

Meeting Date: 4/18/2013

Report Type: Public Hearing

Report ID: 2013-00107

Title: Ordinance Amendment: City's Fee and Charge Report for Solid Waste Utility Service Rates (Passed for Publication on 4-2-13, Published 4-5-13)

Location: Citywide

Issue: The City's Fee and Charge Report adjustment is needed for solid waste rates in accordance with the service changes for new optional additional services (extra recycling can, extra yard waste can, and overages pile in the Appointment Based Neighborhood Cleanup Program (ABNCU) exceeding 5 cubic yards.

Recommendation: Conduct a public hearing and upon conclusion; pass an Ordinance amending the City's Fee and Charge Report for proposed FY2013/14 Solid Waste rate and service changes.

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Presenter: Steve Harriman, Integrated Waste General Manager, (916)808-4949

Department: General Services

Division: Solid Waste Admin Services

Dept ID: 13001711

Attachments:

- 1-Description/Analysis
- 2-Attachment 1-Rates and Services Changes
- 3-Attachment 2-Proposition 218 Notification Protest Summary
- 4-Attachment 3-URAC Motions, Voting and Comments
- 5-Ordinance
- 6-Exhibit A-Solid Waste Fees and Charges

City Attorney Review

Approved as to Form
Joe Robinson
4/1/2013 5:50:12 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
3/28/2013 10:27:44 AM

Approvals/Acknowledgements

Department Director or Designee: Reina Schwartz - 3/29/2013 3:34:34 PM



Description/Analysis

Issue: On December 4, 2012, the City Council directed staff to implement the following changes to the City's residential solid waste collection services, as presented in the 2012 Solid Waste and Recycling Division ("SW Division") Business Plan and approved by the City Council on June 26, 2012.

1. Implement year-round containerized yard waste collection on a weekly basis for all City residential solid waste customers.
2. Provide Loose-in-the-Street (LITS) yard waste collection service for all City residential solid waste customers annually in November, December, and January.
3. Restore the Appointment Based Neighborhood Cleanup Program (ABNCU) annually from February through October, which was suspended in FY2009/10 for budgetary reasons.
4. Implement a "dump coupon" program allowing residents to deliver up to five cubic yards of waste to the Sacramento Recycling and Transfer Station at no charge to the resident.
5. Shift the curbside recycling program from weekly to biweekly (every other week) collection.

The SW Division is recommending that City Council adopt an ordinance amending the City's Fee and Charge Report to adjust solid waste rates in accordance with the service changes identified in Attachment 1. The current rates for garbage collection, recycling collection, and containerized yard waste collection will remain the same through June 30, 2015. New rates are being proposed for new optional additional services (extra recycling can, extra yard waste can, and overages pile in the ABNCU exceeding 5 cubic yards).

Policy Considerations: In compliance with the Proposition 218 requirement to mail notice of a public hearing 45 days in advance of a public hearing date, on December 21, 2012, the SW Division mailed notice of the proposed solid waste rates and service changes to all property owners subject to the City's solid waste service rates. On February 6, 2013, the Utilities Rate Advisory Commission (URAC) held the public hearing on the proposed solid waste rates and service changes.

The City Council, through its policy decisions and rate setting authority, ultimately determines the level of solid waste services to be provided and the rates necessary to generate revenue sufficient to provide those services. Approval of the rates and service recommendations associated with the Solid Waste and Recycling Business Plan will increase the efficiency of the City's solid waste operation and meet the requirements of federal and state laws governing the safe collection and disposal of municipal solid waste, and mandates for recycling and waste reduction.

Economic Impacts: None

Environmental Considerations:

California Environmental Quality Act (CEQA): The adoption of solid waste rates is exempt from CEQA review under Public Resources Code Section 21080(b)(8).

