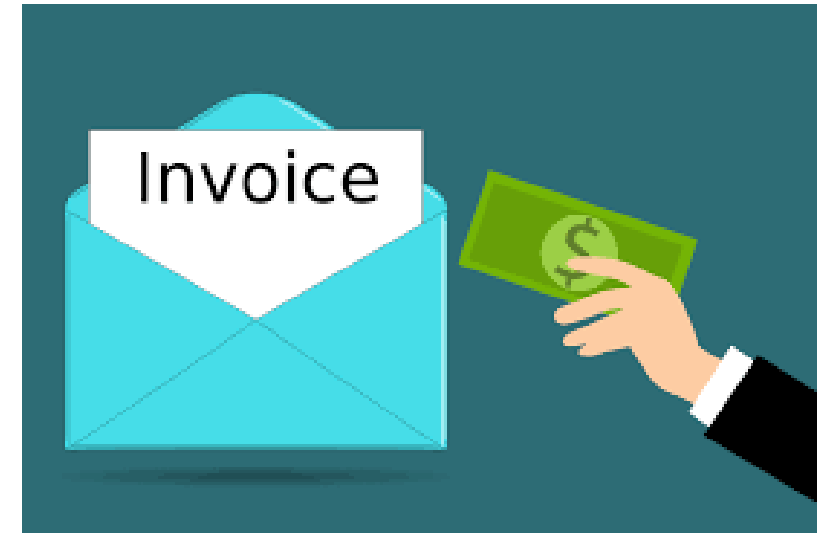
Collection: Recommendations

- Jurisdictions should implement **enforcement mechanisms** well in advance of 2022, because implementing an enforcement ordinance and/or amending a hauler franchise agreement can take a year or more.
- Jurisdictions could consider assigning **waste hauler(s) as the designee** to comply with SB 1383's contamination monitoring, record-keeping/reporting, and education and outreach requirements to save time and money.



Customer Rates: Findings

- Without **adjustments to customer rates**, jurisdictions may be unable to fund organics collection services.
- The more that customers can be **financially incentivized through the rate structure** to maximize diversion of organic materials, the less effort jurisdictions will have to expend to encourage and enforce compliance.
- **Bundled rates** provide the greatest financial incentive for customers to participate in diversion programs and are most effective when organics service is mandatory.



Customer Rates: Recommendations

- Jurisdictions should conduct detailed or special **rate reviews** to assess the appropriateness of rates proposed by collection haulers and facilities.
- Jurisdictions should consider implementing **rate increases** to provide required services or establish other sustainable funding mechanisms, such as an **SB 1383 fee**, similar to the existing AB 939 fee.
- Jurisdictions should confirm with their local counsel if rate increases are subject to California **Proposition 218 requirements**.



Infrastructure: Findings

- California needs **100 new facilities** to recycle organic waste, including composting and anaerobic digestion.
- The additional infrastructure will require significant **planning and capital investment**.



Infrastructure: Recommendations

- **Securing infrastructure capacity can take five years, so jurisdictions should begin right away.**
- Jurisdictions that own organics processing infrastructure should be prepared to **invest significant capital.**
- Jurisdictions should **consider contracting with facilities** and “lock in” pricing via flow control contracts to reduce haulers’ costs.
- Jurisdictions seeking the lowest cost solutions should consider **regionalized approaches** to acquiring the necessary infrastructure. Closer facilities may translate to lower transfer and transportation expenses.



Organics Collection Case Studies

City of Half Moon Bay

**Table 2. Solid Waste Rate Comparison
Before and After Implementing Organics Collection Service**

| Service Sector & Level (1 container, 1x/week) | 2017-18 Monthly Rates ^{***} | 2018-19 Monthly Rates ^{†††} | \$ Change |
|--|--|--|--------------|
| Residential Single-Family | | | |
| 20-gallon | \$13.01 | \$23.01 | \$10.00 |
| 32-gallon | \$26.69 | \$36.99 | \$10.30 |
| 64-gallon | \$53.39 | \$67.34 | \$13.95 |
| 96-gallon | \$81.53 | N/A | N/A |
| Commercial | | | |
| 2 CY | \$279.37 | \$349.21 | \$69.84 |
| 3 CY | \$419.06 | \$523.81 | \$104.75 |
| 4 CY | \$558.71 | \$698.45 | \$139.74 |
| 6 CY | \$921.65 | \$1,152.09 | \$230.44 |

