

## STAFF REPORT

**DATE:** October 30, 2018

**TO:** City Council

**FROM:** Robert A. Clarke, Director of Public Works  
Stan Gryczko, Assistant Public Works Director  
Richard Tsai, Environmental Resources Manager  
Adrienne Heinig, Administrative Analyst

**SUBJECT:** Solid Waste Rate Study and Proposition 218 Utility Rate Information

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### **Recommendation**

Approve the following items associated with the solid waste utility rates:

1. Receive and accept the Solid Waste Rate Report by R3 Consulting (Attachment 1); and
2. Approve the Proposition 218 Notices containing solid waste rate adjustments for single family residential customers and commercial/multifamily customers to be effective beginning February 1, 2019; and

### **Fiscal Impact**

The Solid Waste Fund continues to see expenditures exceed revenues on average of \$90,000 per month. Total expenditures for Proposition 218 noticing would be approximately \$15,000, and can be accommodated within the FY 2018/19 adopted Environmental Resources Division budget.

### **Council Goals**

This effort is consistent with the Council Goal to Ensure Fiscal Resilience.

### **Background and Analysis**

The City's Solid Waste program is managed within Fund 520. The solid waste rate study conducted in 2013 established rates through December 2019. While acknowledging the possibility of annual increases beyond the anticipated 3% based on future program changes, the 2013 solid waste rate study did not include any type of reserve fund in the revenue requirements, did not include costs associated with organics collection (in carts) and weekly and monthly LITS, and did not anticipate the degree of change in landfill tipping fees. Since 2016, the Solid Waste Fund 520 has been underfunded, as expenses for the program exceeded current revenue. The purpose of the current solid waste rate study is to recover the revenue shortfalls from the 2013 study. Staff's original goal was to update the rate study in 2017, after one year of actual cost data with the adopted organics collection program. The rate study began in 2017 but was delayed due to the solid waste franchise agreement transfer and associated review and assessment. The proposed increases are not the result of the Recology Davis' acquisition of Davis Waste Removal (DWR), but are instead due to a series of events that began with the original designs for the introduction of the organics collection program.

In 2011, City Council adopted a zero waste resolution that also set a goal of achieving 75% waste diversion by 2020. While the recycling collection program in Davis was extensive, there was a growing movement in the solid waste industry to collect all organic materials for composting, including food scraps and food-soiled papers. In order to achieve this goal, the City approved an integrated waste management plan in 2014 that committed the City to increase its waste diversion via a more extensive organics collection program.

In January and February 2014, city staff presented to Council options for an organics program. The options ranged from providing a carts-only collection system, which would result in lower costs to the city and to ratepayers, to several different options for cart collection systems with some LITS service, each of which would be more expensive than the collection service in 2014. These collection systems would be more expensive because it would require DWR to run two organics collections systems (LITS and cart collection), requiring two sets of drivers and vehicles. After much deliberation and community involvement, Council decided on an option that offered weekly organics cart collection, monthly street sweeping, monthly LITS during the spring, summer and winter months, and weekly LITS in the fall. At the time, it was calculated that the adopted organics collection program (including LITS *and* cart collection) would cost the City an additional \$2.56 per account per month (based on calculations by staff, a total of roughly \$41,500 per month), and the additional cost could be supported in the short term by the solid waste utility fund balance of approximately \$1M. Funds had already been allocated for the program, so no additional customer rate increase other than the previously scheduled rate adjustment authorized by the City Council in the 2013 study was recommended at the time, given that the City anticipated conducting a new rate study in 2017. As previously noted, the study was interrupted due to the franchise agreement transfer from DWR to Recology.

Ultimately, the current solid waste rates and fund could not support the on-going additional costs of the hybrid organics program and significant increases in tipping fees at the Yolo County Central Landfill with the current rate adjustment schedule. Program expenditures exceeded revenue beginning in 2016, and exhausted the fund balance in late 2017. Subsequent months have seen expenses exceed revenue at an average of \$90,000 per month. By the end of FY 2018/19, and without a scheduled 3% rate increase until December of 2018, staff estimate the Solid Waste Fund will be close to \$2,200,000 in deficit. In May 2018, City Council approved an inter-fund loan of \$3,000,000 from the Wastewater Fund to the Solid Waste Fund to enable the solid waste enterprise to continue operations and allow time to complete the cost of service study and recommend new solid waste rates for a Proposition 218 process.

### **Solid Waste Rate Study Findings**

The rates associated with the solid waste utility are made up primarily of four parts:

- The franchise agreement the city holds with the waste hauler (Recology Davis) for waste collection and street sweeping, which includes pass-through program expenses
- The cost of the city's Solid Waste and Diversion Programs
- Other associated city administrative costs (internal city charges, etc.)
- The reserve/debt service coverage requirements

A significant proportion of the rates include costs that are fixed, by contract terms either with the hauler or with the debt service associated with the repayment of the wastewater inter-fund loan. However, unlike the other utilities in the city, which are often straightforward in terms of costs (the level of service is often fixed, e.g. a resident receives water or does not), portions of the costs for the solid waste utility are open to adjustments, based on the level of service the city provides customers. Adjustments could also include changes to the amount the city would like to set aside for reserve funds for the utility, modifications to the set-asides suggested for mitigation costs, and the number and level of add-on services provided by the hauler, including the provision of the city's LITS program.

After working with the city's Utility Rate Advisory Commission (URAC) and Natural Resources Commission (NRC) on the development of the Request for Proposals for the Solid Waste Rate Study, the city hired R3 Consulting Group to conduct the solid waste rate cost of service study.

The initial results of the rate study suggested the need for implementing rate increases of roughly 41.5% spread over five years based on a financial model developed by R3 utilizing the current level of service, which includes the following:

- Current and projected increases in the costs of solid waste and street sweeping programs provided by Recology;
- Debt repayment of \$3,000,000 of Solid Waste Fund inter-fund loan from the Wastewater Fund (532) and projected debt service on other future capital needs; and
- Necessary service charge increases required to support the above expenses over the entire 10-year period, including recovery from a structural deficit.

Also included in the base cost of service are the additions below:

- Environmental mitigation planning and analysis costs at the City-owned closed landfill (\$150,000 per year), and costs associated with road repair due to wear-and-tear from solid waste collection services (an increase from the current \$100,000 per year in mitigation fees to \$312,000);
- \$140,000 for bike path sweeping for sweeping bike paths that are separated from traffic lanes by Recology;
- Programs including a new Artists in Residency program included in the franchise agreement with Recology that provides local artists with access to discarded materials as part of public outreach efforts to encourage reuse and recycling (\$30,000 per year); and
- Achievement of a reserve balance in the Solid Waste Fund of 15% of annual operating costs at the end of the 10-Year Plan horizon (approximately \$2M).

Through this study, City staff, the consultant, and the URAC have been reviewing cost components of the utility and service delivery options to evaluate where to modify programs or services to address the projected budget shortfall. The primary focus of discussions with the Commission up until September of 2018 had been focused on the Loose in the Street service (LITS), as this is one component of solid waste handling which can be modified to raise or lower the overall cost of service, and potentially mitigate the rate increases to customers. However, while any potential modifications to the LITS service will influence the required rate adjustments, the overall revenue shortfall cannot be addressed by only modifying LITS service. In addition, the discussion around the LITS service and service levels is complicated for a number of reasons, including community investment in the service, and additional community outreach and community meetings are necessary to ensure that recommendations for the program capture the priorities of stakeholders. Staff believes the primary focus at this time should be correcting the revenue shortfall for solid waste services, as the deficit is ongoing, and is not recommending any change in the LITS program at this time.

Outside of the city's costs for the operation of the program, another key component to the rates (and subsequently, the rate increases) are the pass-through costs from the hauler. These costs are related to increases in the haulers' allowable operations expenses (i.e. capitalization of equipment replacement or necessary infrastructure improvements, although it is important to note that the expenses resulting from the April 2018 sale of DWR to Recology are not permitted pass-through costs) and Yolo County landfill per-ton disposal fees (tipping fees). The landfill tipping fees are a significant portion of Recology's pass-through expenses, and have increased in an unpredictable manner over the last several years. The City has discussed the concern of tipping fees increases with the County and they plan to be more proactive in notifying the cities of increases over multiple years. Based on available information at the time of this rate study, staff believes that the increases anticipated in the rate model are appropriate for landfill tipping fee increases over the next 5 years. The chart below illustrates the increases in landfill tipping fees per ton of material type over the last seven years.

