










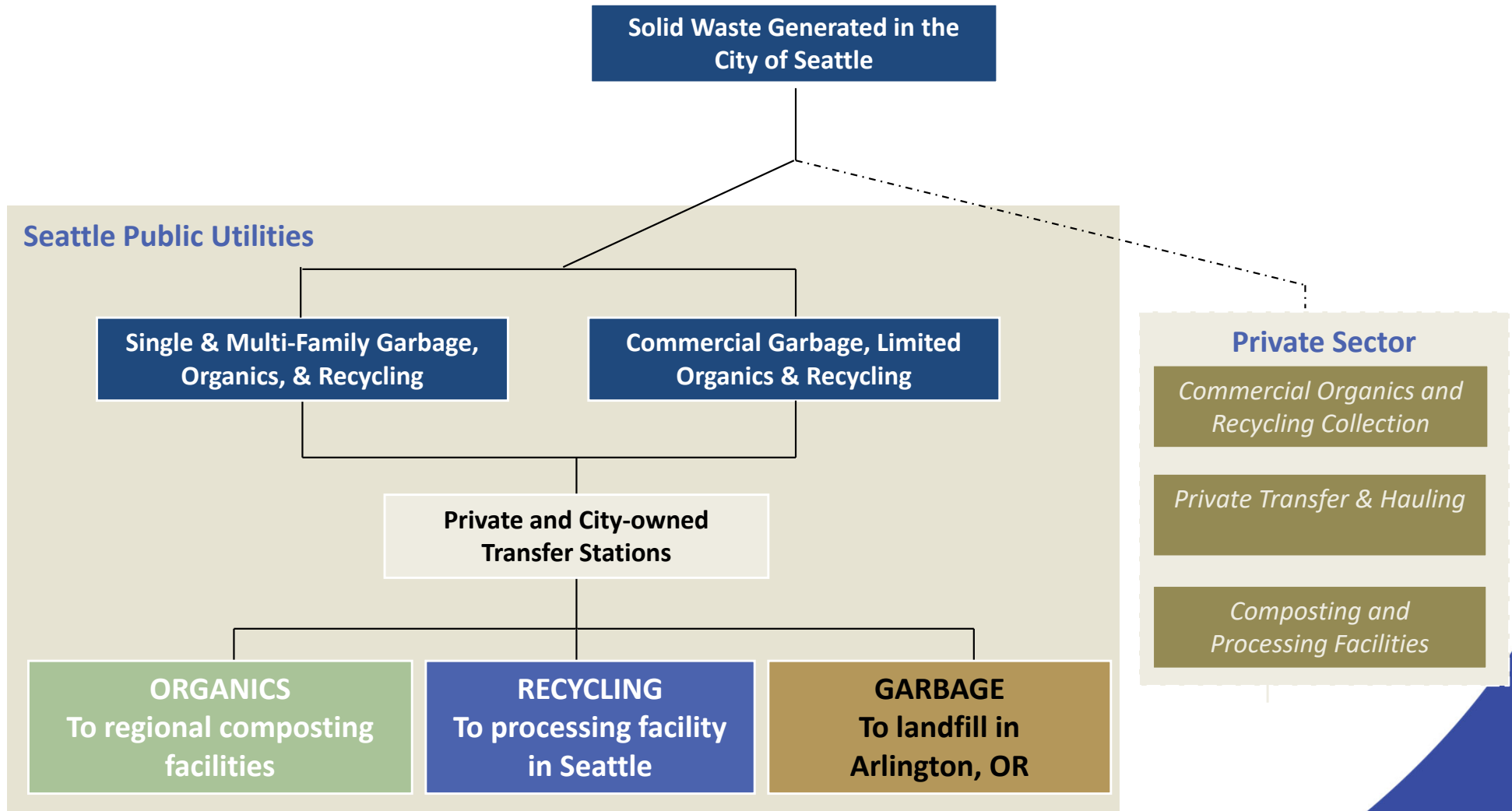
Seattle
Public
Utilities

Solid Waste Rate Setting Overview

Solid Waste Services Offered

			
 Single-Family <i>(Residential Cans)</i> 2022: 169,660 Customers	✓	✓	✓
 Multi-Family <i>(Residential Dumpsters)</i> 2022: 5,326 Accounts	✓	✓	✓
 Commercial <i>(Cans and Dumpsters)</i> 2022: 8,157 Accounts	✓	Private Sector, Limited SPU	Private Sector, Limited SPU
 Self-Haul <i>(Cars and Trucks)</i>	✓	✓	✓

