



# City of Rialto

## Legislation Text

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For City Council Meeting [July 13, 2021]

TO: Honorable Mayor and City Council

APPROVAL: Marcus Fuller, City Manager

FROM: Michael Tahan, Interim Public Works Director

Request City Council Adopt **Resolution No. 7747** Approving the Municipal Solid Waste Collection, Recycling and Disposal Service Rates for Fiscal Year 2021/2022, Effective July 1, 2021.

**(ACTION)**

**BACKGROUND**

In April 1996, the City Council approved a Franchise Agreement with Burrtec Waste Industries ("Burrtec") for solid waste collection and disposal services that included 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 solid waste collection and disposal rates, (the "Rates"). The Franchise Agreement allows Burrtec to request Rate adjustments based on changes in the Consumer Price Index (CPI) and changes in operating costs, such as landfill tipping fees and state mandated programs.

In July 2020, as a method of reducing fiscal impacts to residents and businesses impacted by the COVID-19 pandemic, Burrtec deferred the Fiscal Year 2020/2021 Rate adjustment and the cost recovery for both residential tax roll and residential direct bill customers to the Fiscal Year 2021/2022 cycle. The intent was to recover the Fiscal Year 2020/2021 cost increases incurred by Burrtec in the Fiscal Year 2021/2022 cycle resulting in a deferred cost recovery and true-up adjustment.

**ANALYSIS/DISCUSSION**

On June 11, 2019, the City Council conducted a Public Hearing in accordance with Proposition 218 procedures and adopted a 3-Year Schedule for Municipal Solid Waste Collection, Recycling and Disposal Rates for Fiscal Years 2019/2020 through 2021/2022.

Fiscal Year 2021/2022 Rates for Residential Customers are recommended to include the following components.

- No CPI adjustment to the 2021/2022 Residential Hauler Fee
- The deferred Fiscal Year 2020/2021 cost increases (the "Deferment Stabilization Fee") is extended to be recovered over two Fiscal Years 2021/2022 and 2022/2023 as opposed to all in the current Fiscal Year 2021/2022
- Recently approved reduction in the solid waste disposal rate from \$39.12 to \$38.00
- Increases the recycling tip fee from \$73.34 to \$75.71 imposed by others

- Increases the green waste tip fee from \$51.60 to \$52.76 imposed by others

### Residential Rate Options

**Table 1** below shows the Fiscal Year 2019/2020 and 2020/2021 deferred rate increases for residential tax billed customers. Additionally, Staff identified and evaluated three options for setting increased Rates for Residential Customers for Fiscal Year 2021/2022 as identified in Table 1.

**Table 1**  
**Residential Rate Options**

60 Gallon Tax Billed Account					
Rate Year	2019/20	2020/21	2021/2022		
			Option 1	Option 2	Option 3
Monthly Billed to Customer	\$ 29.96	\$ 29.96	\$ 33.31	\$ 30.81	\$ 31.58
Monthly Increase	N/A	N/A	\$ 3.35	\$ 0.85	\$ 1.62
Monthly Deferred Amount	N/A	\$ 1.89	\$ 0.95	\$ 0.95	\$ 0.95

Option 1 includes:

- No Burrtec CPI adjustment for 2021
- Spread the Deferment Stabilization Fee from one year to two years reducing the \$1.89 deferred rate increase to \$0.95 with the balance to be recovered in Fiscal Year 2022/2023
- No change in any City fees (Pavement Maintenance Fee, HHW Fee and AB 939 Fee)
- No impact on Operating Budget; no impact of Capital Improvement budget

Option 2 includes:

- No Burrtec CPI adjustment for 2021
- Spread the Deferment Stabilization Fee from one year to two years reducing the \$1.89 deferred rate increase to \$0.95 with the balance to be recovered in Fiscal Year 2022/2023
- Temporarily suspends the Pavement Maintenance Fee for Fiscal Year 2021/2022 (reducing the fee from \$2.50 per month to \$0)
- No impact to Operating Budget; Reduction to Capital Improvement budget (see impact in Financial Impact section below)

Option 3 includes reducing certain fees by 50% as noted below:

- No Burrtec CPI adjustment for 2021
- Spread the Deferment Stabilization Fee from one year to two years reducing the \$1.89 deferred rate increase to \$0.95 with the balance to be recovered in Fiscal Year 2022/2023
- Temporarily reduces the Pavement Maintenance Fee for Fiscal Year 2021/2022 by 50% from \$2.50 to \$1.25
- Temporarily reduces the AB939 fee for Fiscal Year 2021/2022 by 50% from \$0.49 to \$0.25

- Temporarily reduces the HHW fee for Fiscal Year 2021/2022 by 50% from \$0.49 to \$0.25
- Reduction to Operating Budget; Reduction to Capital Improvement Budget (see impact in Financial Impact section below)

**Attachment 1** provides the full rate analysis summary.

### Commercial Rates

Fiscal Year 2021/2022 Rates for Commercial Customers are recommended to include the following components:

- CPI adjustment to the Fiscal Year 2021/2022 Commercial Hauler Fee
- Recently approved reduction in the solid waste disposal rate from \$39.12 to \$38.00
- Commercial and Multi-Family state mandated recycling program adjustments
  - Increases the recycling fees from \$2.63/yard to \$3.11/yard
  - Increases the Food Waste processing fees from \$2.19/yard to \$2.35/yard
  - Increases the Multi-Family Bulky Program from \$1.68/yard to \$1.81/yard

**Table 2** below shows the most common Commercial Service Rates with the various Fiscal Year 2021/2022 Rate adjustments. The adjustments include no change to any City fees including the Pavement Maintenance Fee for Fiscal Year 2021/2022.