City of Beaumont

**Table 2. Solid Waste Rate Comparison
Before and After Implementing Organics Bundled Rates**

| Service Sector & Level (1 container, 1x/week) | 2017-19 Monthly Rates ^{\$\$\$} | 2019-24 Monthly Rates ^{****} | \$ Change |
|--|---|---|-----------|
| Residential Single-Family | | 2019-24 | |
| 35-gallon | N/A | \$22.49 | N/A |
| 64-gallon | \$21.65 | \$24.99 | \$3.34 |
| 96-gallon | \$21.65 | \$24.99 | \$3.34 |
| Commercial | 2017-19^{††††} | 2019-20^{††††} | |
| 2 CY | \$221.64 | \$204.79 | -\$16.85 |
| 3 CY | \$256.85 | \$245.64 | -\$11.21 |
| 4 CY | \$317.21 | \$315.65 | -\$1.56 |
| 6 CY | \$386.15 | \$395.63 | +\$9.48 |

Organics Collection Case Studies

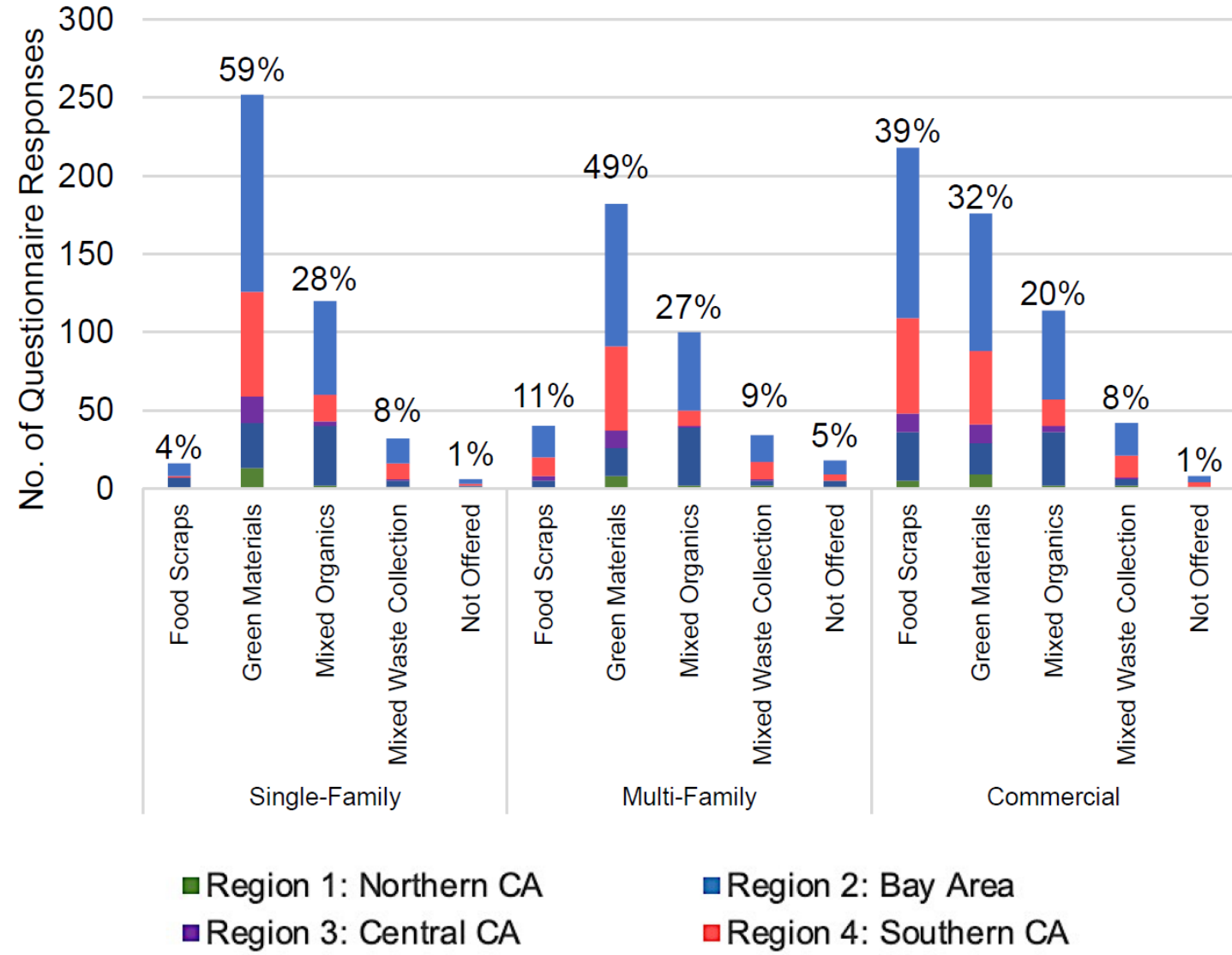
City of Rolling Hills Estates

Table 2. Solid Waste Rate Comparison****
Before and After Implementing Organics Bundled Rates

| Service Sector & Level (1 container, 1x/week) | 2015-18 Monthly Rates | 2018-19 Monthly Rates†††† | \$ Change |
|--|-----------------------------|---------------------------------|-----------|
| Residential Single-Family | | | |
| 32-gallon | \$28.30 | \$30.15 | \$1.85 |
| 45-gallon | \$32.26 | \$34.31 | \$2.05 |
| 64-gallon | \$33.50 | \$35.62 | \$2.12 |
| 96-gallon | \$41.17 | \$43.71 | \$2.54 |
| Commercial | | | |
| 2 CY | \$87.68 | \$100.35 | \$12.67 |
| 3 CY | \$104.45 | \$119.54 | \$15.09 |
| 4 CY | \$118.75 | \$135.91 | \$17.16 |
| 6 CY | \$151.75 | \$173.67 | \$21.92 |

