



# City of Rialto

## Legislation Details (With Text)

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**Title:** Request Utilities Commission to Recommend that City Council Approve Municipal Solid Waste Collection, Recycling and Disposal Service Rates for Fiscal Year 2019/2020, Effective July 1, 2019. (ACTION)

**Sponsors:**

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**Attachments:** 1. Attachment 1 - Slurry Seal Location Map and Street List - Zone 4, 2. Attachment 1 - Slurry Seal Location Map and Street List - Zone 5, 3. Attachment 1 - Slurry Zone Map, 4. Attachment 2 - Rate Analysis Summary, 5. Power Point Rialto 2019 Rates 032019

Date	Ver.	Action By	Action	Result
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For Special Utilities Commission Meeting [April 2, 2019]

TO: Honorable Utilities Commission Members

APPROVAL: Thomas J. Crowley, P.E., Utilities Manager

FROM: Amy Crow, Administrative Analyst

Request Utilities Commission to Recommend that City Council Approve Municipal Solid Waste Collection, Recycling and Disposal Service Rates for Fiscal Year 2019/2020, Effective July 1, 2019. (ACTION)

### **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 and mandated programs.

### **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 City's Pavement Maintenance Fee (PMF). This is the fifth year of the current Five-Year Rates, previously approved pursuant to Proposition 218.

### **Organic Material Recycling (Commercial Accounts) Update Summary**

In 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=](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB1826&search_keywords=), which required mandatory commercial organics recycling throughout the State. The act defines organic waste as food waste, green waste, landscape and pruning waste, non-hazardous wood waste, and food-soiled paper waste mixed in with food waste. 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. On January 1, 2017, the state lowered the threshold to include businesses that generate 4 cubic yards of organic waste per week. Starting January 1, 2019, the new threshold includes all businesses that generate 4 cubic yards of solid waste per week.

### 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 3.5 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. 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 organics threshold customer count represents 16% of the total. The 4 cubic yard threshold of organic waste became effective on January 1, 2017.

The equalized food waste rate approach encourages participation of 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 an update to the multi-family bulky item collection program. Last year, the City approved a multi-family (MF) bulky item collection program that provided 52 hours per week of MF bulky item collections, based on a MF bulky item collection route, Burrtec driver observations, and customer call-ins. Staff anticipates that this program would greatly reduce illegal dumping that is prevalent near multi-family locations requiring City forces to arrange pick up on a regular basis. Based on the 6-month period of July through December 2018, Burrtec collected 372.37 tons. For December, Burrtec collected 82.29 tons.

Prior to this program, multi-family establishments were to call Burrtec to schedule and pay for bulky item collections. Burrtec records showed that a small percentage of multi-family locations actually requested these services. This data suggests that the majority of the illegal dumping in the surrounding alleys (picked up by City Staff) could be attributed to the Multi-Family complexes that do not request Bulky Item Pick-Ups from Burrtec.

#### Pavement Maintenance Fee

The proposed rates do not include any increase to the pavement maintenance fee. At the current rates, the estimated revenue is \$1,550,000 for the 2019/2020 fiscal year. The City will use these funds for the annual residential street pavement maintenance program.

**Table 1** shows the Pavement Maintenance Fee Revenue received over the last five years since implementation:

**Table 1**

#### **Pavement Maintenance Fee Revenues**

<b>Fiscal Year</b>	<b>Revenue</b>
2014/2015 Actual	\$ 632.1
2015/2016 Actual	\$ 785.0
2016/2017 Actual	\$ 1,549.6
2017/2018 Actual	\$ 1,549.6
<b>Sub-Total Actual</b>	<b>\$ 4,516.6</b>

**Table 2** lists the road maintenance projects that used pavement maintenance fees as a major source of funding. **Attachment 1** provides a detailed list of the streets funded with the pavement maintenance fee.

**Table 2**

#### **Road Maintenance Project Summary**

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Slurr Seal Project Number	Pavement Maintenance Fee	General Fund	Gas Tax Fund	Measure Fund	Project Total	Construction to Proceed Mi
170805	\$ 1,000,000	\$ 500,000	\$ 272,354	\$ 100,000	\$ 1,872,354	Completed
180805	\$ 1,800,000			\$ 100,000	\$ 1,900,000	Mar 2019 Out
190805	\$ 2,400,000			\$ 100,000	\$ 2,500,000	Mar 2019 Out
<b>Total</b>	<b>\$ 5,200,000</b>	<b>\$ 500,000</b>	<b>\$ 272,354</b>	<b>\$ 300,000</b>	<b>\$ 6,272,354</b>	

#### Residential Rate Options

**Table 3** shows the current residential rates (including the tax roll billing discount rates) with the 2019/2020 rate adjustments. The adjustment includes no change to any City fees including the Pavement Maintenance Fee for 2019/2020. **Attachment 2** provides the full rate analysis summary.

**Table 3**  
**Residential Rate Options**

Service	Monthly Charge	
	Current 2018-19	Proposed 2019-20
60 gallon tax roll	\$ 28.19	\$ 29.96
60 gallon direct bill	\$ 28.75	\$ 30.54
40 gallon tax roll	\$ 27.49	\$ 29.25
40 gallon direct bill	\$ 28.07	\$ 29.85
Senior tax roll	\$ 21.24	\$ 22.74
Senior direct bill	\$ 21.73	\$ 23.25

#### Commercial Rate Options

**Table 4** below shows the most common Commercial Service rates with the various 2019/2020 rate adjustments. The adjustments include no change to any City fees including the Pavement Maintenance Fee for 2019/2020.

**Table 4**  
**Commercial Rate Options**

Monthly Charge
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Service	Current 2018-	Proposed 2019-20
Commercial services One time per week		
3 yard trash bin	\$217.03	\$242.91
2 yard food waste or trash bin	\$164.62	\$182.47
Multi-family 3 yard bin With bulky item collection program	\$225.74	\$245.77

**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 the City uses to fund the Household Hazardous Waste programs and for public education on recycling and protection of the environment.

Revenues as presented with no changes in the fee amounts are estimated as follows:

- AB 939 funds are estimated to be \$356,134.66/year and will be credited to Account No. 212-400-7150-7544.
- HHW funds are estimated to be \$356,134.66/year and will be credited to Account No. 212-400-7150-7542.
- Franchise fees are estimated to be \$1,365,171.10/year and will be credited to Account No. 010-400-0001-7116.
- With the current PMF rates, annual PMF revenues are anticipated to remain fixed at \$1,550,000 for the 2019/2020 fiscal year.

**Capital Improvement Budget Impact:**

Annual PMF revenues of \$1,550,000 are estimated for the 2019/2020 fiscal year. These funds support the residential street pavement maintenance program, Project number 200805 proposed for FY2020.

**RECOMMENDATION:**

Staff Request Utilities Commission to Recommend that City Council Approve Municipal Solid Waste Collection, Recycling and Disposal Service Rates for Fiscal Year 2019/2020, Effective July 1, 2019.