Solid Waste System

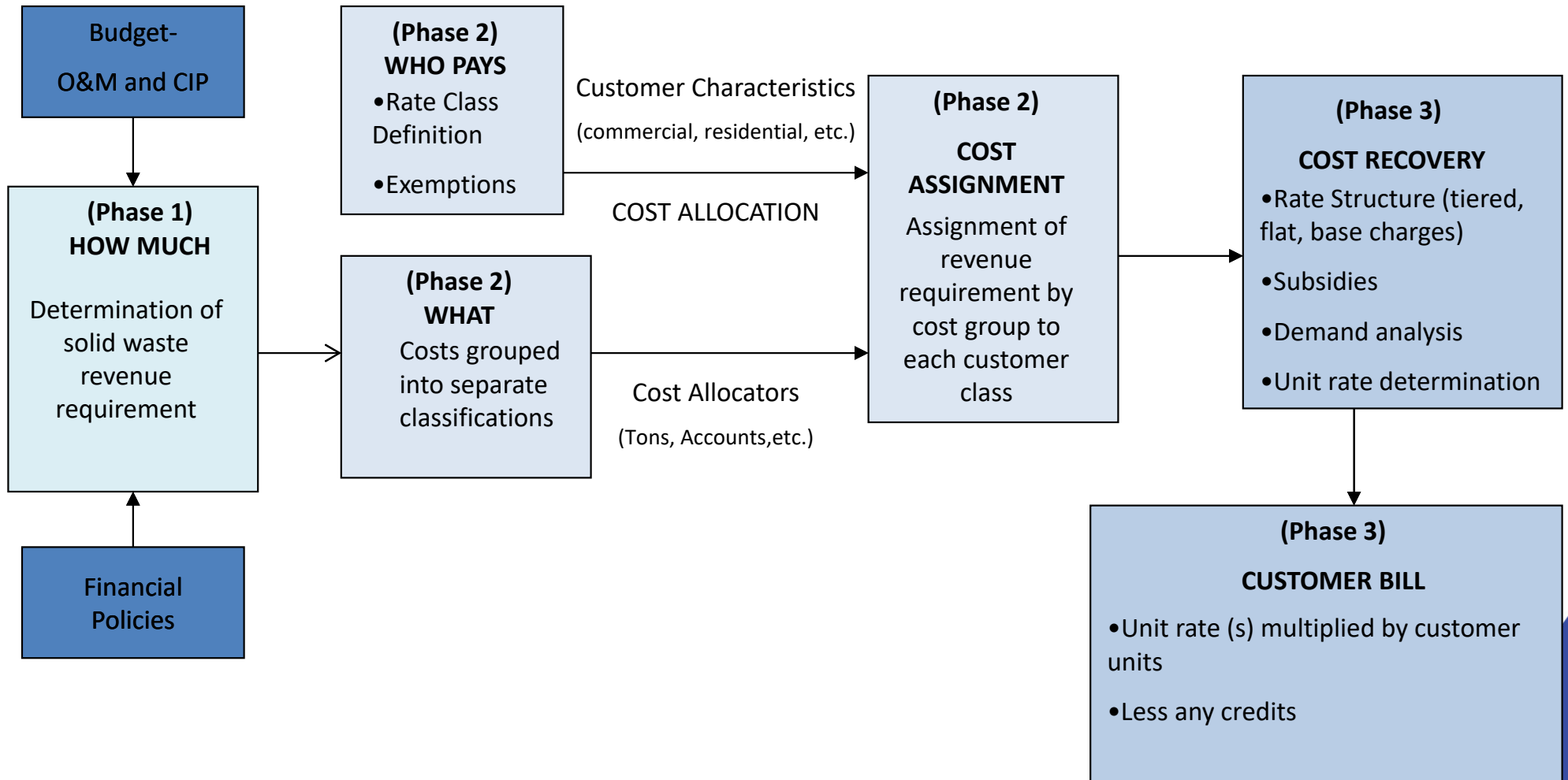


Solid Waste Rate Setting

Solid Waste Rate Setting

- Rates are set for three-year periods (Currently 2023-2025)
- Three year periods is the timeframe that SPU has found most reliable to forecast
- Rate changes are effective April 1, because contracts are April-March