## Yolo County Central Landfill per Ton Tipping Fees

Fee Type	Fee Effective Date							
	July 1, 2011	July 1, 2013	July 1, 2014	July 1, 2015	Jan 1, 2016	July 27, 2016	July 1, 2017	2018
Municipal Solid Waste (Landfilled Garbage)	\$37.72	\$39.63	\$40.58	\$41.71	\$41.71	\$42.72	\$43.88	\$50.65*
Green Waste (Yard Material Piles)	\$28.30	\$30.00	\$32.00	\$36.00	\$39.00	\$52.00	\$54.00	\$54.00
Food Scraps & Organics (Collection Carts)	N/A	N/A	N/A	N/A	N/A	\$52.00	\$54.00	\$62.00**

\*not yet implemented - beginning November 1, 2018

\*\*food waste and/or food waste mixed with green waste

## Tipping Fee Costs from Yolo County Central Landfill

Fee Type	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017**	FY 2017-2018
Municipal Solid Waste (Landfilled Garbage)	\$864,009.30	\$887,599.44	\$934,563.85	\$903,712.55	\$903,596.71
Green Waste (Yard Material Piles)	\$319,754.70	\$360,381.76	\$408,675.90	\$284,149.84	\$255,996.72
Food Scraps & Organics (Collection Carts)	N/A*	N/A*	N/A*	\$354,075.80	\$395,270.28
<b>TOTAL TIPPING FEES</b>	<b>\$1,183,764.00</b>	<b>\$1,247,981.20</b>	<b>\$1,343,239.75</b>	<b>\$1,541,938.19</b>	<b>\$1,554,863.71</b>

\*Food Scraps collected from the Commercial Food Scrap Collection Pilot Program were sent directly to a composting facility and not to the Yolo County Central Landfill for transfer.

\*\*Once the citywide organics collection program began in July 2016, yard materials were also collected with food scraps in organics carts and were brought to the Yolo County landfill for transfer to a local composting facility.

Compared to FY2013-2014, the amount paid to the landfill for tipping fees increased by over 13% in FY2014/15 and increased by over 30% in FY2015/16.

## Commission Deliberation and Recommendations

In conversations with the URAC and the NRC at their meetings in September, each commission expressed support for the focus on addressing the revenue shortfall first, and continuing the review of the programmatic elements of the solid waste utility in future months, specifically the LITS program service options. The NRC made note of wanting a more active role in the LITS program discussions, and the timeframe for providing comment on the alternatives to the LITS program was too short to consider all of the impacts and concerns of service levels necessary to make an informed recommendation.

## 5-Year Solid Waste Rate Tables

On October 4, 2018 at a Special Meeting, staff presented the URAC with three options for rate adjustment recommendations. Based on the current rate structure components as presented by the city's consultant, two of the options presented would maintain the positive fund balance of the utility over the next five years, and would contribute towards the development of a 15% of annual operating expenses reserve fund over the next ten years. The last option, looking at lowering the rate impacts for customers to an under 10% increase each year, would not maintain

a positive fund balance, and could necessitate another (short-term) inter-fund loan in the next five years. However, modifications to some of the recently added components of the rates could result in a lower first-year rate adjustment (Alternative 1A).

**Recommended Alternative: Alternative #1 - No Change to Solid Waste Service, Reduction in “Other Resources” Baseline Expenses**

This alternative would continue with the current level of solid waste service with no changes, outside of the additional baseline expenses included in the rate study. This rate structure would accomplish the goals of ensuring the fund balance remains positive over the next five years, would begin to build the reserves of the solid waste utility, and would ensure the utility could meet its obligations to pay back the loan from the Wastewater fund. No programmatic change would occur.

During the discussion of this alternative at the URAC Special Meeting, the recently added items in the baseline expenses, including the costs associated with mitigation activities at the city’s old landfill site, and the sweeping of the bike paths by Recology, were reviewed and questions were raised about the applicability of costs to the solid waste fund. Given the timeline moving forward, and the need to increase the rates sooner rather than later (or assume additional loans), the Commission recommended not including the specific items for the old landfill site mitigation and the sweeping of bike paths in the baseline program costs at this time. Additionally, the Commission recommended no associated adjustment to the projected rates, as the additional unallocated revenue would contribute to a faster establishment of the proposed 15% reserve.

The table below shows the percentage and estimated dollar impact to an average single-family household account with a 65-gallon cart.

Rate Year	2018	2019	2020	2021	2022	2023
<b>% Increase in Base Service Charges</b>	N/A	13.5%	10.0%	8.0%	5.0%	5.0%
No Change to LITS (Current Program Offering)	\$34.32	\$38.95	\$42.85	\$46.28	\$48.59	\$51.02
Anticipated Ending Fund Balance	NA	\$1,182,200*	\$400,100	\$158,500	\$160,000	\$206,300

*\*due to \$3M loan from Wastewater fund*

Staff concur with the URAC’s recommendation, and recommend moving forward with Alternative #1, with the specific activities related to the old landfill mitigation and the bike path sweeping removed from the baseline program funding, but keeping the proposed rates increases at the previously recommended levels. The funds previously focused towards those components would instead be directed towards building the utility reserve to reach the consultant recommended 15% of annual operating expenses before the end of the next 10 years, providing additional security to the utility in case of unanticipated costs, and could potentially decrease rate adjustments necessary in proceeding years if the reserve goals are met before forecasted.

**Alternative #2 - Add an Additional Month of Collection to the Leaf-drop Season, with No Other Changes**

The second alternative presented is to continue the current level of solid waste service with one modification to the existing LITS collection, adding an additional month of collection to the current leaf-drop season, from mid-October to mid-December. Staff recommended the URAC consider this option for their formal recommendation, as the addition of one month of LITS during the leaf drop season through mid-January was a common response/request in the public survey conducted in April 2018. However, URAC’s consensus was that it was not appropriate to alter the services at this time, as the discussions of the levels of service are ongoing.

The table below shows the percentage and estimated dollar impact to an average single-family household account with a 65-gallon cart.

Rate Year	2018	2019	2020	2021	2022	2023
<b>% Increase in Base Service Charges</b>	N/A	15.0%	10.0%	8.0%	5.0%	5.0%
Keep Current LITS Schedule and Extend Leaf Season	\$34.32*	\$39.47	\$43.41	\$46.89	\$49.23	\$51.69
Anticipated Ending Fund Balance	NA	\$1,200,614**	\$434,914	\$217,714	\$249,614	\$327,314

*\*currently the extended leaf season is not offered. To demonstrate the increase from the current rate to the new rate associated with the additional month of LITS service, the current average of the 65 gallon single-family household is used for comparison only.*

*\*\*due to \$3M loan from Wastewater fund*

In addition to the responses from the city survey in April, the impact to the rate increases already needed for the fund is minimal. The table below includes the estimated increases to the rates necessary for the inclusion of the additional month, shown with the average single-family residential rate with 65-gallon cart.

Rate Year	2018	2019	2020	2021	2022	2023
<b>Monthly Rate Impact Due to Extended Leaf Season</b>	\$0.00	+\$0.51	+\$0.57	+\$0.61	+\$0.64	+\$0.67

**Alternative #3 - No Change to Solid Waste Service, with Increases Under 10%**

The last alternative under consideration is the presentation of rate increases under 10% for each year. Recent internal discussions with staff have suggested the inclusion of this option as an alternative to keep the initial financial impact to customers as minimal as possible. With this option, the fund could potentially again dip into the negative and necessitate another loan. Moving forward the fund would see growth, however the time taken to bring the fund back to health would be longer than the other two options (if keeping all baseline expenses the same as presented by the consultant), and could leave the fund more vulnerable in the case of an unexpected cost associated with an emergency, increases in landfill fees, or other unpredictable changes. The table below shows the percentage and estimated dollar impact to an average single-family household account with a 65-gallon cart.

Rate Year	2018	2019	2020	2021	2022	2023
<b>% Increase in Base Service Charges</b>	N/A	8.75%	8.75%	8.75%	8.75%	8.75%
Keep Current LITS Schedule	\$34.32	\$37.32	\$40.59	\$44.14	\$48.00	\$52.20
Anticipated Ending Fund Balance	NA	\$912,200	(\$509,900)	(\$1,467,500)	(\$1,906,000)	(\$1,767,700)

With the additional month of collection service:

Rate Year	2018	2019	2020	2021	2022	2023
<b>% Increase in Base Service Charges</b>	N/A	9.00%	9.00%	9.00%	9.00%	9.00%
Keep Current LITS Schedule and Extend Leaf Season	\$34.32*	\$37.41	\$40.78	\$44.45	\$48.45	\$52.81
Anticipated Ending Fund Balance	NA	\$859,614	(\$677,086)	(\$1,717,286)	(\$2,200,386)	(\$2,063,686)

\*currently the extended leaf season is not offered. To demonstrate the increase from the current rate to the new rate associated with the additional month of LITS service, the current average of the 65 gallon single-family household is used for comparison only.

**Alternative #1A - No Change to Solid Waste Service, Reduction in “Other Resources”  
Baseline Expenses with Associated Rate Adjustments**

As previously discussed, the current recommended rates include a number of items within the baseline (pass-through) expenses that have not been included in prior years, and are not requirements of the program (unlike items such as the repayment of the inter-fund loan from Wastewater. These items include the:

- Increased Environmental Mitigation Fee - an additional \$212,000 per year for pavement impacts on top of the currently received \$100,000 (which is not a pass-through expense); and
- Bike Path Sweeping - \$140,000 per year for sweeping bike paths that are separated from traffic lanes; and
- Environmental mitigation planning and analysis costs at the City-owned closed landfill - \$150,000 per year; and
- Reserve/Rate Stabilization Fund - set at 15% of annual operating expenses (approximately \$2M)..