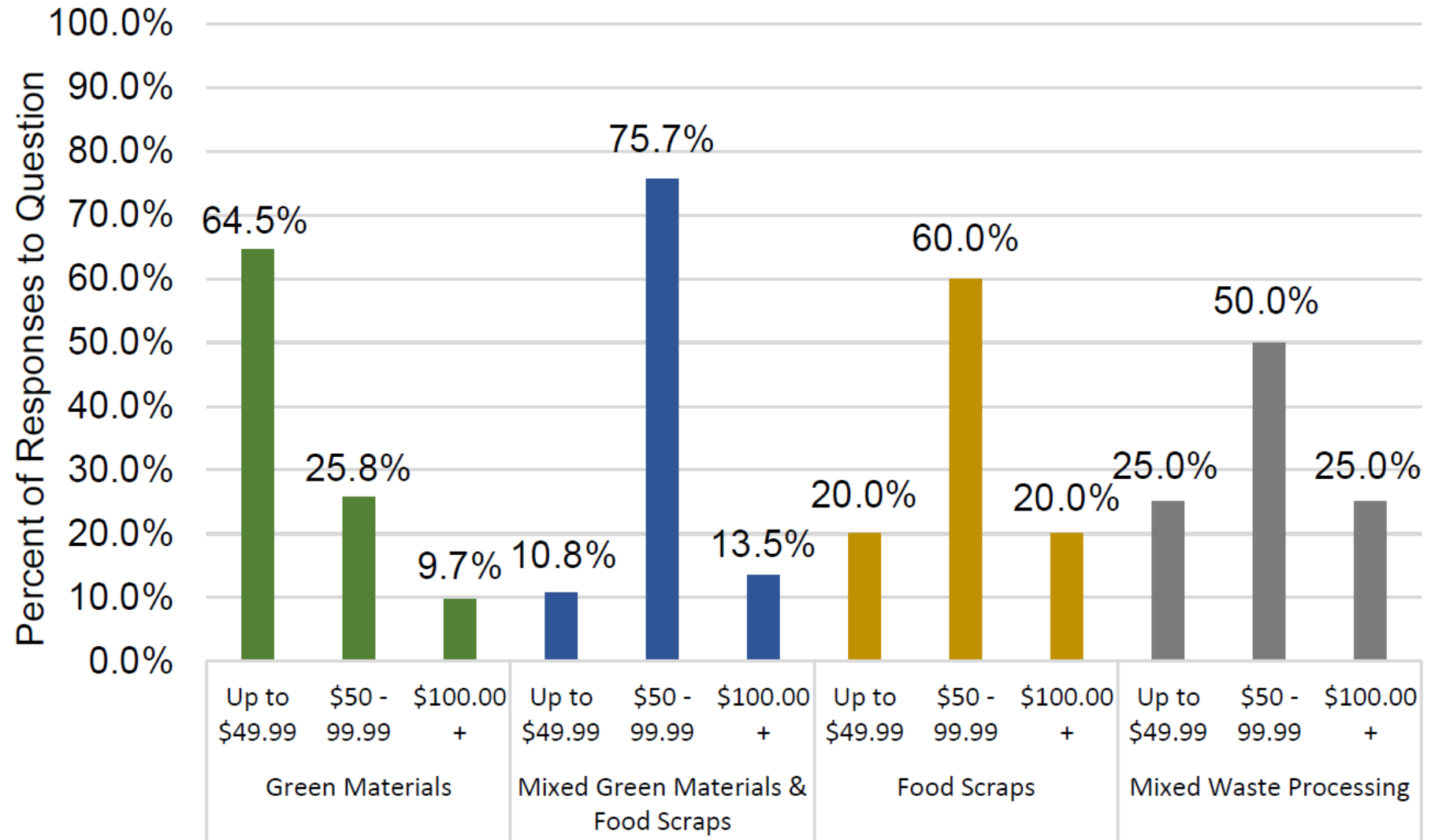
Survey Results

Current Organic Collection Services Offered by Sector*****