Rate Making Process Flow



Rate Setting - Revenue Requirement

Revenue Requirement

Contracts

Collections
Processing
Disposal

SPU Branch O&M

Transfer Stations
Customer Service
F&A
USM, LOB

Taxes

City Utility Tax
City Tonnage Tax
State Refuse Tax
State B&O Tax

Debt Service

Bond Payments

Financial Policies

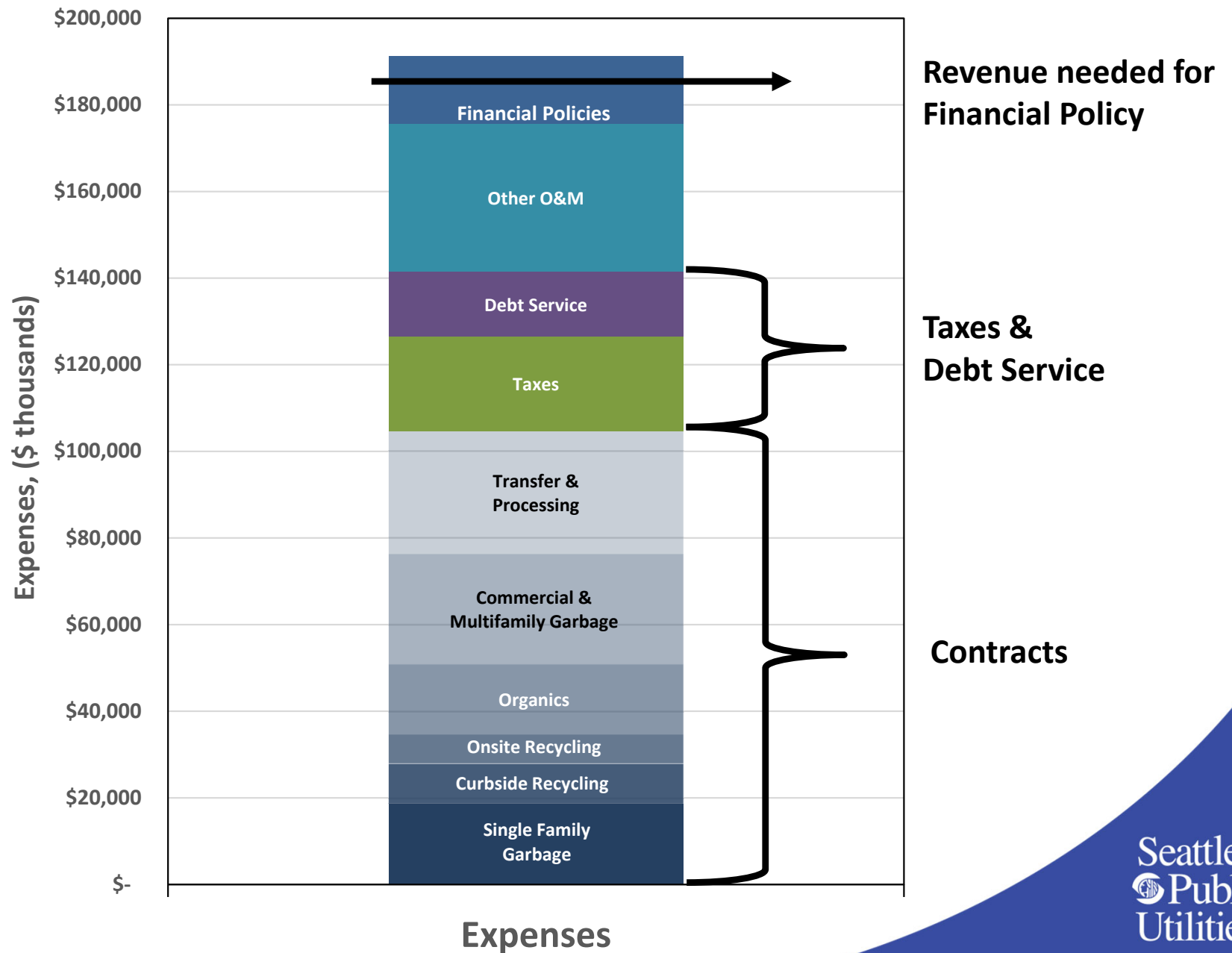
Cash Minimums
CIP Minimums
Debt Service Coverage

Financial Policies

- Determines level at which solid waste rates are set
- Defines general manner in which CIP program is financed