Of these elements, staff does not recommend that Council reduce the reserve/rate stabilization fund. As the last five years of the solid waste utility operation have demonstrated, a reserve is necessary to ensure the future health of the fund, stabilize future rate increase impacts to customers, and provide protection against unpredictable increases in landfill fees, and other factors of cost outside of the city’s direct control.

The other included expenses included in the baseline can be reduced or eliminated by Council with a commensurate adjustment to the first year rate increase. Starting with the removal of the two expenses recommended for removal by the URAC (the bike path sweeping and the closed landfill mitigation fees), a reduction can be achieved of roughly 2% to the initial increase of 13.5%, while maintaining a positive fund balance. Using the estimated dollar impact to a single-



family household with a 65-gallon cart, the difference is a savings of about \$48 over the five-year term. The difference is show in the table below.

Rate Year	2018	2019	2020	2021	2022	2023
<b>% Increase in Base Service Charges</b>	N/A	11.5%	10.0%	8.0%	5.0%	5.0%
No Change to LITS (Current Program Offering)	\$34.32	\$38.27	\$42.10	\$45.47	\$47.74	\$50.13
Reduction from initial recommendation	N/A	0.68	0.75	0.81	0.85	0.89

The additional removal of the increased Environmental Mitigation fee from the baseline expenses shows an even further reduction in the initial rate increase is possible, however an increase under 10% for the first year prevents the utility from achieving the 15% reserve at the end of 10 years. Using the estimated dollar impact to a single-family household with a 65-gallon cart, the difference is a savings of about \$85 over the five-year term. The difference is show in the table below.

Rate Year	2018	2019	2020	2021	2022	2023
<b>% Increase in Base Service Charges</b>	N/A	10.0%	10.0%	8.0%	5.0%	5.0%
No Change to LITS (Current Program Offering)	\$34.32	\$37.75	\$41.53	\$44.85	\$47.09	\$49.44
Reduction from initial recommendation	N/A	\$1.20	\$1.32	\$1.43	\$1.50	\$1.58

The largest drawback to reducing the first year of proposed rate increases is a slower development of the utility reserve. With the initial increase of 11.5%, (and the removal of the costs allocated in the model for bike path sweeping and the mitigation for the old landfill), the reserve fund will reach the recommended level of 15% of operating costs (a little over \$2 M) in year 9 of the 10 year financial plan, only one year earlier than in the original financial plan. Left at 13.5%, the reserve target would be met in year 6 of the plan. During URAC discussion of the rate structure in September and October, members expressed concerns that the development of the reserve would take 10 years, leaving the utility vulnerable to unexpected expenditures (dealing with solid waste clean-up and removal due to natural disasters, additional State regulation, adopted changes in solid waste programs, tipping fees above anticipated levels provided in the cost of service study...). Leaving the initial rate adjustment at the recommended level means both a greater resiliency more quickly, and potentially lower necessary increases in the next Proposition 218 process, which would begin in 2022. Based on the discussion with the URAC and recommendations from the consultant, a minimum reserve is appropriate. Staff does not recommend reducing the initial rate increase.

It should be highlighted that when approving the rate adjustments for the next five years, the City Council will be setting the maximum amount for rate increases. Future changes to LITS service, or other service options, resulting in a lower cost of service would give Council the ability to adopt a rate increase that is lower than the maximum allowed under this Proposition 218 process. Consideration of future changes in LITS and other aspects of the solid waste service will be a part of the recommended long-term look at solid waste services to take place with the URAC and other city commissions over the next 6 months.

**Summary of Solid Waste Rate Options**

**Recommended Option**

	Rate Year	2018	2019	2020	2021	2022	2023
1	<b>% Increase in Base Service Charges</b>	N/A	13.50%	10.00%	8.00%	5.00%	5.00%
	No Change to LITS (Current Program Offering)	\$34.32	\$38.95	\$42.85	\$46.28	\$48.59	\$51.02
	Anticipated Ending Fund Balance	NA	\$1,182,200*	\$400,100	\$158,500	\$160,000	\$206,300

2	<b>% Increase in Base Service Charges</b>	N/A	15.00%	10.00%	8.00%	5.00%	5.00%
	Keep Current LITS Schedule and Extend Leaf Season	\$34.32*	\$39.47	\$43.41	\$46.89	\$49.23	\$51.69
	Anticipated Ending Fund Balance	NA	\$1,200,614**	\$434,914	\$217,714	\$249,614	\$327,314
3	<b>% Increase in Base Service Charges</b>	N/A	8.75%	8.75%	8.75%	8.75%	8.75%
	Keep Current LITS Schedule	\$34.32	\$37.32	\$40.59	\$44.14	\$48.00	\$52.20
	Anticipated Ending Fund Balance	NA	\$912,200	(\$509,900)	(\$1,467,500)	(\$1,906,000)	(\$1,767,700)
3	<b>% Increase in Base Service Charges</b>	N/A	9.00%	9.00%	9.00%	9.00%	9.00%
	Keep Current LITS Schedule and Extend Leaf Season	\$34.32*	\$37.41	\$40.78	\$44.45	\$48.45	\$52.81
	Anticipated Ending Fund Balance	NA	\$859,614	(\$677,086)	(\$1,717,286)	(\$2,200,386)	(\$2,063,686)

\*currently the extended leaf season is not offered. To demonstrate the increase from the current rate to the new rate associated with the additional month of LITS service, the current average of the 65 gallon single-family household is used for comparison only.

\*\*due to \$3M loan from Wastewater fund

**Tentative Timeline for Proposition 218 Notice and Rate Implementation**

<b>Date</b>	<b>Action</b>
October 30, 2018	City Council approval of Prop 218 Notice
November 14, 2018	Notices sent to property owners (Postmarked by)
January 8, 2019	Public Hearing/Protest Hearing at City Council meeting
February 1, 2019	Rates become effective

**Attachments**

1. Solid Waste Rate Study Final Report
2. Draft Single Family Residential Proposition 218 Notice
3. Draft Commercial/Multifamily Residential Proposition 218 Notice

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1512 Eureka Road, Suite 220, Roseville, CA 95661  
Tel: 916-782-7821 | Fax: 916-782-7824

2600 Tenth Street, Suite 424, Berkeley, CA 94710  
Tel: 510-647-9674

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**To:** Mr. Richard Tsai, Environmental Resources Manager, City of Davis

**From:** Mr. Garth Schultz, Principal, R3 Consulting Group

**Date:** October 25, 2018

**Subject:** Final Report on 10-Year Financial Plan and 5-Year Solid Waste Service Charge Study

**Attachments:** 1 – 10-Year Financial Plan Summary  
2 – Environmental Mitigation Fee Assessment Letter Report  
3 – Proposed 5-Year Service Charges

## Introduction

The City of Davis (City) has experienced several transformations in its management of solid waste over the past three years due to changes in diversion programming and the City's contracted waste collection service provider. Modifications to previous diversion programming included the addition of a curbside food scraps recovery program implemented in 2016 to help the City achieve its 75% diversion goal. These elements, combined with several increases in the landfill's solid waste disposal costs, have compelled the City to update its solid waste service charge structure and create a plan to direct its financial management of solid waste services for the coming decade.

The City of Davis has engaged R3 Consulting Group, Inc (R3) to produce a 10 Year Financial Plan and 5-Year Service Charges to address the City's need to conservatively raise revenue over time to ensure that revenues from solid waste service charges are sufficient to cover projected expenses for solid waste services.

## Methodology

In developing the 10-Year Financial Plan (10-Year Plan) and projected adjustments to solid waste service charges, R3 reviewed and analyzed financial documents and other data provided by the City, including but not limited to:

- Detailed budgeted and actual revenues and expenses for the Solid Waste Fund from Fiscal Year (FY) 13/14 through FY 17/18;
- Detailed budgeted revenues and expenses for the Solid Waste Fund in FY 18/19;
- Projected City escalation factors for labor, benefits, and other expenses (per City Budget practices);
- Historical solid waste service levels, annual service charge revenues, and adjustments to solid waste service charges from FY 13/14 through FY 17/18;

- Historical payments made by the City to the City's contracted solid waste collections company, Davis Waste Removal / Recology Davis (Recology Davis);
- Historical adjustments to Recology Davis's compensation for services rendered to the City, including historical adjustments to landfill and green waste composting tipping charges;
- Documentation of repayment on an interfund loan due from the Solid Waste Fund to the City's Wastewater Fund; and
- Estimated new ongoing Solid Waste Fund expenses anticipated to start in FY 18/19 and thereafter.