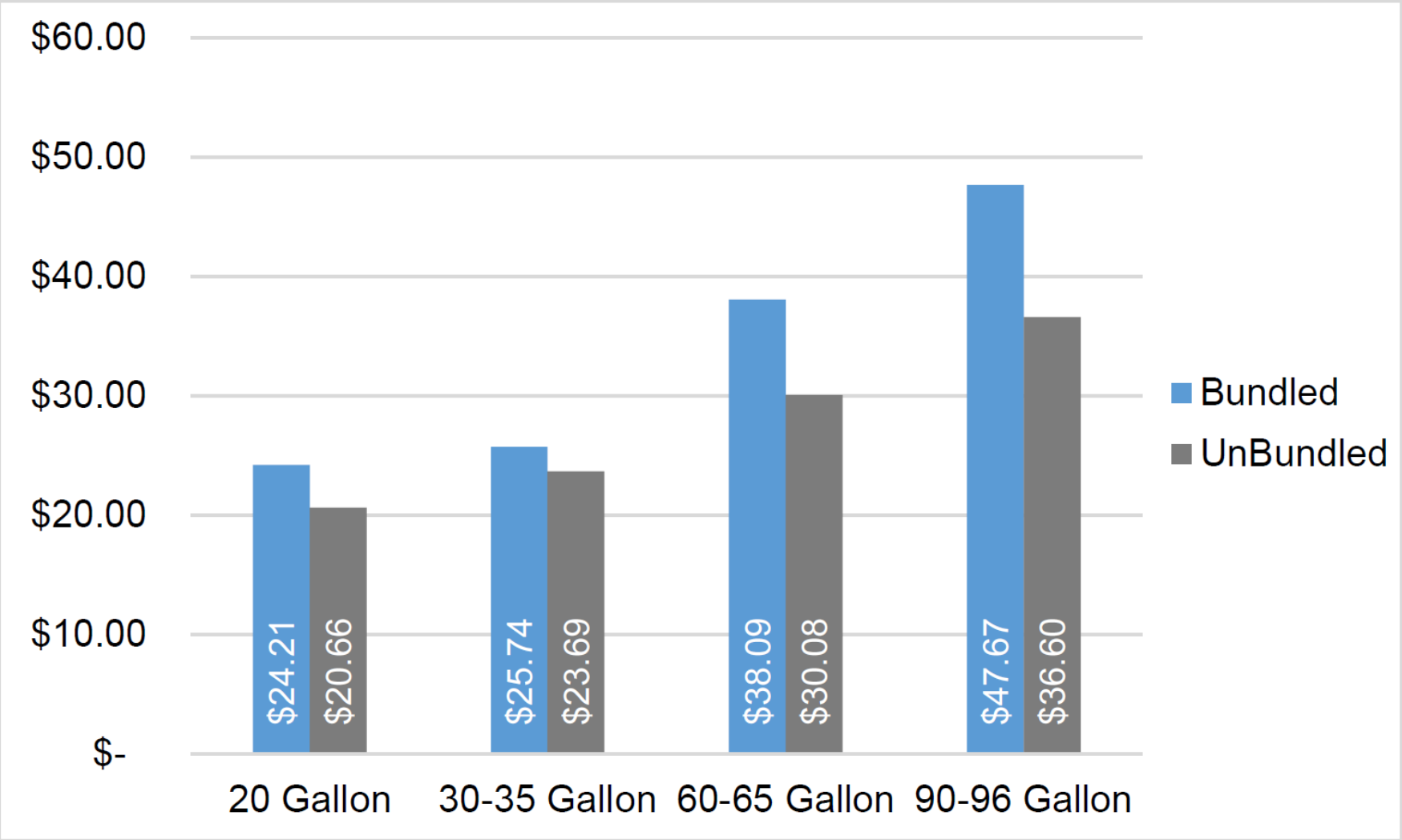
Survey Results

Current Organic Material Processing Fees Per Ton



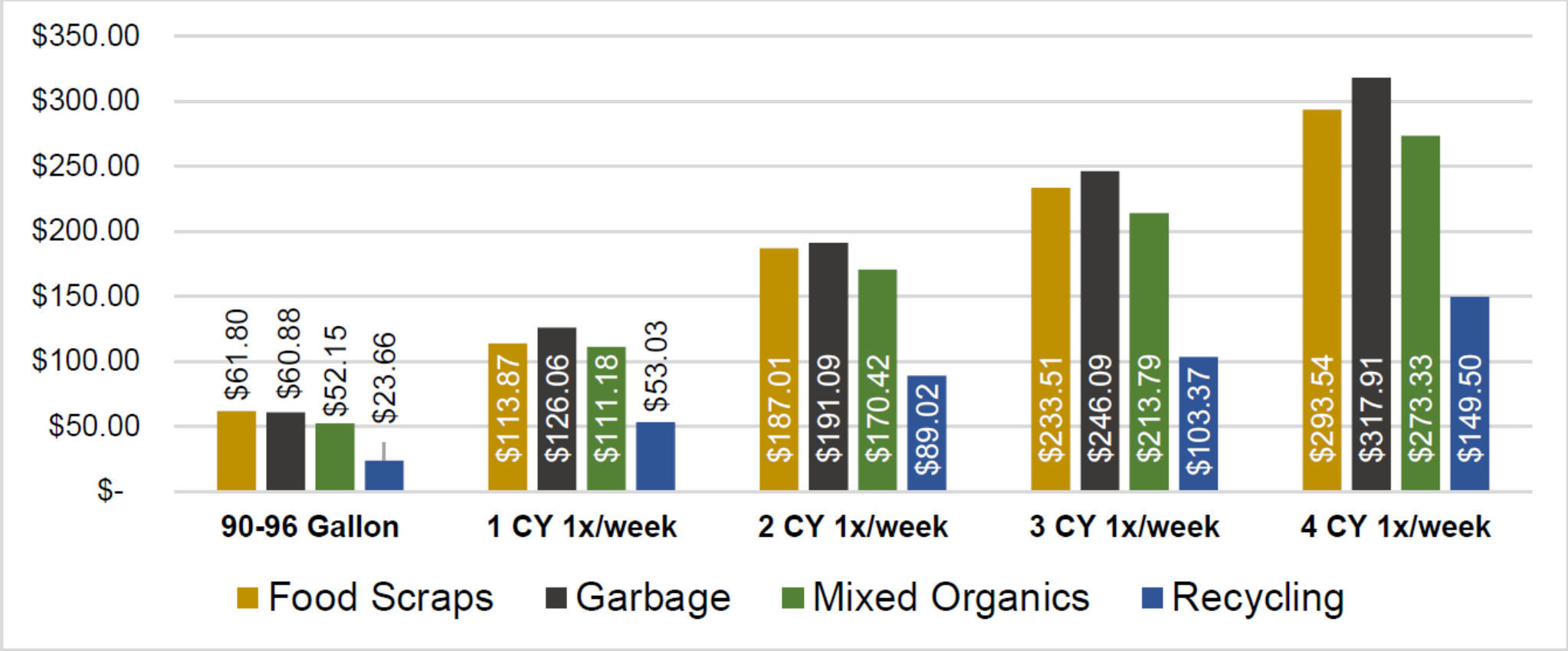