Sustainability: Not applicable

Commission/Committee Action: On February 6, 2013, the URAC held the public hearing on the proposed solid waste rates and service changes. Under Proposition 218, utility service rates cannot be adopted if, at the time of the public hearing, written protests are received from a majority of owners or tenants of parcels receiving the service. At the time of the public hearing, 27 written protests were validated and reported to the URAC, representing less than one percent of the parcels that will be subject to the proposed rates and service changes. Attachment 2 details the protests received by category.

After the close of the public hearing, the URAC modified staff's single recommendation to approve the new rates and service changes to six individual motions, one for each of the proposed changes. Two motions, related to the restoration of the appointment based neighborhood cleanup program passed and the remaining four, related to yard waste and recycling service changes failed. Attachment 3 summarizes the outcome of each motion and URAC comments to staff.

The City Manager has approved bringing the rate ordinance directly to Council without Law and Legislation Committee review, pursuant to the Council Rules of Procedure (Chapter 13, section (B)(1)(b)(i)).

Rationale for Recommendation: The proposed rate recommendations are necessary for staff to implement changes to the City's residential solid waste collection services as presented in the 2012 Solid Waste and Recycling Division Business Plan and approved by City Council on June 26, 2012.

The adoption of the proposed ordinance is planned for April 18, 2013, due to staff scheduling.

Financial Considerations: The rate proposal complies with the Proposition 218 mandate, which permits the City to charge rates sufficient to recover the cost of providing solid waste collection services.

With implementation of the revised residential service programs, typical single family residential solid waste customers currently with containerized service will see no change in their overall monthly solid waste bill through June 30, 2015. Typical single family residential solid waste customers who currently subscribe to the LITS program will see a reduction of \$3.36 on their monthly solid waste bill with the elimination of the year-round LITS collection service and their transition to containerized yard waste collection service.

Funding for the new nine-month ABNCU program and the three-month LITS program will be included in the existing garbage and containerized yard waste rates. Rate adjustments in these services are not necessary at this time as each is currently generating sufficient revenue under the current rate structure to cover the annual expense of the new ABNCU and LITS programs. While recycling collection will be switching to bi-weekly, the proposed rate remains unchanged from current levels. The current rate is presently underfunding the weekly collection program, and the move to bi-weekly service more closely realigns the revenues and expenses for the recycling program.

New rates for extra recycling and yard waste cans have been developed to provide residents with cost-effective solutions for handling additional materials that may result from the proposed yard waste and curbside recycling program changes. The rate for the oversized ABNCU pile exceeding the five cubic yard program limit is based on the cost of collection and disposal of the additional materials.

In the coming months, SW Division will monitor actual costs associated with the residential solid waste collection programs and return to the URAC with an update on future rate adjustments, if any, that will be effective after July 1, 2015.

Emerging Small Business Development (ESBD): No goods or services are being purchased as a result of this report.



Rates and Service Changes

Service	Proposed Changes	Current Monthly Rate	Proposed Change	Proposed Monthly Rate
Monthly Garbage Rate	<ul style="list-style-type: none"> ▪ Includes weekly garbage collection and adds the Neighborhood Cleanup Program, with one annual collection by appointment of up to five cubic yards of material, and one annual dump coupon. 	\$21.49	0%	\$21.49
Monthly Yard Waste Rate	<ul style="list-style-type: none"> • Includes weekly containerized yard waste collection and adds seasonal Citywide loose-in-the-street yard waste collection during leaf season. 	\$10.35	0%	\$10.35
Monthly Recycling Rate	<ul style="list-style-type: none"> • Includes biweekly recycling collection as opposed to the current weekly collection program. 	\$5.13	0%	\$5.13
Proposed Rates for Additional Services (Optional)				
Recycling	<ul style="list-style-type: none"> • Extra recycling can collected every other week. 	No current rate	N/A	\$1.76
Yard Waste	<ul style="list-style-type: none"> • Extra yard waste can collected every week. 	\$5.70	-58%	\$3.34
Garbage	<ul style="list-style-type: none"> ▪ Overages in the neighborhood cleanup program beyond the 5 cubic yard limit. 	No current rate	N/A	\$28.60 for up to 5 yards