In developing the 10-Year Plan, R3 also provided analysis and recommendations regarding Solid Waste Fund reserves, projections for the City's diversion program expenses, and estimates of annual revenue losses from continued "migration" of solid waste accounts from larger and higher revenue generating garbage container sizes to smaller and less revenue generating garbage container sizes.

## Summary of 10-Year Plan Assumptions

### Overview

The current draft of the Solid Waste Fund 10-Year Financial Plan is included as Attachment 1 to this memorandum. The draft 10-Year Plan shows:

#### Historical revenues and expenses from FY 14/15 through FY 17/18.

Actual revenues and expenses for FY 17/18 have not yet been fully reconciled by the City, and as such may vary slightly from the final reconciled values once they are available. Additionally, though FY 13/14 revenues and expenses were provided by the City, the historical data contained anomalies (in comparison to other years) that require further analysis and explanation before being included in the 10-Year Plan and are thus not shown.

#### FY 18/19 revenues and expenses based on the Adopted FY 18/19 City Budget.

Budgeted figures for solid waste service charge revenues for July – December 2018 have been adjusted based on analysis of actual revenues received from January – June 2018. Projected revenues for January – June 2019 have been adjusted to account for the recommended FY 18/19 adjustments to service charges, which are anticipated to become effective January 1, 2019.

Adjustments to expenses for Recology Davis Solid Waste and Recycling Services and Street Sweeping Services to more accurately present those expenses have also been made.

Non-budgeted but anticipated new expenses are also shown under "Other Operating Expenses" and are discussed below.

#### Forecasted revenues and expenses from FY 19/20 through FY 27/28.

Projections of revenues and expenses in out years are based on FY 18/19 figures.

Revenue projections are split into halves because service charges are adjusted mid-way through each FY. Service charge revenues for January – June are shown separately from revenues for July – December, and estimated losses due to continued migration for each half year are also shown.

Expense projections include assumptions for increases in costs for labor, benefits, and other expenses which are consistent with the City's standard budget projections. Expenses for Solid Waste and Recycling

Services and Street Sweeping Expenses are also projected to increase based on historical rates of adjustment and per the methodology set by the agreement between the City and Recology Davis.

### **10-Year Plan Detail**

Specific assumptions for each line of the Draft 10-Year Plan are detailed below:

- **Annual Service Charge Adjustment**

Actual service charge adjustments for FY 14/15 through FY 17/18 are shown, as well as draft recommended service charge adjustments starting in FY 18/19. Service charge adjustments as shown are recommended in order to:

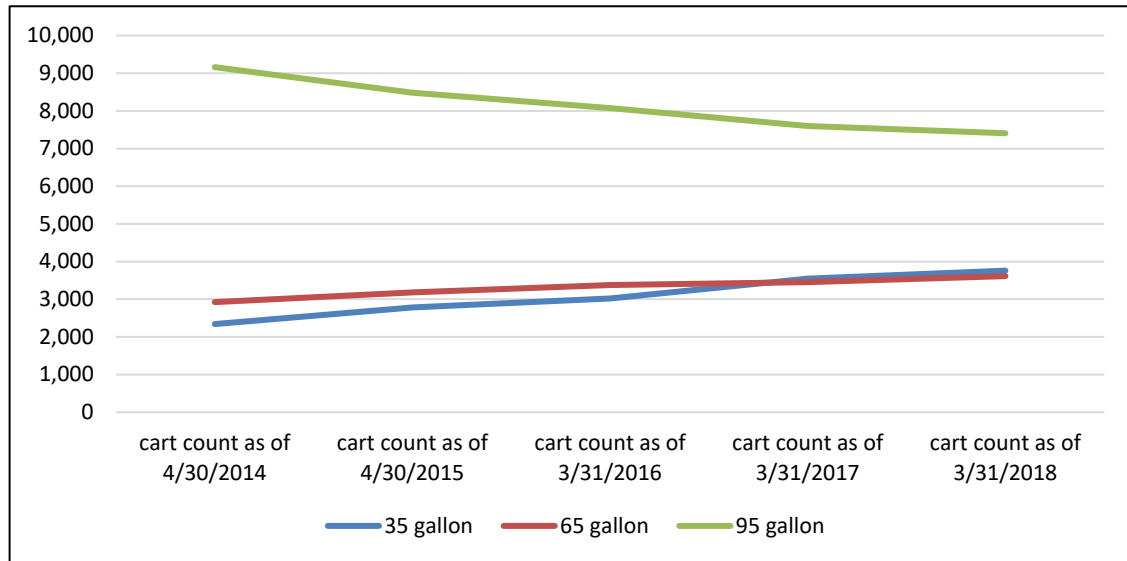
- Smooth out necessary service charge adjustments, with lower increases being necessary each year (except FY 23/24 when new expenses are potentially anticipated);
- Keep a positive balance in the Solid Waste Fund; and
- Gradually increase the Solid Waste Fund balance to meet a reserve target of 15% of annual operating expenses by FY 27/28.

- **Income: Charges for Service and Estimated Migration Losses**

The draft recommended service charge adjustments are effective on January 1, mid-way through each fiscal year. Adjustments to service charges are included in the January – June service charges and are applied to the prior July – December service charges, less estimated losses due to migration. These losses represent the difference between service charge revenues that would have been received had customers not migrated to smaller garbage container sizes or service levels against what was actually received in service charge revenues.

Losses due to migration are modeled at 0.5% each half year, which is consistent with the revenue losses from migration in single family accounts (migration in commercial accounts is not known). Service charges for July – December are set based on the January – June service charges, less estimated migration losses. Figure 1 shows the trend toward smaller residential garbage container sizes from 2014 through 2018.

**Figure 1: Migration of Single Family Garbage Accounts**



R3 used the actual migration data along with historical service charges to model the impacts of migration on expected revenues and determined that annual migration since 2015 (when variable service charges were first introduced for single-family residential customers in the City) averaged approximately 1% per year (0.5% per half-year) and ranged from 0.8% to 1.5% per year (0.4% to 0.75% per half year).

▪ **Income: Other Revenues and One-Time Loan from Wastewater**

The Solid Waste Fund receives limited amounts of income from investments and from services charges for debris boxes. These revenues can vary year-to-year depending on factors including amount of fund balance, interest rates, and market factors that drive the use of debris boxes. Because these revenues account for less than 1% of income to the Solid Waste Fund, they are assumed to be static in future years; variances to these revenues do not affect necessary service charge adjustments.

▪ **Expenses: Solid Waste and Recycling Services (Recology Davis)**

The largest expense category is for Solid Waste and Recycling Services for Recology Davis, comprising approximately 85% of total Solid Waste Fund expenses. These expenses are assumed to escalate by 3% (effective January 1 of each year) and then again by 0.5% (effective ~ July 1 of each year) based on the indexed-rate adjustment methodology included in the agreement between the City and Recology Davis. The January 1 adjustment accounts for changes to the Recology Davis’s collection costs, and the July 1 adjustment accounts for changes to disposal expenses which are set by Yolo County.<sup>1</sup>

These rates of adjustment are consistent with historical adjustments, but do not take into account the possibility of a larger adjustment resulting from a “detailed review” or Recology Davis or other

<sup>1</sup> Yolo County has confirmed an assumed increase in landfill and green waste tipping fees of 3% per year which corresponds to an approximate 0.5% increase in Recology Davis’s annual expenses.

changes to Yolo County tipping fee expenses, which could occur in the future and result in the need for larger than anticipated service charge increases. However, because it is not known when this might occur and what the resulting adjustments might be, no assumptions related to a detailed review of Recology Davis or larger than anticipated adjustments to Yolo County tipping are included in the Draft 10-Year Plan.

▪ **Expenses: Solid Waste and Diversion Programs**

Expenses for the City's Solid Waste and Diversion Programs (operated by the Environmental Resources Division) are based on the FY 18/19 budgeted figures, including annual escalation factors of 3.8% for wages and benefits (consistent with City overall budgeting practices) as 3% for all other expenses.

In prior FY's, actual Solid Waste and Diversion Program expenses have often been less than budgeted amounts, though in FY 17/18, actual expenses matched budgeted values. The budget for FY 18/19 is slightly less than the FY 17/18 actual/budgeted amounts and has been deemed necessary and appropriate by City staff.

▪ **Expenses: City Administration**

Expenses for City Administration are based on the FY 18/19 budgeted figures, including annual escalation factors of 3.8% for wages and benefits (consistent with City overall budgeting practices) and 3% for all other expenses.

▪ **Expenses: Street Sweeping Services**

In addition to the Solid Waste and Recycling Services provided by Recology Davis, the City also pays Recology Davis for Street Sweeping Services. Expenses for street sweeping services are set by the agreement between the City and Recology Davis, and expenses increase based on the indexed rate adjustment methodology described above. These expenses are assumed to increase at the same 3% indexed rate adjustment as used for Solid Waste and Recycling Services, which is consistent with past indexed rate adjustments.

