



REFUSE FUND UPDATE AND BURRTEC WASTE INDUSTRIES, INC., REQUEST TO ADJUST RESIDENTIAL AND COMMERCIAL RATES

Public Works Department

City Council
October 16, 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. Performance Audit findings are anticipated soon.



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BACKGROUND (CONT.)

4. April 17, 2018 - request received to increase processing costs at Agua Mansa Transfer Station (operated by Burrtec):
 - a. Year to year cost increases outpacing inflation; and
 - b. State laws impacting processing and labor costs.



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BACKGROUND (CONT.)

5. Two related requests:
 - a. Approve an extraordinary increase to processing rates;
 - b. Approve associated trash rate increases for residential and commercial customers
6. September 12, 2018 - Finance Committee met and voted to bring the proposed requests for residential and commercial rates to the City Council for consideration.



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DISCUSSION

Residential



City



Burrtec

- Burrtec residential contract ends December 2018

Commercial



Athens



Burrtec



CR&R

- All three commercial contracts end June 30, 2023



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SOLID WASTE SYSTEM



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WASTED WASTE VIDEO

https://www.nbcnewyork.com/news/local/US-Struggles-With-What-to-Do-With-Tons-of-Recycled-Material-489971551.html?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202018-08-14%20Waste%20Dive%20Newsletter%20%5Bissue:16647%5D&utm_term=Waste%20Dive



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OTHER CHALLENGES

1. All rate adjustments must be approved by City Council;
2. No rate increase approved beyond CPI; and
3. Costs are increasing beyond inflation.



CHINA
WASTE BAN



COUNTY
LANDFILL FEES



HOMELESS
CLEAN UPS



MINIMUM
WAGE LAWS



STATE CHANGES
TO HEALTH
INSURANCE



GREENWASTE
PROCESSING
LEGISLATION



NEW
ORGANICS
REGS ⁸



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RATE PROPOSAL/COMPARISON

COMMERCIAL TRASH RATES 2018/19

	3 yard bin, 1 x week
Riverside (current)	\$108.45
Riverside (Option A – CPI Only, no Retro) ¹	\$112.37
Riverside (Option B – CPI Only, with Retro) ¹	\$113.84
Riverside (Option C – CPI + Extra, no Retro) ¹	\$114.70
Riverside (Option D – CPI + Extra, with Retro) ¹	\$117.04
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



¹ Retro CPI – cost recovery for lost revenue for approximately 6 mos (July-Dec 2018)
Rates in 2019/20 would adjust by CPI only

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RESIDENTIAL RATES 2018/19

	96 Gallon (except as noted)	60 Gallon	32 Gallon
Anaheim ¹	\$21.47	--	--
Corona ¹	\$22.42	--	--
Moreno Valley ¹	\$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)	--
Riverside (Option A)	\$24.87	--	--
Highland	\$25.23	--	--
Lake Elsinore	\$25.63	--	--
Riverside (Option B)	\$26.01	--	--
Calimesa	\$26.16	--	--
Jurupa Valley	\$26.41	--	--
Fontana ¹	\$27.68	--	--
Ontario (existing homes)	\$27.68	--	--
Rialto	\$28.75	--	--
Pomona ¹	\$29.17	--	--
Redlands ¹	\$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

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

FISCAL IMPACT

Fund Balance Scenarios	FY18/19	FY19/20	FY20/21 ¹	FY21/22 ¹	FY22/23 ¹
Status Quo	\$2.6 mil	(\$0.5 mil)	(\$4.2 mil)	(\$8.4 mil)	(\$13.2 mil)
CPI (3.61%) as outlined in the Transfer Services Agreement	\$2.5 mil	\$0.2 mil	(\$2.3 mil)	(\$5.0 mil)	(\$7.8 mil)
Burrtec Request (CPI + Extraordinary) with est 2% CPI years FY20/21-22/23	\$3.0 mil	\$2.4 mil	\$1.7 mil	\$1.0 mil	\$0.2 mil

¹Subject to change based on consultant recommendations



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RECOMMENDATIONS

That City Council:

1. Receive this update on the Refuse Fund (540) and discuss Burrtec Waste Industries Inc., April 17, 2018 request for processing rate adjustments and corresponding residential and commercial franchise rate increases; and
2. Direct staff to prepare all documents necessary for public noticing and to set a public hearing on a date at least 45 days after mailing of the notice for Option B (residential) and Option C (commercial) solid waste rates through June 30, 2020 in accordance with Proposition 218; and



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RECOMMENDATIONS (CONT.)

3. Adopt a Resolution authorizing and approving the Fifth Amendment to Residential Solid Waste Agreement between the City and Burrtec to update the Consumer Price Index area and extend the term through June 30, 2020 for Residential Solid Waste Collection; and
4. Authorize the City Manager, or his designee, to execute the Fifth Amendment to Residential Solid Waste Agreement between the City and Burrtec; and



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RECOMMENDATIONS (CONT.)

5. Authorize staff to issue a request for proposals to retain a solid waste management consultant to further study Public Works' solid waste performance audit recommendations and prepare a detailed rate study and plan for FY 2020/21 to FY 2025/26.



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