Proposition 218 Notification Protest Summary

Proposed Solid Waste Rate and Service Adjustments Protest Summary		
Total Notices Mailed*	146,943	
Oppose any rate increase	8	<1%
No specific comment	6	<1%
Should not have to pay for services we do not use	2	<1%
Oppose paying the same rate for less recycle service and for mandatory yard waste containerization	1	<1%
Oppose moving to bi-weekly recycling – should keep service weekly	2	<1%
Oppose paying \$28.60 for additional services/optional/overages in the ABNCU program beyond the 5 cubic yard limit	1	<1%
Oppose elimination of weekly LITS program	7	<1%
Total Validated Written Protests Received	27	<1%

***Undeliverable Notices: 7,500 (5%)**



URAC Motions, Voting, and Comments

Summary of Voting

Motion Number	Proposed Changes	Yes	No	Abstain	Result
1	Existing garbage rate to fund weekly garbage collection and the new appointment based neighborhood cleanup program.	4	1	1	Passed
2	Existing containerized yard waste rate to fund weekly containerized yard waste collection and the seasonal loose-in-the-street yard waste collection during leaf season.	3	2	1	Failed
3	Recycling collection reduced from weekly to bi-weekly with no change to the existing rate.	1	5	0	Failed
4	New extra recycling can rate collected every other week.	2	2	2	Failed
5	Extra yard waste can rate reduced from \$5.70 to \$3.34 per month.	1	2	3	Failed
6	Extra charge of \$28.60 for neighborhood cleanup piles beyond the 5 cubic yard limit.	5	1	0	Passed

Summary of Commission Feedback

On February 6, 2013, the Utilities Rate Advisory Commission (URAC) held a public hearing regarding the proposed Solid Waste rates and service changes. The URAC expressed two main concerns with staff's plans to implement residential service changes and keep rates unchanged through June 30, 2015.

- 1) City Council previously approved service levels – On June 26, 2012, the City Council approved the Solid Waste and Recycling Division Business Plan which included numerous residential service changes: a shift to bi-weekly recycling; citywide containerization of yard waste; and a seasonal loose in the street yard waste and neighborhood cleanup program. In previous rate hearings when City staff presented rate recommendations to the URAC, the City Council had not previously approved the service levels. In fact, based on the URAC's rate recommendation, the City Council could later reduce service levels if staff's full rate proposal was not accepted. In this case, City Council already approved the revised solid waste service levels and, because the URAC cannot review or recommend service changes, the proposed rates in the Proposition 218 already reflected the costs to implement City Council's service recommendation.

- 2) Staff provided insufficient rate information – As presented in the business plan, the revised residential service changes could be funded within the existing solid waste rate structure. The URAC felt that staff did not provide them with enough information about how the current rates would be able to fund the service changes. Specifically, the URAC expressed the following concerns:
- a. Bi-Weekly Recycling
While the rate remains unchanged, the service is being reduced in half, which is effectively a rate increase. Staff explained that the weekly recycling program is presently underfunded and that the service adjustment more closely aligns revenues with expenditures and increases compliance with Proposition 218. The URAC felt they should have known more about this subsidy.
 - b. Appointment Based Neighborhood Cleanup (ABNCU) Program
The garbage rate is currently overfunding collection costs and by keeping the garbage rate unchanged, staff will also be able to fund the appointment-based neighborhood cleanup program. The URAC desired more information on how the existing garbage rate would fund the ABNCU program.
 - c. Use of Reserve Funds
Staff's presentation to the URAC on November 28, 2012 indicated the potential need to draw on Solid Waste reserve funds to keep rates unchanged through June 30, 2015. The URAC wanted more information regarding the amount of reserves to be used. Staff explained that the amount is currently unknown, pending actual program costs and usage, but will return to the URAC in 18 months to provide more detailed information.



ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

AN ORDINANCE AMENDING THE CITY OF SACRAMENTO FEE AND CHARGE REPORT FOR SOLID WASTE SERVICE RATES

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

The Sacramento City Council makes the following findings:

- A. Articles XIIC and XIID of the California Constitution (Proposition 218) establish procedures for the approval of taxes, assessments, and property-related service fees by local government agencies.
- B. Prior to the imposition or increase of solid waste rates that are property-related service fees, Proposition 218 requires that a notice describing the proposed fees and establishing a date, time, and location of a public hearing on the proposed fees (held not less than 45 days after the notice is mailed), be mailed to the record owner of each parcel subject to the proposed fees. Under sections 13.02.040(C) and 3.44.100(B) of the Sacramento City Code, the public hearing for the City's solid waste service rates is held by the City's Utilities Rate Advisory Commission.
- C. Proposition 218 requires that all protests filed against the proposed fees be considered at the public hearing. The agency may not approve the fees if written protests against the proposed fees are presented by a majority of owners of the affected parcels.
- D. On December 21, 2012, the City mailed a notice to all owners of property subject to the City's solid waste service rates. The notice: (i) described proposed rates and service changes for the City's solid waste services to take effect on July 1, 2013; (ii) provided the date, time, and location of the public hearing when these proposed rates would be heard by the City's Utilities Rate Advisory Commission; and (iii) provided notice that an owner or tenant had the right to file a written protest against the proposed rates at or before the time set for public hearing.
- E. The Utilities Rate Advisory Commission held the public hearing on February 6, 2013, and considered all protests against the proposed rates as well

as all testimony and other information presented by City staff and members of the public.

- F. As of the date and time of the public hearing, the number of written protests received against the proposed solid waste service rates was less than a majority of record owners or tenants of the parcels that will be subject to the proposed rates.
- G. After the public hearing was closed, the Utilities Rate Advisory Commission reviewed and took action on staff's recommendations on the proposed solid waste service rates.
- H. The City Council has considered the Utilities Rate Advisory Commission's recommendations and all other information presented to it and in the public record, and finds that the solid waste service rates approved and imposed in section 2 of this ordinance do not exceed the costs of providing these services, and that the revenues derived from these solid waste service rates will not exceed the funds required to pay the costs of providing solid waste services.
- I. Based on the information presented to it and upon all information in the public record, and pursuant to Public Resources Code section 21080(b)(8), the City Council finds that the approval and imposition of the solid waste service rates in section 2 of this ordinance are exempt from the California Environmental Quality Act, and finds that the rates are for the purpose of:
 - 1. Providing funds to meet operating expenses, including employee wage rates and fringe benefits;
 - 2. Permitting the generation of necessary cash flow to meet financial reserve needs and requirements; and
 - 3. Funding the purchase or lease of necessary supplies and equipment for providing the solid waste services.

SECTION 2.

The solid waste service rates shown on Exhibit A, to take effect on July 1, 2013, are approved and imposed. The City of Sacramento Fee and Charge Report is amended to include the solid waste service rates shown on Exhibit A, which is incorporated herein by this reference.

Table of Contents:

Exhibit A: Solid Waste Service Rates



SOLID WASTE FEES AND CHARGES
Effective July 1, 2013

<u>I. LAWN & GARDEN COLLECTION</u>	<u>Level of Service</u>	<u>FY14 Rates</u>
<u>Residential Yard Waste Services</u>		
Single family residence (1 to 4 units)	Weekly	10.35
Additional can	Weekly	3.34
<u>Residential Street Sweeping Services</u>		
Single family residence	Quarterly	1.34
Two family residence	Quarterly	2.12
3-4 units	Quarterly	3.80
<u>Commercial/Multi-Family Street Sweeping Services</u>		
5 units	Quarterly	3.80
6-50 units	Quarterly	4.10
51 units and over	Quarterly	4.38
Per commercial premise	Quarterly	4.38
<u>Miscellaneous Street Sweeping Services</u>		
AdHoc Street Sweeping Requests	Per hour	303.40
<u>II. RESIDENTIAL RECYCLING SERVICES</u>	<u>Level of Service</u>	<u>FY14 Rates</u>
<u>Automated Container Services</u>		
Commingled 32, 64, or 96 gallon can	Bi-Weekly - Per Unit	5.13
Additional Can	Bi-Weekly - Per Unit	1.76
<i>Note: Disabled Service is provided to a qualified residence at same rates as non-disabled.</i>		
<u>Recycle Bin Service</u>		
1 yard commingled bin	1 pickup/wk	32.20
2 yard commingled bin	1 pickup/wk	43.92
3 yard commingled bin	1 pickup/wk	58.55
4 yard commingled bin	1 pickup/wk	65.87
<u>III. RESIDENTIAL GARBAGE COLLECTION SERVICE</u>	<u>Level of Service</u>	<u>FY14 Rates</u>
<u>Automated Container Services</u>		
Auto-lift 96 gallon	Weekly - Per unit	21.49
Additional Auto-lift 96 gallon	Weekly - Per unit	18.13
Auto-lift 64 gallon	Weekly - Per unit	17.66

Additional Auto-lift 64 gallon	Weekly - Per unit	15.34
Auto-lift 32 gallon	Weekly - Per unit	13.40
Additional Auto-lift 32 gallon	Weekly - Per unit	13.25

Note: Disabled Service provided to qualified residence at same rates as non-disabled.

Manual Service 32 gal or less non-curb*	1 pickup/wk	32.30
	2 pickups/wk	63.99
	3 pickups/wk	84.01
	Additional can/pickup	15.62

Manual Service 33-40 gal non-curb*	1 pickup/wk	35.22
	2 pickups/wk	70.50
	3 pickups/wk	94.06
	Additional can/pickup	20.24

Manual Service 32 gal or less curbside	1 pickup/wk	22.12
	2 pickups/wk	44.28
	3 pickups/wk	65.82
	Additional can/pickup	11.21

Manual Service 33-40 gal curbside	1 pickup/wk	24.47
	2 pickups/wk	49.01
	3 pickups/wk	73.47
	Additional can/pickup	14.41

Manual Service Collection on special call - 40 gal or less	per pickup	43.72
Each additional can	per pickup	16.51

Garbage Bin Service

1 yd bin loose	per pickup/wk	74.39
1 yd bin compacted	per pickup/wk	154.31
2 yd bin loose	per pickup/wk	97.36
2 yd bin compacted	per pickup/wk	196.18
3 yd bin loose	per pickup/wk	120.33
3 yd bin compacted	per pickup/wk	173.06
4 yd bin loose	per pickup/wk	143.33
4 yd bin compacted	per pickup/wk	212.23
5 yd bin loose	per pickup/wk	166.32
5 yd bin compacted	per pickup/wk	225.97
6 yd bin loose	per pickup/wk	189.28
6 yd bin compacted	per pickup/wk	290.20

* "Non-curb" is defined as container placement more than 6 feet from curb.

IV. SPECIAL FEES

	<u>Level of Service</u>	<u>FY14 Rates</u>
Dormant Service (Fee to stop garbage & recycling charges temporarily)	One-time	69.72
Dormant Service Fee (vacant residences)	Monthly	6.48
Oversized neighborhood cleanup pile (beyond 5 cubic yard limit)	One-time	28.60
Special cleanups/per hour (per worker)		62.75
Collection on special call (autolift) 96-gallon	Per pickup	36.95
Collection on special call additional 96-gallon can or extra bags (5 - 6 bags)	Per pickup	19.53
Collection on special call (autolift) 64-gallon	Per pickup	33.48
Collection on special call additional 64-gallon can or extra bags (3 - 4 bags)	Per pickup	17.07
Collection on special call (autolift) 32-gallon	Per pickup	29.98
Collection on special call additional 32-gallon can or extra bags (1 - 2 bags)	Per pickup	15.34
Extra bag (5 - 6 bags) on collection day	Per pickup	12.55
Extra bag (3 - 4 bags) on collection day	Per pickup	9.75
Extra bag (1 - 2 bags) on collection day	Per pickup	8.36