▪ **Expenses: Other Operating Expenses**

During the development of the Draft 10-Year Plan, the City provided direction to R3 to include expenses for the following items as baseline expenses in FY 18/19 and all future years:

- Increase to Environmental Mitigation Assessment: Recology Davis currently pays the City a \$100,000 annual assessment to cover the impacts of Solid Waste and Recycling Services on City streets. R3 conducted a prior study at the direction of the City that indicated that the actual impacts from Recology Davis operations are approximately \$212,000 more per year than are funded by the current assessment (see Attachment 2). The City anticipates increasing the Assessment from the current \$100,000 to \$312,000 annually, which would be recovered by Recology Davis through an increase its compensation and thus collected by the City via solid waste service charges.
- Bike Path Street Sweeping: The City has the option to ask Recology Davis to sweep the City's bike paths. R3 has estimated that this additional expense will be approximately \$140,000 per year and will escalate at 3% as with other Recology Davis expenses. This figure is a placeholder and will need to be updated once a firm cost estimate is obtained from Recology Davis.



- Closed Landfill Mitigation Funding: The City intends to fund post-closure and other improvements at the City-owned and closed landfill. The \$150,000 annual figure is an estimate of the necessary expenses for these activities as provided by the City.
- Artists in Residency program: The City intends to fund this program with Recology Davis. The estimated cost of \$30,000 per year is based on the annual program costs a similar program operated by Recology Davis in San Francisco. This estimate does not include any start-up costs and is related to stipends and materials only.
- Interest and Principal on Interfund Loan: The Solid Waste Fund owes the Wastewater Fund a principal amount of \$3,000,000 due over the next 10 years, as well as interest on that principal. The amounts shown in the Draft 10-Year Plan are based on amortization of \$3,000,000 with principal and interest payable over 10 years in annual payments and an assumed interest rate of 2%. Actual interest payments will vary as the promissory note for the interfund loan is based on a variable interest rate.

▪ **Ending Fund Balance and Reserve Target**

Prior drafts of the 10-Year Plan showed specific contributions to reserve which, based on feedback from City and the Utility Rate Advisory Commission, have been simplified to achieve a minimum fund balance meeting 15% of operating expenses by the end of the 10-year planning horizon. The City does not need to maintain a large fund balance in reserve for solid waste and recycling service contingencies because those are the responsibility of Recology Davis. Moreover, Recology Davis maintains a performance bond which may be drawn upon in case of breach of contract. This bond may be considered a funding source for solid waste and recycling service contingencies.

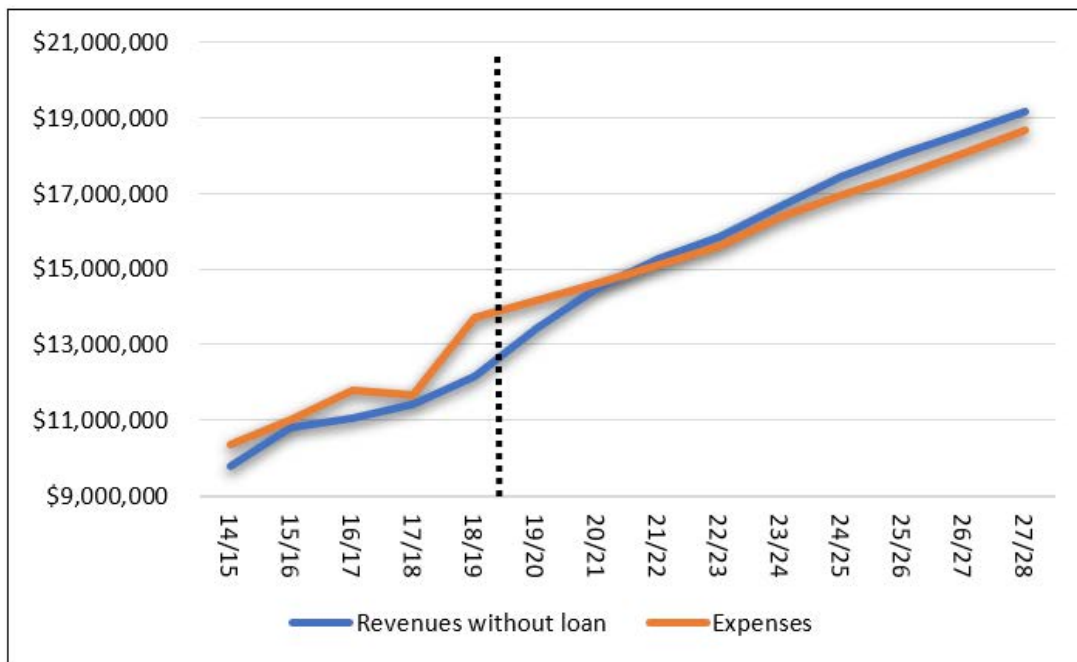
However, the City should seek to maintain some reserves in the event of unanticipated cost increases, emergencies or disasters that could impact revenues and/or expenses in the Solid Waste Fund, including but not limited to:

- Potential increases in compensation due to Recology Davis as a result of a “detailed review” of Recology Davis or a greater than anticipated increase in Yolo County tipping fees;
- Potential increases in City diversion program expenses in response to new State regulations (such as State Bill 1383 for which CalRecycle is currently in the rule-making phase) which are currently being developed and could result in additional City regulatory obligations, required programs, and State reporting;
- Potential increased disposal expenses resulting from a natural disaster such as storm event, flood, earthquake or fire; and
- Potential decreased revenues resulting from increase migration and/or economic recession, which generally results in less waste generation and thus revenues from service charges.

The City should note that the Draft 10-Year Plan and recommended service charge adjustments result in an initial draw-down of the fund balance to 1% of operating revenues, and slowly builds up fund balance reserves to 15% of operating expenses by the end of the 10-year planning horizon. As a result, the City will have limited reserves (below 5% of operating expenses) in the first five years of the 10-Year Plan, with reserves growing steadily leading up to FY 27/28.

Figure 2 demonstrates the difference between historical and projected revenues and expenses, with revenues lower than expenses from FY 14/15 through FY 19/20, becoming balanced in FY 20/21, and a slow growth of reserves via surplus revenues in the out years.

**Figure 2: Historical and Projected Revenues and Expenses**



▪ **Breakdown of Service Charge Adjustments**

Attachment 1 shows draft recommended annual service charge adjustments from FY 18/19 through FY 22/23 in the amounts of 13.5%, 10%, 8%, 5% and 5%. These charge adjustments are also shown in Table 1, below. Table 1 shows the annual year-over-year projected increases for service charges, revenues, and expenses by main cost category.

Table 1 demonstrates that forecasted revenues are less than the recommended service charge adjustments, which is due to two factors. First, because the service charge adjustments are made mid-way through each year, FY revenues will not be the same as the service charge increase amounts. Additionally, loss of revenues from migration also result in less revenue collection that would be expected based on service charge increases alone. This difference is shown graphically as Figure 3.

Table 1 further demonstrates that forecasted expenses for Recology Davis are anticipated to grow by 3.5% per year, City Solid Waste and Diversion Programs as approximately 3.3%-4.0% per year, City Administration at 3.1% per year, Street Sweeping at approximately 3% per year, and other operating expenses at approximately 0.5% per year (with the exception of FY 23/24 when anticipated capital expenses are shown in the 10-Year Plan).

**Table 1: Annual Year-to-Year Forecasted Increase in Service Charges, Revenues and Expenses**

	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>
Recommended Annual Service Charge Adjustments	<b>13.5%</b>	<b>10.0%</b>	<b>8.0%</b>	<b>5.0%</b>	<b>5.0%</b>
Total Forecast Revenues	<b>6.8%</b>	<b>10.5%</b>	<b>7.8%</b>	<b>5.4%</b>	<b>3.9%</b>
Total Forecast Expenses	<b>9.8%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.3%</b>
Solid Waste and Recycling Services (Recology Davis)	3.3%	3.5%	3.5%	3.5%	3.5%
Solid Waste and Diversion Programs	-7.1%	3.3%	3.4%	3.4%	3.5%
City Administration	6.5%	3.1%	3.1%	3.1%	3.1%
Street Sweeping Services (Recology Davis)	11.2%	3.1%	3.0%	2.9%	3.0%
Other Operating Expenses	N/A	0.5%	0.4%	0.5%	0.6%

	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>
Recommended Annual Service Charge Adjustments	<b>7.0%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>
Total Forecast Revenues	<b>4.9%</b>	<b>4.9%</b>	<b>3.4%</b>	<b>3.0%</b>	<b>3.0%</b>
Total Forecast Expenses	<b>5.0%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.3%</b>
Solid Waste and Recycling Services (Recology Davis)	3.5%	3.5%	3.5%	3.5%	3.5%
Solid Waste and Diversion Programs	3.5%	3.6%	3.7%	3.8%	4.0%
City Administration	3.1%	3.1%	3.1%	3.1%	3.1%
Street Sweeping Services (Recology Davis)	2.9%	3.1%	3.0%	3.1%	3.0%
Other Operating Expenses	30.9%	0.4%	0.4%	0.4%	0.4%