Debt Service Coverage*	<u>Target</u>
w/ Credit for City Taxes	1.7x
w/o Credit for City Taxes	1.5x
Net Income	<u>Target</u>
	Generally Positive
Year-End Cash	<u>Target</u>
	<i>20 Days Contract Expense</i>
Cash Financing Of CIP	<u>Target</u>
	10% of CIP or \$2.5M (2003\$)

Rate Setting - Revenue Requirement



Rate Setting – Customer Classes and Rates

Revenue Requirement

Contracts

Collections
Processing
Disposal

SPU Branch O&M

Transfer Stations
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LOB

Taxes

City Utility Tax
City Tonnage Tax
State Refuse Tax
State B&O Tax

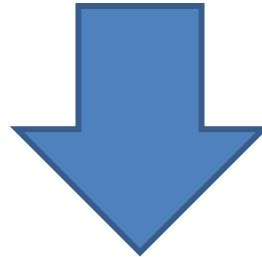
Debt Service

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Cash Minimums
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Cost Allocation



Single-Family

Garbage

Organic

Recycling

Multi-Family

Garbage

Organics

Recycling

Commercial

Garbage

Organics

Recycling

Transfer Stations

Garbage

Organics

Recycling

Step 1: Group Costs into Cost Centers

Solid Waste Cost Centers by Category

SPU Branch O&M	Contract Expense	Taxes	Non-Rates Revenue	Capital Financing and Other
Residential Billing	Curbside Garbage	Utility Tax	Clean City/Tonnage Tax	BIA
Transfer Station Billing	Curbside Recycling	Tonnage Tax	Investments and Interest	Cash to CIP
Retired Landfills	Multi-family Recycling	State Taxes	Grants	Debt Service
Waste Reduction (All)	Curbside Organics		Change in Cash	
Waste Reduction (Residential)	COM&MF Garbage Collection		Change in RSF	
G&A – Communications	Long-Haul Disposal		Recycling Commodity	
G&A - Contract Management	Garbage Transfer		Other Misc.	
Hauling (All)	Recycling Processing			
Hauling (Garbage)	Compost Processing			
Hauling (Organics)	LHWMP			
Hauling (Recycling)				
Material Loading				
Transfer Station Operations				
Clean City				
G&A - General				
HR				

Step 2: Develop Allocation Factors

Allocation Factor

Tonnage

Directly related to tons collected or disposed

Volume

Costs based on volume of service subscribed

Account, customer, and trip counts

Costs related to # of households or accounts, transfer station by trip count

Management Estimates

Helps determine full costs of service, such as workload estimates

Examples

Recycling processing,
garbage transfer

Multi-Family Garbage

Billing Expenses, transfer
station

Inspection costs

Step 2: Develop Allocation Factors

Allocation Factor

Direct Assignment

When solid waste costs benefit only one customer class

Proportional Assignment

Costs assigned in proportion to other allocated costs.

