



City of Rialto

Legislation Details (With Text)

File #:	18-587	Version:	1	Name:	
Type:	Agenda Item	Status:		Agenda Ready	
File created:	5/29/2018	In control:		City Council	
On agenda:	6/26/2018	Final action:			
Title:	Request City Council to Adopt Resolution No. 7360 Approving Municipal Solid Waste Collection, Recycling and Disposal Service Rates for Fiscal Year 2018/2019, Effective July 1, 2018. (ACTION) POWERPOINT				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	1. Attachment 1 - Prop 218 Rates, 2. Attachment 2 - Final Project Street List 170805, 3. Attachment 2 - Project Street List 180805, 4. Attachment 3 - 2018 Rialto Rates, 5. Waste Rate Resolution Final, 6. PP - Rialto 2018 Rate Review 6-20-18				

Date	Ver.	Action By	Action	Result
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For City Council Meeting [June 26, 2018]

TO: Honorable Mayor and City Council

APPROVAL: Robb R. Steel, Interim City Administrator

FROM: Robert G. Eisenbeisz, P.E., Public Works Director/City Engineer

Request City Council to Adopt **Resolution No. 7360** Approving Municipal Solid Waste Collection, Recycling and Disposal Service Rates for Fiscal Year 2018/2019, Effective July 1, 2018.
(ACTION) POWERPOINT

BACKGROUND:

In April 1996, Council approved a franchise agreement for trash collection, a curbside mixed recyclables program to meet the mandates of AB 939, and unlimited green waste removal. Resolution No. 4217 established the base residential and commercial disposal rates. The franchise agreement allows the franchise hauler to request rate adjustments based on changes in the Consumer Price Index (CPI) and changes in operating costs, such as landfill tipping fees.

ANALYSIS/DISCUSSION:

On July 8, 2014, the City Council conducted a Public Hearing in accordance with Proposition 218 procedures and adopted the Five Year Municipal Solid Waste Collection, Recycling and Disposal Rates for Fiscal Years 2014/2015 through 2018/2019. These rates incorporated a new Commercial Recycling Program and implemented the Pavement Maintenance Fee (PMF). Although the City Council adopted the new five-year rates, Council directed staff to bring the PMF fee increase to the City Council annually for approval. The Notice of Public Hearing for the five-year rate increase is attached hereto as **Attachment 1**.

Organic Material Recycling (Commercial Accounts) Update Summary

On October 2014 Governor Brown signed [AB 1826 Chesbro \(Chapter 727, Statutes of 2014\)](#)

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB1826&search_keywords=, which required mandatory commercial organics recycling throughout the State. Starting April 1, 2016, this act required businesses that generate more than 8 cubic yards of organic waste per week to arrange for recycling services for their organic waste. Starting January 1, 2017, the state lowered the threshold to include businesses that generate 4 cubic yards of organic waste per week. The act defines organic waste as food waste, green waste, landscape and pruning waste, nonhazardous wood waste, and food-soiled paper waste mixed in with food waste.

Why Require Organics Recycling?

One strategy to achieve California's aggressive greenhouse gas (GHG) emission reduction goals and solid waste diversion goals is to implement mandatory organic material recycling. California disposes approximately 30 million tons of waste in landfills each year, of which more than 30 percent is divertible for compost or mulch. Organic waste such as green and food materials are recyclable through composting and mulching, and through anaerobic digestion, which can produce renewable energy and fuel. Reducing the amount of organic materials sent to landfills and increasing the production of compost and mulch are part of the AB 32 (California Global Warming Solutions Act of 2006) Scoping Plan <http://www.arb.ca.gov/cc/scopingplan/scopingplan.htm>. Reducing organic wastes sent to landfills is also necessary to meet California's 75 Percent Initiative, which sets an ambitious goal of 75% recycling, composting, or source reduction of solid waste by 2020. The State implemented a new compliance measurement metric using pounds per person per day, or (PPD). Based on this metric, Rialto's most recent diversion PPD is 2.4 with a target of 5.7 PPD. Rialto complies with the current PPD requirements.

Burrtec Waste (Burrtec) has developed commercial organic processing programs that include composting and anaerobic digestion to comply with AB 1826. The proposed commercial rates incorporate food waste diversion programs including modified watertight trucks and containers, education and outreach, and program administration. AB 1826 compliance efforts also include promotion of best use alternatives such as food rescue programs. The City updated Cal Recycle staff on Rialto's progress with diverting food waste, and Cal Recycle acknowledged the City's organic waste program demonstrates a good faith effort towards compliance. The commercial rates include the food waste program and the recycling program.

Burrtec serves approximately 1,200 commercial and multi-family customers in Rialto. Utilizing the state approved service based methodology, Burrtec estimates that there are 196 customers (130 commercial and 66 multi-family) affected by the organics legislation at the 4 cubic yard threshold. The estimated 4 cubic yard threshold customer count represents 16% of the total. The 4 cubic yard threshold became effective on January 1, 2017.