**Figure 3: Recommended Annual Service Charge Adjustments Against Total Forecast Revenues**

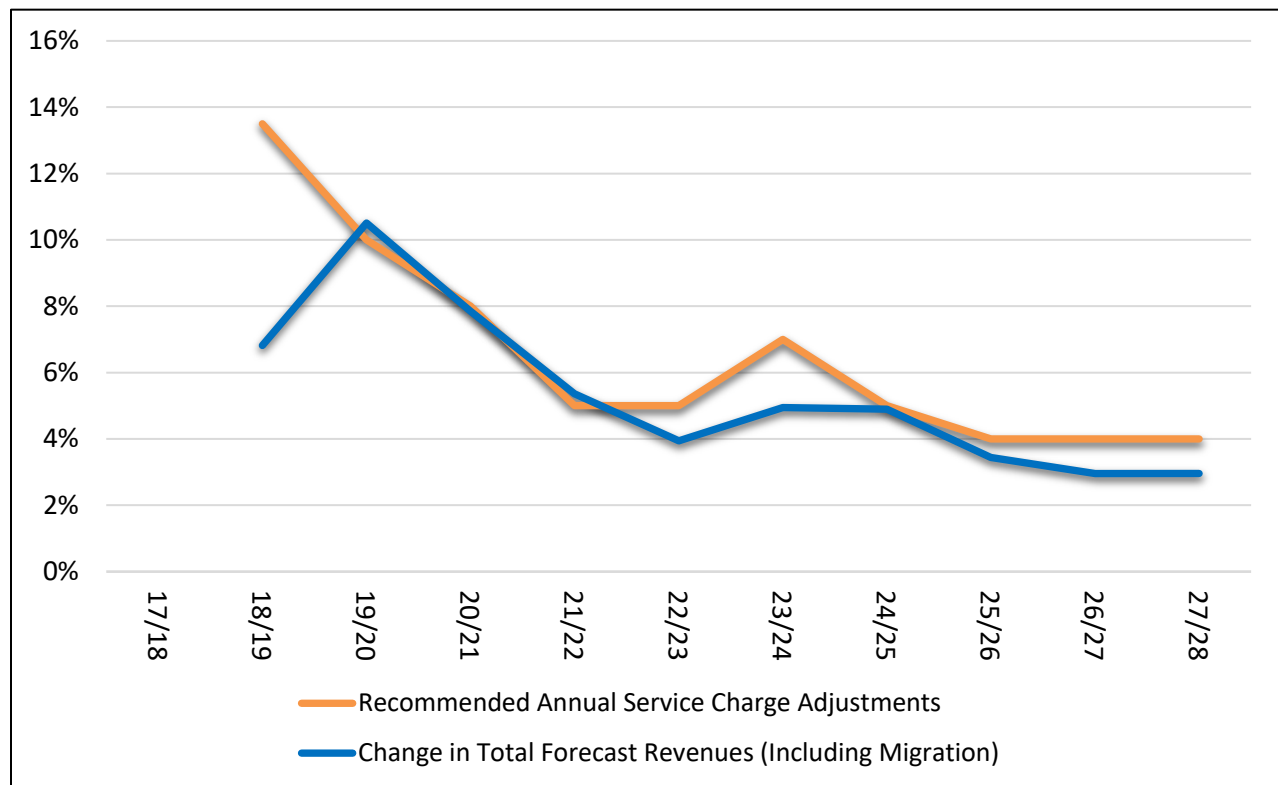


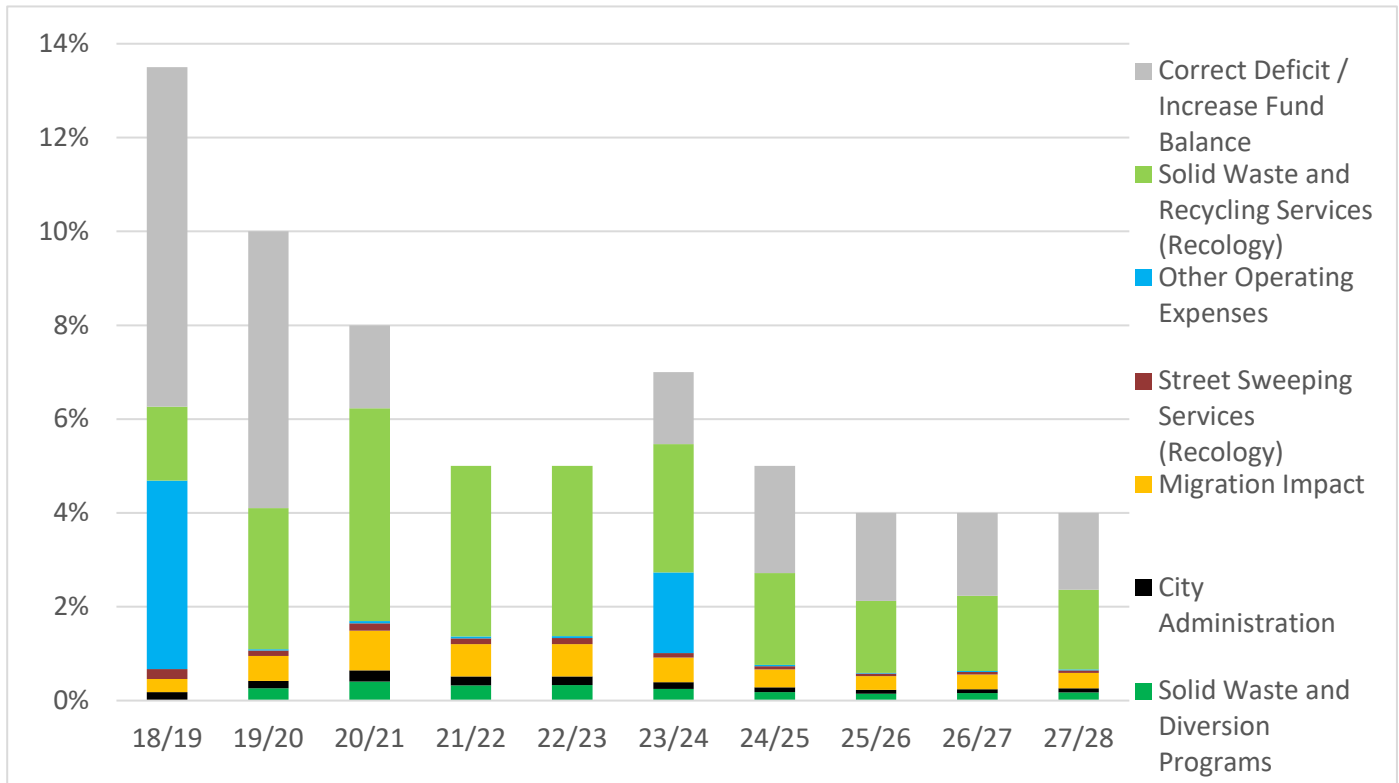
Table 2 shows the primary components contributing to the recommended service charge adjustments. As shown in Table 2, the impacts of migration and increases in costs of Solid Waste and Recycling Services are two of the primary drivers of the annual service charge adjustments. Growth in the Solid Waste Fund balance is also a primary contributor, with two primary elements. The first is the need to recover from a structural budget deficit, wherein Fund expenses have outpaced revenues for the last several fiscal years. The second is the growth in the fund balance to serve as reserves, as discussed above.

Figure 4 demonstrates graphically how the service charge components in Table 2 stack up to the total annual recommended service charge adjustments.

**Table 2: Components Driving the Adjustments to Annual Service Charges**

Service Charge Components	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Solid Waste and Recycling Services	1.58%	3.01%	4.54%	3.64%	3.62%	2.73%	1.96%	1.53%	1.61%	1.70%
Correct Deficit / Increase Fund Balance	7.24%	5.90%	1.77%	0.00%	0.00%	1.54%	2.28%	1.88%	1.76%	1.64%
Migration Impact	0.28%	0.53%	0.84%	0.69%	0.69%	0.53%	0.38%	0.30%	0.31%	0.33%
Solid Waste and Diversion Programs	0.00%	0.26%	0.41%	0.33%	0.33%	0.25%	0.18%	0.15%	0.16%	0.18%
City Administration	0.18%	0.16%	0.24%	0.19%	0.19%	0.14%	0.10%	0.08%	0.08%	0.09%
Street Sweeping Services	0.21%	0.11%	0.16%	0.13%	0.13%	0.09%	0.07%	0.05%	0.06%	0.06%
Other Operating Expenses	4.02%	0.03%	0.05%	0.04%	0.04%	1.72%	0.02%	0.02%	0.02%	0.02%
<b>Total Service Charge Adjustment</b>	<b>13.50%</b>	<b>10.00%</b>	<b>8.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>7.00%</b>	<b>5.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>

**Figure 4: Service Charge Components and Total Annual Adjustments**



## 5-Year Service Charges Based on 10-Year Financial Plan

R3 has prepared draft proposed service charge tables of the City’s solid waste service charges for the next five years (2019 - 2023) showing the monthly service charges for single family dwellings, commercial and multi-family, drop-box and food scrap carts.

