

## PUBLIC HEARING FOR PROPOSED RESIDENTIAL AND COMMERCIAL TRASH RATE INCREASE

Public Works Department

City Council  
December 18, 2018

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## BACKGROUND

1. Public Works oversees residential and commercial trash and recycling collection and processing;
2. Refuse Fund (540) is facing fiscal challenges as outlined during the FY 2018/20 Budget process; and
3. April 17, 2018 - request to increase processing costs at Agua Mansa Transfer Station (operated by Burrtec) with a corresponding customer rate increase:
  - a. Year to year cost increases outpacing inflation; and
  - b. State laws impacting processing and labor costs.



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## BACKGROUND (CONT.)

4. September 12, 2018 - Finance Committee recommended this item be brought before City Council;
5. October 16, 2018 - City Council authorized staff to:
  - a. Prepare and mail notice of proposed residential and commercial trash increases per Proposition 218; and
  - b. Prepare a Request for Proposals to evaluate the waste system and financial structure for a 5 year rate plan.



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## DISCUSSION

1. Overview of rate components and adjustment factors
2. External factors
3. Actual costs
4. 'What if' scenarios



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## BUILDING BLOCKS OF A TRASH RATE

### COLLECTION



Base Rate



### PROCESSING

Landfill  
Disposal  
Transfer  
Processing

### OTHER

Franchise Fee  
City Service  
RateCustomer  
Rate

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## COST DRIVERS

NATIONAL SWORD  
(CHINA'S WASTE BAN)AB 341 - MANDATORY  
RECYCLINGSB 1383 -  
ORGANICSSTATE CHANGES  
TO HEALTH INSURANCESB 3 - MINIMUM  
WAGE LAWSCOUNTY  
LANDFILL FEESHOMELESS  
CLEAN UPS

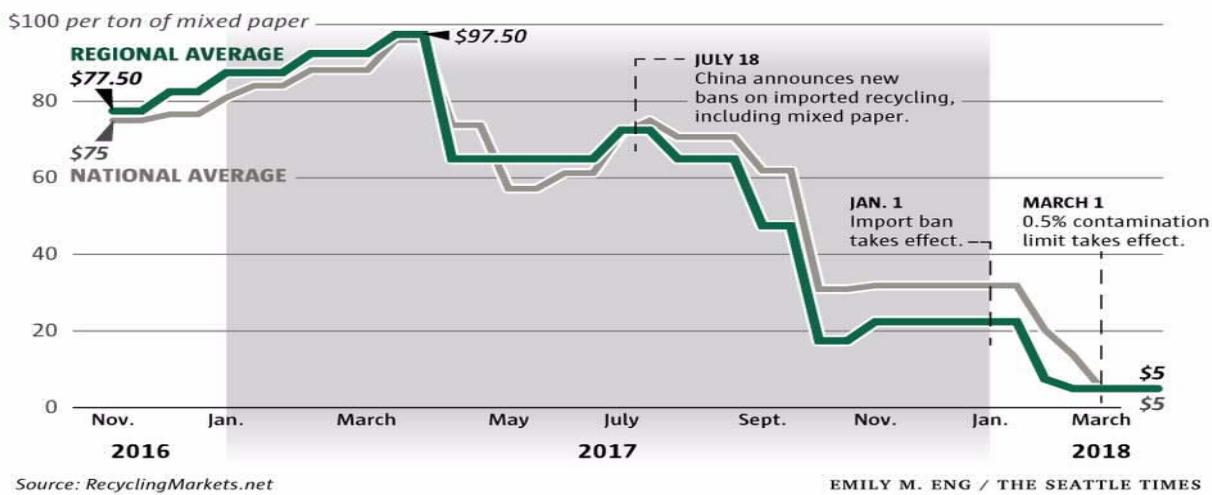
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## China's Impact on US Recycling

### China closes the door, prices crash

The average price paid to recyclers for a ton of mixed paper in the Pacific Northwest and across North America has plummeted in the last year.



## SB 32, SB1383 - Organics

1. SB 32 committed the State to a goal of reducing greenhouse gas emissions;
2. SB 1383 (2016) refocused California on a need to reduce short lived climate pollutants (dairy and organics):
  - a) Organics are green and food waste
  - b) New greenwaste handling and processing requirements
  - c) Must find new markets for greenwaste
  - d) A need to create renewable gas technologies and markets using organics as fuel



## Labor

1. New regulations mean more workers;
2. SB3 is increasing minimum wage (beyond CPI);
3. Processing industry relies on minimum wage workforce; and
4. Other personnel cost drivers (health care mandates, low unemployment, technology needs for more advanced technologies).