The equalized food waste rate approach will encourage participation by all commercial customers at a reasonable rate. It is similar to the commercial recycling program where all customers assume the cost for program operations regardless of the obligation to subscribe. Ultimately, it offers an affordable program that will help the City comply with the law while reducing organic disposal at the landfill and reducing greenhouse gas emissions.

Multi-Family Bulky Item Collection Program

This year's review also includes a proposed multi-family bulky item collection program. Currently, multi-family establishments must call Burrtec to schedule and pay for bulky item collections. Burrtec records show that a small percentage of multi-family locations actually request said service. The proposed program will provide for 52 hours per

week of multi-family bulky item collections. When servicing multi-family bin serviced locations, Burrtec drivers will report bulky item materials left adjacent to the trash bin. Burrtec's call center initiates a scheduled pickup of the reported bulky item materials in the system for collection and recycling or disposal as warranted. Staff anticipates that this program will greatly reduce illegal dumping that is prevalent near multi-family locations requiring City forces to arrange pick up on a regular basis. The bulky item collection program is incorporated into the bin pricing structure on a cubic yard basis at \$1.49 per yard and it only applies to the multi-family accounts.

Pavement Maintenance Fee

As recommended by the Utilities Commission on June 19, 2018, the proposed rates do not include any increase to the pavement maintenance fee. At the current rates, the estimated revenue is \$1,030,736 for the 2018/2019 fiscal year. The City will use these funds for the annual residential street slurry seal program.

Table 1 shows the Pavement Maintenance Fees Revenue received over the last four years since implementation:

Table 1
Pavement Maintenance Fee Revenues

Fiscal Year	Revenue
2014/2015 Actual	\$ 632,116
2015/2016 Actual	\$ 785,007
2016/2017 Actual	\$ 1,549,609
2017/2018 Actual	\$ 1,068,652
2018/2019 Expected	\$ 1,279,600
Total	\$ 5,314,984

Table 2 lists the road maintenance projects that used pavement maintenance fees as a major source of funding. **Attachment 2** provides a detailed list of the projects funded with the pavement maintenance fee.

Table 2
Road Maintenance Project Summary

Slurry Seal Project Number	Pavement Maintenance Fee	General Fund	Gas Tax Fund	Measure I Fund	Project Total	Construction Notice to Proceed Milestone
170805	\$ 1,000,000	\$ 500,000	\$ 272,354	\$ 100,000	\$ 1,872,354	Completed
180805	\$ 1,800,000	\$ -	\$ 986,000	\$ 100,000	\$ 2,886,000	Year 2019 Quarter 1
190805	\$ 2,400,000	\$ -	\$ 568,000	\$ 100,000	\$ 3,068,000	Year 2019 Quarter 3
Total	\$ 5,200,000	\$ 500,000	\$1,826,354	\$ 300,000	\$ 7,826,354	

Residential Rate Options

Table 3 shows the current residential rates (including the tax roll billing discount rates) with the various 2018/2019 rate options. Each option proposes no increase to the Pavement Maintenance Fee for 2018/2019. The increases requested by Burrtec along with the current PMF rate fall within the range of the approved Proposition 218 rates for Fiscal Year 2018/2019. **Attachment 3** provides the full rate analysis summary.

Table 3
Residential Rate Options

	Monthly Charge			
		Proposed 2018-19		
Service	Current 2017-18	Standard Review Option 1	AB939 & HHW Fee Reduced Option 2 <small>Utility Commission Recommendation</small>	Prop 218 2018
60 gallon tax roll	\$ 28.22	\$ 29.33	\$ 28.19	\$ 32.72
60 gallon direct bill	\$ 28.82	\$ 29.94	\$ 28.75	\$ 33.72
40 gallon tax roll	\$ 27.50	\$ 28.58	\$ 27.49	\$ 32.84
40 gallon direct bill	\$ 28.10	\$ 29.19	\$ 28.07	\$ 32.84
Senior tax roll	\$ 21.25	\$ 22.17	\$ 21.24	\$ 23.66
Senior direct bill	\$ 21.76	\$ 22.69	\$ 21.73	\$ 23.66

Commercial Rate Options

Table 4 below shows the most common Commercial Service rates with the various 2018/2019 rate options. The Pavement Maintenance Fee remains at the current rate for each option for 2018/2019.