These proposed service charge tables are based on the City’s current solid waste service charges, with all service charges being escalated by the adjustments shown in the 10-Year Plan. Please see Attachment 3 for the complete set of draft City solid waste service charges for the five-year period. Table 3, below, shows the current 2018 and draft proposed 2019 – 2023 single-family residential solid waste service charges.

**Table 3: Current and Draft Proposed Solid Waste Service Monthly Service Charges by Year**

Single Family Garbage Cart Size	Current 2018	Proposed 2019	Proposed 2020	Proposed 2021	Proposed 2022	Proposed 2023
35-Gallon	\$ 31.00	\$ 35.19	\$ 38.70	\$ 41.80	\$ 43.89	\$ 46.08
65-Gallon	\$ 34.32	\$ 38.95	\$ 42.85	\$ 46.28	\$ 48.59	\$ 51.02
95-Gallon	\$ 40.94	\$ 46.47	\$ 51.11	\$ 55.20	\$ 57.96	\$ 60.86

**City of Davis  
Solid Waste Fund 10-Year Financial Plan and Service Charge Projections**

Annual Service Charge Adjustments	Historical Service Charge Adjustments										Recommended Service Charge Adjustments																			
	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028		
	1.6%	2.6%	2.9%	3.0%	13.50%	10.00%	8.00%	5.00%	5.00%	9.0%	5.0%	5.0%	5.0%	4.0%																
<b>Income and Expense Summary</b>	<b>Actual</b>										<b>Forecast</b>																			
<b>Beginning Fund Balance</b>	\$2,136,898	\$1,585,828	\$1,399,149	\$628,030	\$ 2,498,000	\$1,182,200	\$400,100	\$158,500	\$160,000	\$206,300	\$350,300	\$876,000	\$1,478,300	\$2,162,300																
<b>Income</b>																														
Charges for Service (July to December)	\$ 4,521,195	\$ 5,411,362	\$ 5,481,996	\$ 5,687,030	\$ 5,739,000	\$ 6,449,000	\$ 7,024,000	\$ 7,510,000	\$ 7,807,000	\$ 8,115,000	\$ 8,757,000	\$ 9,103,000	\$ 9,462,000	\$ 9,837,000																
Estimated Migration Losses	\$ (28,395)	\$ (42,562)	\$ (48,096)	\$ (25,330)	\$ (29,000)	\$ (32,000)	\$ (35,000)	\$ (38,000)	\$ (39,000)	\$ (41,000)	\$ (44,000)	\$ (46,000)	\$ (47,000)	\$ (49,000)																
Charges for Service (January to June)	\$ 5,312,495	\$ 5,462,862	\$ 5,624,496	\$ 5,763,930	\$ 6,481,000	\$ 7,059,000	\$ 7,548,000	\$ 7,846,000	\$ 8,156,000	\$ 8,801,000	\$ 9,149,000	\$ 9,510,000	\$ 9,886,000	\$ 10,180,000																
Estimated Migration Losses	\$ (28,395)	\$ (42,562)	\$ (48,096)	\$ (25,330)	\$ (32,000)	\$ (35,000)	\$ (38,000)	\$ (39,000)	\$ (41,000)	\$ (44,000)	\$ (46,000)	\$ (48,000)	\$ (49,000)	\$ (51,000)																
<b>Subtotal Service Charge Revenues</b>	\$ 9,776,900	\$ 10,789,100	\$ 11,010,300	\$ 11,400,300	\$ 12,159,000	\$ 13,441,000	\$ 14,499,000	\$ 15,279,000	\$ 15,883,000	\$ 16,831,000	\$ 17,816,000	\$ 18,519,000	\$ 19,252,000	\$ 19,917,000																
Other Revenues	\$ 31,400	\$ 23,000	\$ 31,000	\$ 20,400	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000																
One-Time Loan from Wastewater	\$ -	\$ -	\$ -	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																
<b>Total Income</b>	\$ 9,808,300	\$ 10,812,100	\$ 11,041,300	\$ 14,420,700	\$ 12,199,000	\$ 13,481,000	\$ 14,539,000	\$ 15,319,000	\$ 15,923,000	\$ 16,871,000	\$ 17,856,000	\$ 18,559,000	\$ 19,292,000	\$ 19,957,000																
<b>Expenses</b>																														
<b>Standard Operating Expenses</b>																														
Solid Waste and Recycling Services (Recology)	\$ 8,408,862	\$ 8,934,780	\$ 10,136,598	\$ 10,459,470	\$ 10,815,100	\$ 11,236,300	\$ 11,689,200	\$ 12,160,300	\$ 12,650,300	\$ 13,160,100	\$ 13,690,500	\$ 14,242,300	\$ 14,816,300	\$ 15,413,500																
Solid Waste and Diversion Programs	\$ 644,877	\$ 741,566	\$ 706,634	\$ 1,076,441	\$ 997,900	\$ 1,023,100	\$ 1,049,000	\$ 1,075,500	\$ 1,102,700	\$ 1,130,500	\$ 1,159,200	\$ 1,188,600	\$ 1,219,100	\$ 1,250,600																
City Administration	\$ 547,419	\$ 541,951	\$ 541,954	\$ 608,471	\$ 647,800	\$ 667,700	\$ 688,500	\$ 709,800	\$ 731,700	\$ 754,400	\$ 777,700	\$ 801,800	\$ 826,600	\$ 852,200																
Street Sweeping Services (Recology)	\$ 758,213	\$ 780,480	\$ 427,234	\$ 406,348	\$ 452,000	\$ 466,000	\$ 480,000	\$ 494,000	\$ 509,000	\$ 524,000	\$ 540,000	\$ 556,000	\$ 573,000	\$ 590,000																
<b>Subtotal Standard Operating Expenses</b>	\$ 10,359,371	\$ 10,998,778	\$ 11,812,420	\$ 12,550,730	\$ 12,912,800	\$ 13,393,100	\$ 13,906,700	\$ 14,439,600	\$ 14,993,700	\$ 15,569,000	\$ 16,167,400	\$ 16,788,700	\$ 17,435,000	\$ 18,106,300																
<b>Other Operating Expenses</b>																														
Increase to Environmental Mitigation Assessment	\$ -	\$ -	\$ -	\$ -	\$ 106,000	\$ -	\$ 212,000	\$ 212,000	\$ 212,000	\$ 212,000	\$ 212,000	\$ 212,000	\$ 212,000	\$ 212,000																
Bike Path Sweeping (Estimated)	\$ -	\$ -	\$ -	\$ -	\$ 72,000	\$ -	\$ 148,000	\$ 152,000	\$ 157,000	\$ 162,000	\$ 167,000	\$ 172,000	\$ 177,000	\$ 182,000																
Closed Landfill Mitigation Funding	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000																
Artists in Residency Program	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000																
Interest on Interfund Loan	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ 48,900	\$ 43,200	\$ 37,400	\$ 31,500	\$ 25,400	\$ 19,300	\$ 13,000	\$ 6,500																
Principal on Interfund Loan	\$ -	\$ -	\$ -	\$ -	\$ 274,000	\$ -	\$ 285,000	\$ 290,700	\$ 296,600	\$ 302,500	\$ 308,500	\$ 314,700	\$ 321,000	\$ 327,400																
Future Capital Debt Service PI Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																
<b>Subtotal Other Operating Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ 602,000	\$ -	\$ 873,900	\$ 877,900	\$ 883,000	\$ 883,000	\$ 883,000	\$ 883,000	\$ 883,000	\$ 883,000																
<b>Grand Total Operating Expenses</b>	\$ 10,359,371	\$ 10,998,778	\$ 11,812,420	\$ 12,550,730	\$ 13,514,800	\$ 14,263,100	\$ 14,780,600	\$ 15,317,500	\$ 15,876,700	\$ 16,727,000	\$ 17,330,300	\$ 17,956,700	\$ 18,608,000	\$ 19,284,200																
<b>Income less Operating Expenses</b>	\$ (551,071)	\$ (186,678)	\$ (771,120)	\$ 1,869,970	\$ (1,315,800)	\$ (782,100)	\$ (241,600)	\$ 1,500	\$ 46,300	\$ 144,000	\$ 525,700	\$ 602,300	\$ 684,000	\$ 672,800																
Ending Fund Balance	\$ 1,585,828	\$ 1,399,149	\$ 628,030	\$ 2,498,000	\$ 1,182,200	\$ 400,100	\$ 158,500	\$ 160,000	\$ 206,300	\$ 350,300	\$ 876,000	\$ 1,478,300	\$ 2,162,300	\$ 2,835,100																
<i>Ending Fund Balance as % of Operating Expenses (Target 15%)</i>	15%	13%	5%	20%	9%	3%	1%	1%	1%	2%	5%	8%	12%	15%																



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1512 Eureka Road, Suite 220, Roseville, CA 95661  
Tel: 916-782-7821 | Fax: 916-782-7824

2600 Tenth Street, Suite 411, Berkeley, CA 94710  
Tel: 510-647-9674

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September 20, 2018

Mr. Richard Tsai  
Environmental Resources Manager  
City of Davis  
Public Works Department  
1717 Fifth Street  
Davis, CA 95616

**Subject: Environmental Mitigation Fee Assessment - Refuse Vehicle Street  
Maintenance Cost Impact Fee Study**

Dear Mr. Tsai:

R3 Consulting Group, Inc. (R3) was engaged by the City of Davis (City) to quantify the impact of the City's franchised solid waste, recycling and green waste collection vehicles (Refuse Vehicles) on the City's street maintenance costs in support of the City's assessment of the reasonableness of its current Environmental Impact Fee. This Letter Report provides the results of our analysis.

