



City of Arts & Innovation

Inclusiveness, Community Engagement & Governmental Processes Committee

TO: INCLUSIVENESS, COMMUNITY ENGAGEMENT, AND GOVERNMENTAL PROCESSES COMMITTEE **DATE: NOVEMBER 1, 2023**

FROM: PUBLIC WORKS DEPARTMENT **WARDS: ALL**

SUBJECT: CONSIDERATION OF POTENTIAL SOLID WASTE SHARE PROGRAM

ISSUE:

Receive a report to consider a potential Solid Waste Sharing Households Assist Riverside's Energy (SHARE) program.

RECOMMENDATION:

That the Inclusiveness, Community Engagement and Governmental Processes Committee recommend that the City Council approve the establishment of a SHARE program to assist qualifying City of Riverside Solid Waste customers.

BACKGROUND:

On June 27, 2023, the City Council set a public hearing regarding a Solid Waste rate proposal for September 19, 2023. During this discussion, the City Council requested that staff review options to develop and implement a low-income assistance program to aid qualifying residential Solid Waste customers.

On September 6, 2023, the Inclusiveness, Community Engagement and Governmental Processes Committee received a preliminary report regarding the establishment of a credit program to assist qualifying City of Riverside Solid Waste customers and requested that staff return with a report which included final recommendations regarding the funding source for such a program.

On September 19, 2023, the City Council conducted the planned public hearing and adopted the proposed Solid Waste rates alongside additional recommendations. During the hearing, staff confirmed that the item regarding a proposed SHARE program would return to Committee for consideration in 2023.

Following additional review; the Public Works Department continues to recommend the implementation of a financial assistance program like that offered by Riverside Public Utilities

(RPU). RPU assists qualified low-income residential electric and water customers with their utility bills through the Sharing Households Assist Riverside's Energy (SHARE) program which RPU administers along with the Riverside County Community Action Partnership. The Public Works Department has developed cost estimates for a proposed Solid Waste SHARE program to assist qualifying low-income residents.

Residents can learn more about RPU's existing SHARE program by visiting: RiversidePublicUtilities.com/Assistance or calling the 311 Call Center.

DISCUSSION:

The City of Riverside Public Works Department is administering a five-year solid waste rate plan which includes an average \$2.50 monthly increase per residential home for the five-year plan term. By adopting the SHARE program, the department aims to minimize the rate impact on qualifying low-income residential Solid Waste customers.

The Solid Waste division currently provides an extensive array of benefits to Riverside residents, including:

- Disabled resident pickup assistance
- Free "bulky item" pickup services
- Clean Up Riverside waste collection events
- Support for Beautify Riverside, Festival of Lights, and Keep Riverside Clean and Beautiful

The adopted five-year rate plan will address the impacts of inflation and State regulation on Riverside's solid waste operations. Inflation and the rising cost of consumer goods has similarly impacted Riverside households, and the establishment of a SHARE program for solid waste customers would help to absorb a portion of the proposed rate increases for qualifying low-income residential Solid Waste customers.

The RPU SHARE program was established in 1989. Income qualification for the SHARE program is based on 250% of the Federal poverty income guideline and the number of people in the household. Public Works proposes to utilize the same income qualification criteria as RPU.

RPU Water customers currently receive a monthly SHARE credit of \$3.25, this amount is proposed to gradually increase as part of the separate RPU Water five-year rate plan. The SHARE credit amount is not set at a fixed percentage of water rates, but rather has evolved over the years in response to rate increases. For comparative purposes, Public Works staff have found that the current RPU Water SHARE credit corresponds to approximately 5.6% of the average residential monthly bill calculated at 21 CCF per month.

The Public Utilities customer service team estimates that approximately 3,679 existing SHARE customers have solid waste service. Using the current credit to average monthly bill ratio for RPU Water SHARE customers, a suggested starting solid waste SHARE credit can be calculated to correspond with the proposed November 2023 total monthly bill:

$$5.6\% * \$34.72 \text{ (Total Proposed Monthly Bill)} = \$1.94 \text{ Solid Waste Base SHARE Credit}$$

For the remainder of the proposed 5-year rate program, the incremental increases in solid waste SHARE credit were calculated as 50% of the proposed rate increase. For example:

$$\$1.94 \text{ (FY 23/24 SHARE Credit)} + \frac{\$2.60 \text{ (FY 24/25 Proposed Rate Increase)}}{2} = \$3.25 \text{ FY 24/25 SHARE Credit}$$

While the application of the SHARE credit to solid waste customers can be largely automated, staff anticipates that there may be approximately \$25,000 per year in administrative and marketing costs.

Using these figures, Public Works has assembled a proposed monthly solid waste SHARE credit program to coincide with implementation of the proposed 5-year rate plan, shown in Table 1.