Table 4
Commercial Rate Options

	Monthly Charge			
Service	Current 2017-18	Proposed 2018-19 Standard Review	Proposed 2018-19 Utility Comm. Recomm.	Prop 218 2018
Commercial services One time per week				
3 yard trash bin	\$201.22	\$221.36	\$217.16	\$243.66
2 yard food waste or trash bin	\$153.64	\$167.62	\$164.71	\$183.48
Multi-family 3 yard bin With bulky item collection program	\$201.22	\$232.36	\$225.87	\$243.66

On June 19, 2018, staff presented the Burrtec Rate Review to the Utilities Commission. At that time, the Utilities Commission recommended approval of Option 2 for both Residential and Commercial rates. For Commercial, Option 2 includes the CPI increase of 2.8%, the new Multi-Family Bulky Item Pick-up program, no change to the pavement maintenance fee, and no change to the Franchise Fee, AB 939 Fee and HHW fees for Fiscal Year 2018-19.

For Residential, Option 2 includes the CPI increase of 2.8%, no increase to the pavement

maintenance fee, retains the Franchise fee at a fixed amount equal to the current fiscal year (FY17-18) amounts (not the typical percentage basis for FY 18/19), a \$0.46 decrease to the AB 939 Fee, and a \$0.50 decrease to the HHW fee for Fiscal Year 2018-19. The decrease to the AB 939 and HHW fees is pursuant to the recommendation of the Utility Commission in an effort to minimize the cost impact to residential customers.

In order to meet the San Bernardino County Auditor/Controller/Recorder's filing deadline for the property tax rolls, the City Council must adopt any new rates no later than June 26, 2018.

ENVIRONMENTAL IMPACT:

In accordance with Section 15273 of the California Code of Regulations, CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of meeting operating expenses.

GENERAL PLAN CONSISTENCY:

Approval of this action complies with the City of Rialto General Plan Goals and Policies:

Policy 3-10.1: Encourage additional recycling in all sectors of the community.

Policy 3-10.4: Continue to educate the community regarding the benefits of solid waste diversion and recycling, and maintain programs that make it easy for all residents and businesses to work toward City waste reduction objectives.

FINANCIAL IMPACT:

Operating Budget Impact

Refuse revenue is collected by Burrtec Waste Industries. The City derives revenues from the adopted rates including Household Hazardous Waste (HHW) fees, and AB 939 revenues, which are used to fund the City's Household Hazardous Waste programs and for public education on recycling and protection of the environment.

Revenues for Option 1 (standard rate review, which is the initial staff recommendation to the Utilities Commission) are estimated as follows:

- AB 939 funds are estimated to increase by \$41,112/year for a total of \$482,993/year, and will be credited to Account No. 212-400-7150-7544.
- HHW funds are estimated to increase by \$44,389/year for a total of \$503,007/year and will be credited to Account No. 212-400-7150-7542.
- Franchise fees are estimated to increase by \$153,792/year for a total of \$1,807,037/year and will be credited to Account No. 010-400-0001-7116.
- With the current PMF rates (no change), the annual PMF revenues are anticipated to be \$1,030,736 for the 2018/2019 fiscal year.

Revenues for Option 2 (Utilities Commission Recommendation - AB939 and HHW fee reduction) are estimated as follows:

- AB 939 revenues are estimated to decrease by \$100,824/year for an estimated total of \$341,057; which will be credited to Account No. 212-400-7150-7544.
- HHW revenues are estimated to decrease by \$107,973/year for an estimated total of \$350,645; which will be credited to Account No. 212-400-7150-7542.
- Franchise fees are estimated to remain the same as the current year at the estimated amount of \$1,653,245; which will be credited to Account No. 010-400-0001-7116.
- With the current PMF rates (no change), the annual PMF revenues are anticipated to be \$1,030,736 for the 2018/2019 fiscal year.

Table 5 below shows the difference in revenues between Option 1 and Option 2. There is sufficient fund balance available to sustain programs funded by AB939 and HHW revenues in the coming year with the recommended reductions.

TABLE 5					
Annual Revenue Comparison					
Option	Franchise Fee	AB 939	HHW	PM	Total Revenue
Option 1 Standard Rate Review	\$1,807,037	\$482,993	\$503,007	\$1,030,736	\$3,823,773
Option 2 Utilities Commission Recommendation	\$1,653,245	\$341,057	\$350,645	\$1,030,736	\$3,375,683
Total Variance	\$153,792	\$141,936	\$152,362	\$0	\$448,090

Capital Improvement Budget Impact:

Annual PMF revenues of \$1,030,736 are estimated for the 2018/2019 fiscal year. These funds support the residential street slurry program, Project number 190805 proposed for FY19.

RECOMMENDATION:

Staff recommends that the City Council adopt a Resolution entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, APPROVING MUNICIPAL SOLID WASTE COLLECTION, RECYCLING AND DISPOSAL SERVICE RATES FOR FISCAL YEARS 2018/2019", accepting the Utility Commission's recommendation to approve the CPI increase, the new Multi-Family Bulky Item Pick-up program, no change to the pavement maintenance fee, no change to the Franchise Fee, a \$0.46 decrease in the AB 939 Fee and a \$0.50 decrease in the HHW Fee for Fiscal Year 2018-19, effective July 1, 2018.