**Table 2**  
**Commercial Rate Options**

Commercial Services One time per week	Monthly Charge		
	Current 2020/21	Proposed 2021/22	Proposition 218 Rate
Three (3) Yard Trash Bin	\$ 254.01	\$ 262.86	\$ 285.96
Two (2) Food Waste or Trash Bin	\$ 190.38	\$ 196.56	\$ 214.81
Multi-Family Three (3) Yard Bin with Bulky Item Collection Program	\$ 247.38	\$ 255.84	\$ 289.33

As shown, for Commercial Customers the net increase to typical Rates are:

- Three (3) Yard Trash Bin; +\$8.85 / month = 3.48%
- Two (2) Food Waste or Trash Bin; +\$6.18 / month = 3.25%
- Multi-Family Three (3) Yard Bin w/ Bulky Item; +\$8.46 / month = 3.42%

All increased Rates for Commercial Customers are below the City's projected Rates adopted in the 3-Year Schedule for Fiscal Year 2021/2022.

### Utility Commission Review

At its May 18, 2021 meeting, the Utilities Commission received a presentation on the proposed

Rates, accepted the Rates as presented and requested that the City evaluate possible reduction or adjustments of City Fees.

#### Economic Development Committee Review

At its June 23, 2021 meeting, the Economic Development Committee received a presentation on the proposed Rates and recommended that the City Council approve Option 2 for Fiscal Year 2021/2022.

#### Coronavirus Relief Funding

In an effort to provide residents additional assistance, Staff has explored the option of utilizing Coronavirus Relief Funding (CRF) and/or the CDBG-CV funding for Waste Rate stabilization. The following was determined.

- The City still has outstanding funds from the County per capita Coronavirus Relief Funding (CRF) and the CDBG-CV funding.
- Broad based rate stabilization would not be eligible for funding from these two programs.
- Utility assistance payments are only applicable for up to a six-month period and must be processed through individual applications. Previously approved utility assistance applicants would only be eligible for a three-month period of assistance.
- Applications need to verify loss of income due to COVID-19 and meet low income level thresholds.

Based on these facts and the restrictions imposed on the use of these types of funds, Staff determined that these funds would not enable the City to stabilize the required increase to the Rates.

#### **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. The City derives revenues from the adopted Rates including Household Hazardous Waste (HHW) and AB 939 fees, which the City uses to fund the HHW programs and for public education on recycling and protection of the environment.

#### Option 1

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

- AB 939 funds are estimated to be \$427,245.57/year and will be credited to Account No. 212-400-7150-7544.
- HHW funds are estimated to be \$487,125.43/year and will be credited to Account No. 212-400-7150-7542.
- Franchise fees are estimated to be \$ 2,170,668.75/year and will be credited to Account No. 010-400-0001-7116.
- With the current Pavement Maintenance Fee rates, annual Pavement Maintenance Fee revenues are anticipated to remain fixed at \$ 1,542,352.86 for Fiscal Year 2021/2022.

#### Option 2 (**recommended by EDC**)

Revenues as presented with temporary suspension of the Residential Pavement Maintenance Fee (reducing the fee from \$2.50 to \$0).

- AB 939 funds are estimated to be \$427,245.57/year and will be credited to Account No. 212-400-7150-7544.
- HHW funds are estimated to be \$487,125.43/year and will be credited to Account No. 212-400-7150-7542.
- Franchise fees are estimated to be \$ 2,170,668.75/year and will be credited to Account No. 010-400-0001-7116.
- With the current PMF rates reduced to zero for Residential customers the 2021/2022 fiscal year, annual Pavement Maintenance Fee revenues are anticipated to be \$984,503.63 for Fiscal Year 2021/2022.

#### Option 3

Revenues as presented with temporary reduction to the Residential Pavement Maintenance Fee, AB 939 Fee and HHW Fee by 50%.

- AB 939 funds are estimated to be \$412,362.76/year and will be credited to Account No. 212-400-7150-7544.
- HHW funds are estimated to be \$427,211.97/year and will be credited to Account No. 212-400-7150-7542.
- Franchise fees are estimated to be \$2,170,668.75/year and will be credited to Account No. 010-400-0001-7116.
- Pavement Maintenance Fee revenues are estimated to be \$1,263,428.25 for Fiscal Year 2021/2022.

#### Capital Improvement Budget Impact:

Annual Pavement Maintenance Fee revenues of \$1,542,352.86 are estimated for Fiscal Year 2021/2022 for Option 1. These funds support the residential street pavement maintenance program. If Residential Pavement Maintenance Fees are temporarily suspended and reduced to \$0, revenues

are estimated to be \$984,503.63 for the Fiscal Year 2021/2022 for Option 2. If Residential Pavement Maintenance Fees are temporarily reduced by 50%, revenues are estimated to be \$1,263,428.25 for Fiscal Year 2021/2022 for Option 3.

**RECOMMENDATION:**

Request City Council Adopt **Resolution No. 7747** Approving the Municipal Solid Waste Collection, Recycling and Disposal Service Rates for Fiscal Year 2021/2022, Effective July 1, 2021.