Table 1: Proposed Monthly Solid Waste SHARE Credit

| Date | Proposed Rate Increase | Total Monthly Bill | Proposed Monthly SHARE Credit | Net Monthly Cost for SHARE Customers | Total Cost of Solid Waste SHARE Program |
|---------------|------------------------|--------------------|-------------------------------|--------------------------------------|-----------------------------------------|
| Current | - | \$33.78 | - | - | - |
| November 2023 | \$0.94 | \$34.72 | \$1.94 | \$32.78 | \$83,100 FY 23/24 |
| July 2024 | \$2.60 | \$37.32 | \$3.24 | \$34.08 | \$170,011 FY 24/25 |
| July 2025 | \$2.43 | \$39.75 | \$4.46 | \$35.29 | \$224,588 FY 25/26 |
| July 2026 | \$2.58 | \$42.33 | \$5.75 | \$36.58 | \$282,509 FY 26/27 |
| July 2027 | \$2.75 | \$45.08 | \$7.12 | \$37.96 | \$344,217 FY 27/28 |

Table 2 explores in additional detail the cumulative costs experienced by qualifying customers under the proposed SHARE program and 5-year rate increase.

Table 2: Anticipated costs for solid waste SHARE customers through FY 27/28

| Date | Proposed Monthly Rate Increase | Cumulative Rate Increase | Proposed Monthly SHARE Credit | Cumulative Cost Increase for SHARE Customers |
|---------------|--------------------------------|--------------------------|-------------------------------|----------------------------------------------|
| November 2023 | \$0.94 | \$0.94 | \$1.94 | -\$1.00 |
| July 2024 | \$2.60 | \$3.54 | \$3.24 | \$0.30 |
| July 2025 | \$2.43 | \$5.97 | \$4.46 | \$1.51 |
| July 2026 | \$2.58 | \$8.55 | \$5.75 | \$2.80 |
| July 2027 | \$2.75 | \$11.30 | \$7.12 | \$4.18 |

The Refuse Fund can only be used for expenditures benefitting all customer categories, not low-income assistance for residential customers, therefore the SHARE program may not be funded through the solid waste rates, and instead must be funded through alternative means including Refuse Fund non-rate revenue such as recycling fees, curbside material, street sweeping fines collected by the Parking Fund on behalf of the Refuse Fund, or the General Fund, or external finite sources such as the American Rescue Plan Act.

Redirecting non-rate revenue to cover SHARE program costs poses a financial hardship to the Refuse Fund which is already facing challenges associated with inflation, increased costs associated with the state-mandated food diversion requirements, and high equipment costs.

As such, staff recommends that funding for the FY23/24 portion (approximately \$83,100) of the Solid Waste SHARE program should be programmed as a General Fund subsidy or using available American Rescue Plan Act (ARPA) funds. A final analysis of the appropriateness of ARPA funds will be presented when the item is brought to the City Council. Appropriations for future fiscal years, likely utilizing General Fund resources, will be included in the department’s budget submissions for those fiscal years to be presented to the City Council for approval.

Should the Committee support staff's recommendation, staff will advance an item to the City Council which will include a recommended appropriation of funds to cover operations of the solid waste SHARE program through FY 23/24.

STRATEGIC PLAN ALIGNMENT:

Staff's recommendation contributes to **Strategic Priority 3 - Economic Opportunity**, by championing a thriving, enduring economy that provides opportunities for all.

The program would also align with each of the five Cross Cutting Threads as discussed below:

1. **Community Trust** – The Public Works Department is responsive to community requests, and the proposed SHARE program is a result of feedback received both by the City Council and community members during recent neighborhood meetings.
2. **Equity** – By advancing a credit program for qualifying low-income customers, the City can minimize the impact of the proposed 5-year solid waste rate program to residents in need of financial assistance.
3. **Fiscal Responsibility** – The proposed program balances impacts to the City while offering an equitable solution for qualifying low-income customers.
4. **Innovation** – The proposed solid waste SHARE program would leverage existing programs to minimize operating costs of the new program.
5. **Sustainability and Resiliency** – The proposed solid waste rates will help the City to meet compliance standards related to the reduction of greenhouse gases and adoption of zero emission vehicles.

FISCAL IMPACT:

The total estimated fiscal impact of implementing a solid waste SHARE program through Fiscal Year 2027/28 to coincide with the proposed 5-year rate plan is estimated as \$1,104,425. The estimated impact of implementing a SHARE program through FY 2023/24 is \$83,100. The Refuse Fund can only be used for expenditures benefitting all customer categories, not low-income assistance for residential customers, therefore the SHARE program may not be funded through the solid waste rates, and instead must be funded through alternative means including Refuse Fund non-rate revenue such as recycling fees, curbside material, and street sweeping fines, or an annual, ongoing General Fund subsidy. Other external sources such as the American Rescue Plan Act may be considered, but those funds are not available on a permanent basis.

Redirecting non-rate revenue to cover SHARE program costs poses a financial hardship to the Refuse Fund which is already facing challenges associated with inflation, increased costs associated with the state-mandated food diversion requirements, and high equipment costs.

If this program is adopted by Council, the department will return to Council prior to program implementation to request a supplemental appropriation of \$83,100 from the General Fund or the American Rescue Plan Act to cover the program costs for FY 2023/24. Appropriations for future

fiscal years, potentially utilizing General Fund resources, will be included in the department's budget submissions for those fiscal years to be presented to the City Council for approval.

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Certified as to the availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachment: Presentation