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## Actual Costs v. CPI Allowance

	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	5 Yr Avg
Personnel	-2.15%	1.38%	9.15%	17.99%	0.32%	<b>5.34%</b>
Non-Personnel	12.60%	-1.59%	-0.30%	6.56%	10.10%	<b>5.47%</b>
Actual City Expenditures	9%	-1%	2%	9%	8%	<b>5.4%</b>
CPI Allowance	1.14%	0.73%	2.03%	1.97%	3.61%	<b>1.9%</b>

- **Excludes impact of new regulations**
- Future variances likely greater
- Expenditures deferred in some years



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## Status Quo – No Rate Increase

1. City unable to meet regulatory requirements;
2. City unable to maintain fiscal stability;
3. Service impacts:
  - a) Redirection of resources to regulatory needs will impact collection quality and program delivery
4. Increased risk exposure to liability and state fines.



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## FUND SCENARIOS

Fund Balance Scenarios	FY18/19	FY19/20	FY20/21 <sup>1</sup>	FY21/22 <sup>1</sup>	FY22/23 <sup>1</sup>
<b>Status Quo</b>	\$2.6 mil	(\$0.5 mil)	(\$4.2 mil)	(\$8.4 mil)	(\$13.2 mil)
<b>Processing request approved without a corresponding rate increase</b>	\$0.5 mil	(\$4.6 mil)	(\$10.3 mil)	(\$16.7 mil)	(\$23.6 mil)
<b>Proposed (CPI + Extraordinary, with est 2% CPI in 19/20) with customer rate adjustment (recommended)</b>	\$3.0 mil	\$2.4 mil	\$1.7 mil	\$1.0 mil	\$0.2 mil

<sup>1</sup>Subject to change based on consultant recommendations



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## RECOMMENDATIONS

That City Council:

1. Conduct a public hearing to consider all oral comments and written protests to the proposed rate increase for residential and commercial refuse rates through June 30, 2020;
2. If a majority protest does not exist, adopt a resolution approving the residential and commercial rate structure from January 1, 2019 through June 30, 2020; and,



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## RECOMMENDATIONS (CONT.)

3. Authorize the Eighth Amendment to Transfer Services Agreement with Burrtec Waste Industries, Inc. to adjust waste processing compensation for extraordinary costs; and,
4. Authorize the City Manager, or his designee, to execute the Eighth Amendment to Transfer Services Agreement between the City and Burrtec, including making minor and non-substantive changes.



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# RATE PROPOSAL/COMPARISON

## COMMERCIAL TRASH RATES 2018/19

	3 yard bin, 1 x week
Riverside (Current)	\$108.45
Riverside (Proposed)	\$114.70
Ontario	\$126.00
San Bernardino	\$126.00
Corona	\$129.88
Calimesa	\$132.63
Jurupa Valley	\$135.18
Fontana	\$160.39
Anaheim	\$163.80
Moreno Valley	\$165.00
Hemet	\$178.29
Rancho Cucamonga	\$162.35
Rialto	\$225.87
Burbank	\$304.09



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## RESIDENTIAL RATES 2018/19

	96 Gallon (except as noted)	60 Gallon	32 Gallon
Anaheim <sup>1</sup>	\$21.47	--	--
Corona <sup>1</sup>	\$22.42	--	--
Moreno Valley <sup>1</sup>	\$22.68	--	--
Hemet	\$23.13 (90 gal)	\$19.79	--
Rancho Cucamonga	\$23.26	\$23.26	\$23.26
Riverside (Current)	\$23.68	--	--
San Bernardino	\$24.31	\$24.31 (64)	--
Highland	\$25.23	--	--
Lake Elsinore	\$25.63	--	--
Riverside (Proposed)	<b>\$26.01</b>	--	--
Calimesa	\$26.16	--	--
Jurupa Valley	\$26.41	--	--
Fontana <sup>1</sup>	\$27.68	--	--
Ontario (existing homes)	\$27.68	--	--
Rialto	\$28.75	--	--
Pomona <sup>1</sup>	\$29.17	--	--
Redlands <sup>1</sup>	\$32.00 (90 gal)	\$30.98	--
Ontario Ranch (new homes)	\$27.68	--	--
Pasadena	\$40.99 (100 gal)	\$26.44	\$16.29
Burbank	\$51.37	\$32.51	\$17.79

<sup>1</sup>Does not include street sweeping in rate; rates in 2019/20 would adjust by CPI only

## Action Plan

Rates Approved



Audit Findings Presentation



Begin Request for Proposal Process



January 2019

RFP  
Recommendations to  
Committee/Council



Begin Plan Roll Out/  
Rate Discussions



Recommendation  
Implementation



Rate Update



Spring/Summer 2019

Fall 2019

July 1, 2020

Annually



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