Ad Hoc

Combination of allocation factors used when no one method is appropriate

Examples

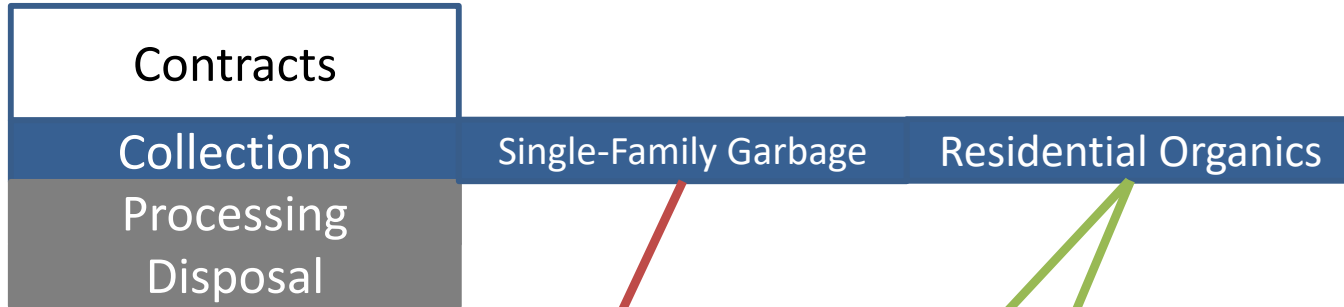
Single family garbage

G&A costs

City Utility Tax

Step 3: Allocate Costs to Customers

Revenue Requirement



Directly assigned to Single-Family garbage

Split, 90/10 based on estimated contract expense

Single-Family

Garbage

Organic

Recycling

Multi-Family

Garbage

Organics

Recycling

Commercial

Garbage

Organics

Recycling

Transfer Stations

Garbage

Organics

Recycling

Allocation Results

Sector/Class	2022	2023	2024	2025
Residential				
<i>Single-Family Curbside Garbage</i>	23.3%	23.1%	22.8%	22.5%
<i>Recycling</i>	8.7%	8.7%	8.9%	9.1%
Single-Family Garbage & Recycling	32.0%	31.8%	31.7%	31.6%
<i>Multi-Family On-Site Garbage</i>	12.3%	11.9%	11.7%	11.5%
<i>Recycling</i>	6.1%	7.4%	7.6%	7.8%
Multi-Family Garbage & Recycling	18.4%	19.3%	19.3%	19.3%
Organics (Single and Multi-Family)	18.2%	18.5%	18.8%	19.0%
Residential Total	68.6%	69.6%	69.8%	70.0%
Commercial				
Cans and Detach	18.7%	17.7%	17.6%	17.5%
Dropbox	8.2%	7.4%	7.4%	7.4%
Commercial Organics	0.4%	1.2%	1.2%	1.3%
Commercial Recycling	<0.1%	0.0%	0.0%	0.0%
Commercial Total	27.3%	26.4%	26.3%	26.2%
Transfer Stations	4.1%	4.0%	4.0%	3.9%

Rate Allocation Example

	Total	Single Family Curbside	32 Gallon Garbage
Cost Allocation	100%	25%	48%
Revenue Requirement (\$M)	\$200M	\$50M	\$24M

The diagram illustrates the flow of revenue requirements. It starts with a total requirement of \$200M. This is then allocated to Single Family Curbside at \$50M, and further allocated to 32 Gallon Garbage at \$24M. Blue arrows indicate the flow from Total to Single Family Curbside, and from Single Family Curbside to 32 Gallon Garbage.

Rate Calculation Examples

32 Gallon Garbage (SFR)

Revenue Requirement		Demand (Services)		\$/Unit
	÷		=	
\$24,094,352		892,416		\$27.00

Dumpster (Multi-Family)

Revenue Requirement		Demand (Pickups)		\$/Unit
	÷		=	
\$18,356,366		403,704		\$45.47

Rate Increase Example

Revenue Requirement			
32 Gallon Garbage	Prior Year	Current Year	% Change
O&M	\$5,930	\$6,820	15%
Contracts	\$11,333	\$12,716	12%
Taxes	\$4,484	\$4,663	4%
CIP	\$6,338	\$6,655	5%
Other	\$(3,991)	\$(4,350)	9%
Total	\$24,094	\$26,503	10%

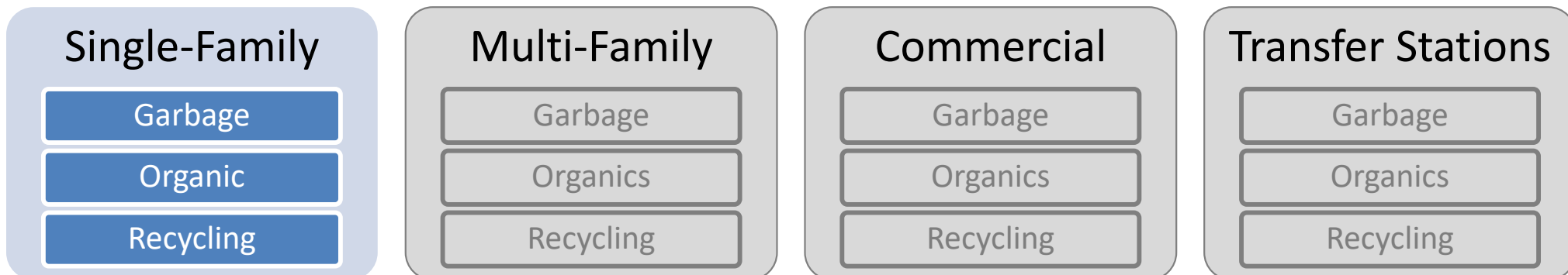
Prior Year → Current Year

10% Rate Increase

Rate Design

- Drives customer behavior for garbage, organics, and recycling
- Variable Unit Pricing (Pay as you throw)
- Recycling is priced at zero
- Organics discount

Single-Family Rates (Curbside Cans)