Survey Results

Statewide Average Single-Family Solid Waste Collection Rates



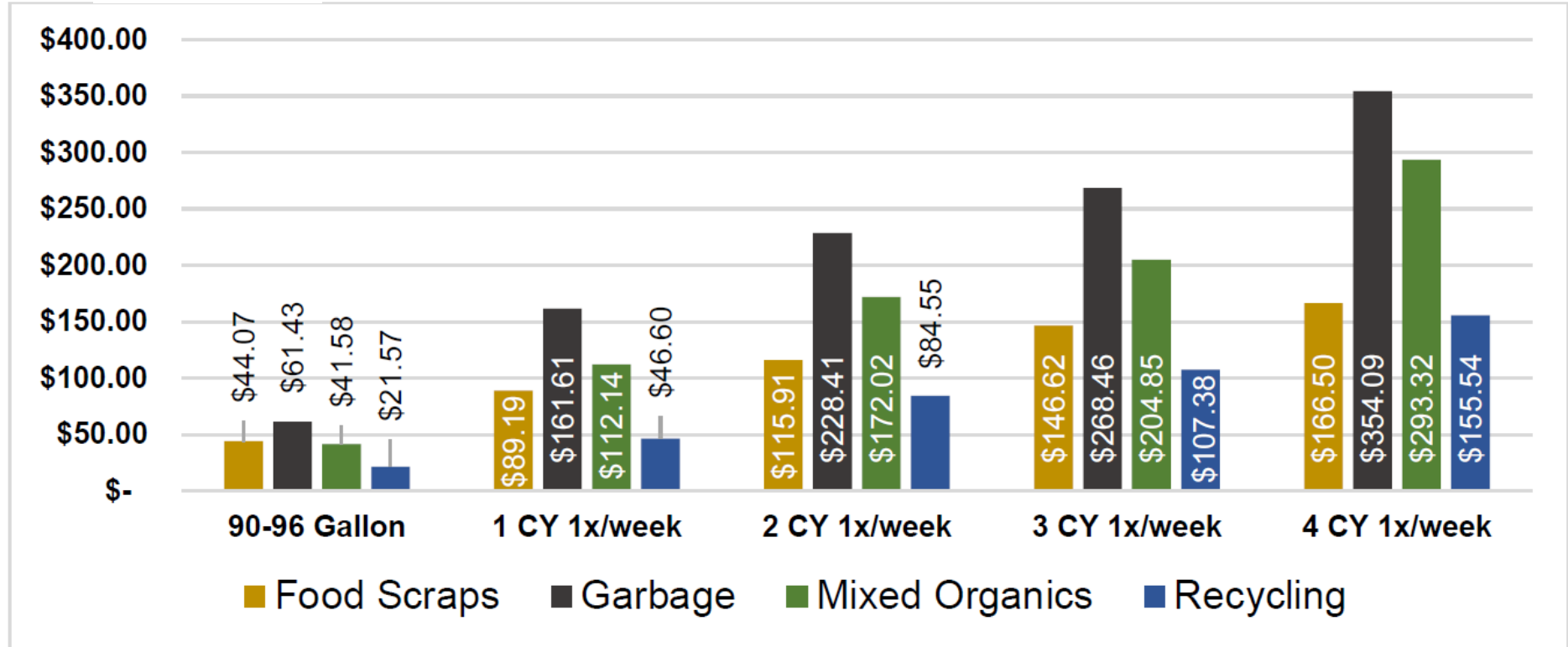
Survey Results

Statewide Average Commercial Collection Rates



Survey Results

Statewide Average for Multi-Family Customers





Questions?