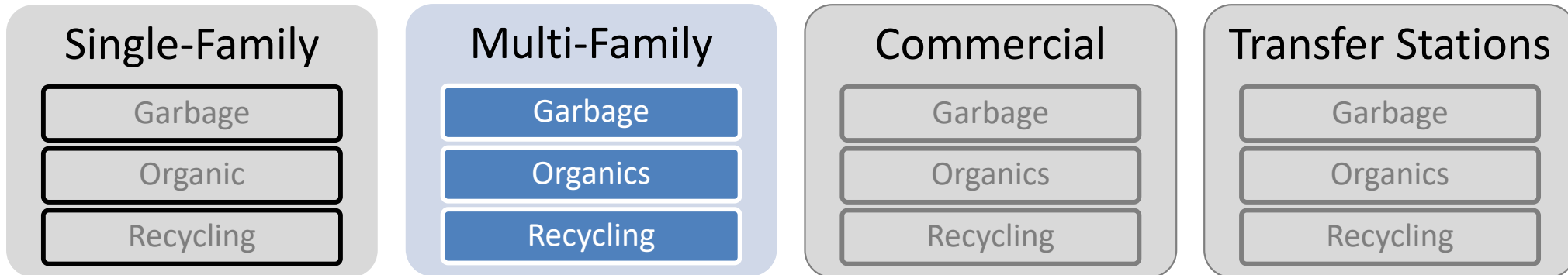
Single-Family (Curbside) Services

- All weekly collection

Table 6-1: Residential Curbside (Single-Family) Rates

	2022 Adopted	2023 Proposed	2024 Proposed	2025 Proposed
Extras	\$13.05	\$13.25	\$13.60	\$13.95
Garbage Can/Cart Size				
12 Gallon (Micro)	\$26.45	\$26.85	\$27.55	\$28.25
20 Gallon (Mini)	\$32.40	\$32.90	\$33.75	\$34.65
32 Gallon (Standard)	\$42.15	\$42.80	\$43.90	\$45.05
64 Gallon	\$84.20	\$85.45	\$87.65	\$89.95
96 Gallon	\$126.40	\$128.30	\$131.65	\$135.05

Multi-Family Rates (Onsite Dumpsters)



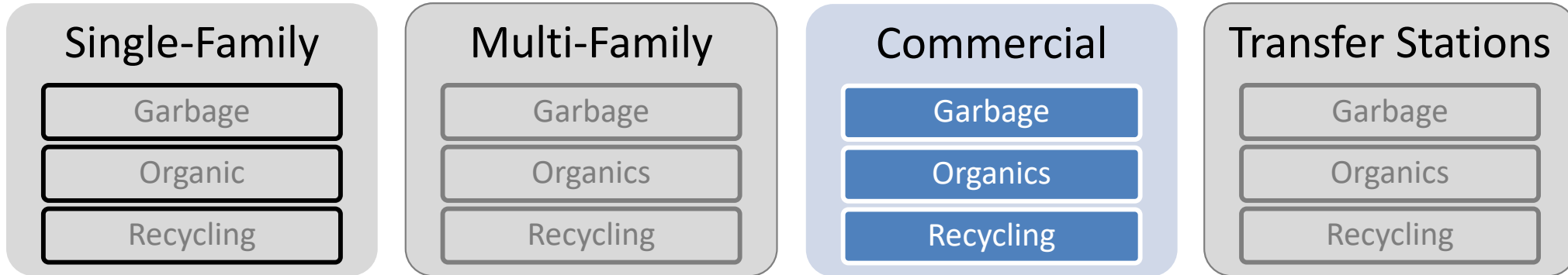
Multi-Family (Onsite) Services

- Collection is variable
- Charged mostly monthly and bi-monthly

Rate Structure

- Monthly Account Fee
- Monthly Rate = Pickups per Month * Pickup Rate + Volume per Month * Volume Rate

Commercial Rates (Onsite Cans & Dumpsters)



Commercial Services

- Collection is variable
- Charged monthly by the collections contractors

Rate Structure

- Monthly Account Fee
- $\text{Monthly Rate} = \text{Pickups per Month} * \text{Pickup Rate} + \text{Volume per Month} * \text{Volume Rate}$
- Dropbox customers are charged per pickup and per tons

Transfer Station Rates

Single-Family

Garbage

Organic

Recycling

Multi-Family

Garbage

Organics

Recycling

Commercial

Garbage

Organics

Recycling

Transfer Stations

Garbage

Organics

Recycling

Rate structure

- By Trucks/Passenger Car
- Flat fee (minimum charge)
- Per Ton Fee

Questions?