## Project Objective

To estimate the annual impact of Davis Waste Removal's franchised Refuse Vehicles on the City's street maintenance costs, for purposes of assessing the reasonableness of the City's current Environmental Impact Fee.

## Background

### Environmental Mitigation Fee

Section 3.b. (Annual Environmental Mitigation Fee Payment) of the City's Franchise Agreement (Agreement) with Davis Waste Removal states that:

*Contractor agrees to pay the City One Hundred Thousand Dollars (\$100,000) each Contract Year with the first annual payment due March 1, 2015 and each annual payment due January 10<sup>th</sup> thereafter. Contractor acknowledges that that Environmental Mitigation Fee is to compensate the City for infrastructure wear-and-tear associated with Contractor providing Solid Waste Collection Services throughout the City. The Environmental Fee payment shall be deposited in the City's Solid Waste Fund*

*and applied to solid waste, sustainability, and/or transportation activities consistent with Applicable Laws.*

## Status of Refuse Vehicle Impact Fees

Refuse vehicle impact fees, designed to support street repair activities, have been applied in California for more than 15 years. While they have been more common in Northern California, jurisdictions throughout the State have implemented them, including Alameda, Belmont, Beverly Hills, Hemet, Lafayette, La Verne, Livermore, Menlo Park, Mill Valley, Modesto, Napa, Petaluma, Pittsburg, Redlands, Rolling Hills Estates, Ross, San Rafael, Tiburon, Union City and Walnut Creek. In many cases, those fees are based on studies that used the same methodology that was used for this analysis and the City's previous analysis.

## Summary Findings | Recommendations

### Current Budget<sup>1</sup>

At the City's current annual street maintenance budget of \$1.8 million, it is projected that over the period from 2017 through 2025, the City's deferred maintenance (unfunded backlog) will increase by \$51.6 million from \$29.0 million to \$80.6 million, an average annual increase of approximately \$5.7 million. Assuming 50%<sup>2</sup> of this total backlog is attributed to residential streets, and that residential refuse vehicles account for 15% of the total axle loadings (wear and tear) on a typical residential street, \$430,000 of this average annual unfunded backlog can be attributed to residential refuse vehicles. This total is \$330,000 more than the current Environmental Mitigation Fee (**Attachment 1**). Under this scenario the overall pavement condition index would decrease to 35 (Scenario 1).

### Budget Required to Maintain 63 PCI<sup>3</sup>

For the City to maintain the condition of its overall street network at a pavement condition index (PCI) of 63 through 2025, the average annual street maintenance funding will need to increase from the current \$1.8 million to \$4.7 million, an annual increase of \$2.9 million. At this increased annual funding level, the City's deferred maintenance (unfunded backlog) will increase from \$29.6 million to \$41.1 million, an average annual increase of approximately \$1.3 million. This represents an average annual net increase of \$4.2 million in budgeted expenses (\$2.9 million) and deferred backlog (\$1.3 million).

As with the Current Budget scenario above, assuming 50% of this average net annual increased budget and deferred maintenance cost of \$4.2 is attributed to residential streets, and that residential refuse vehicles account for 15% of the total axle loadings (wear and tear) on a typical residential street, \$312,000 of that total cost can be attributed to residential refuse vehicles. That total is \$212,000 more than the current Environmental Mitigation Fee (**Attachment 1**). Under this scenario the overall pavement condition would be maintained at 63 (Scenario 2).

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<sup>1</sup> Source: City of Davis; Pavement Management Program Update Report, NCE, April 2016.

<sup>2</sup> A specific accounting of the percentage of this total backlog associated with the City's residential streets was requested from the City but is not available at this time. This 50% estimate is considered to be reasonable given that the City's residential streets account for 50% of the overall pavement area of the City's streets, and that, on average, the overall condition of the City's residential streets is less than that of the City's arterial and collector streets (See Table 3).

<sup>3</sup> Source: City of Davis; Pavement Management Program Update Report, NCE, April 2016.



## Background

### Collection System

Davis Waste Removal provides residential, commercial and industrial collection services for garbage, recycling and organics for the City of Davis. Residential service is provided weekly with fully automated side loading vehicles that make two passes down every residential street to provide solid waste, recycling and organic cart collection services. Commercial services are provided largely with front loading vehicles. Loose-in-the-Street yard waste piles are also collected monthly, except during peak leaf season (the third Monday in October through mid-December), when they are collected one time per week.

### Street Network<sup>4</sup>

The percentage of the City's street by functional class based on pavement area is as follows:

- § **Arterials** – 25.3%
- § **Collectors** – 23.8%
- § **Residential** – 50.6%
- § **Other** - 0.3%

The pavement condition breakdown by street type (functional class), and the percentage of each functional class by condition category (PCI range) are shown in **Table 1** and **Table 2** below, respectively.

As shown, in **Table 2**, Residential | Local streets have a lower percentage of their total pavement area rated Good or Fair than either the Arterials and Collectors, and a higher percentage rated Poor or Very Poor. Streets rated Poor or Very Poor are significantly more-costly to improve that streets rated Good or Fair.

**Table 1**  
**Pavement Condition by Street Type (Functional Class)**

Condition Category	PCI Range	Functional Class				Entire Street Network
		Arterial	Collector	Residential   Local	Other (Alleys)	
<b>Good</b>	70-100	13.3%	10.2%	15.9%	0.1%	39.5%
<b>Fair</b>	50-69	10.4%	9.0%	16.0%	0.0%	35.4%
<b>Poor</b>	25-49	1.6%	4.5%	16.2%	0.0%	22.3%
<b>Very Poor   Failed</b>	<25	0.0%	0.1%	2.5%	0.2%	2.8%
<b>Total</b>		<b>25.3%</b>	<b>23.8%</b>	<b>50.6%</b>	<b>0.3%</b>	<b>100.0%</b>

<sup>4</sup> Source: City of Davis; Pavement Management Program Update Report, NCE, April 2016.

**Table 2**  
**Pavement Condition Percentage by Street Type (Functional Class)**

Condition Category	PCI Range	Functional Class				Entire Street Network
		Arterial	Collector	Residential   Local	Other (Alleys)	
<b>Good</b>	70-100	53%	43%	31%	33%	40%
<b>Fair</b>	50-69	41%	38%	32%	0%	35%
<b>Poor</b>	25-49	6%	19%	32%	0%	22%
<b>Very Poor   Failed</b>	<25	0%	0%	5%	67%	3%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Projected Refuse Vehicle Impacts

Table 3 below provides a projection of the impact of franchised refuse vehicles on the City's residential streets. These projections are considered to be somewhat conservative as they do not include the impact of the current loose-in-the street yard material pile collection, or street sweepers, the impact of which would be impacted if the City makes any changes to those programs. It also does not include the impact of commercial and roll-off vehicles on the City's street maintenance expenses.<sup>5</sup>

**Table 3**  
**Residential Refuse Vehicles Percentage of Total Vehicle Impacts**

Vehicle Type	Average ESAL / Vehicle	Passes / Week / Vehicle Type	Percent of Total Vehicle Impacts
Solid Waste Vehicles	1.035	2	5.7%
Recycling Vehicles	0.784	2	4.3%
Organic Material Vehicles	1.035	2	5.7%
Other Trucks	0.189	134	69.3%
Automobiles	0.001	6,860	15.0%
<b>Total</b>		<b>7,000</b>	<b>100%</b>

**Refuse Vehicles = 15.6%**

<sup>5</sup> The impact of commercial refuse vehicles on street maintenance costs are significantly less than that of residential refuse vehicles (typically on the order of 10% or less of the impact of residential refuse vehicles) since they operate on commercial streets that are designed to handle heavier vehicles, and represent a smaller percentage of overall vehicle trips, and trips associated with trucks, which have a significantly greater impact than cars.

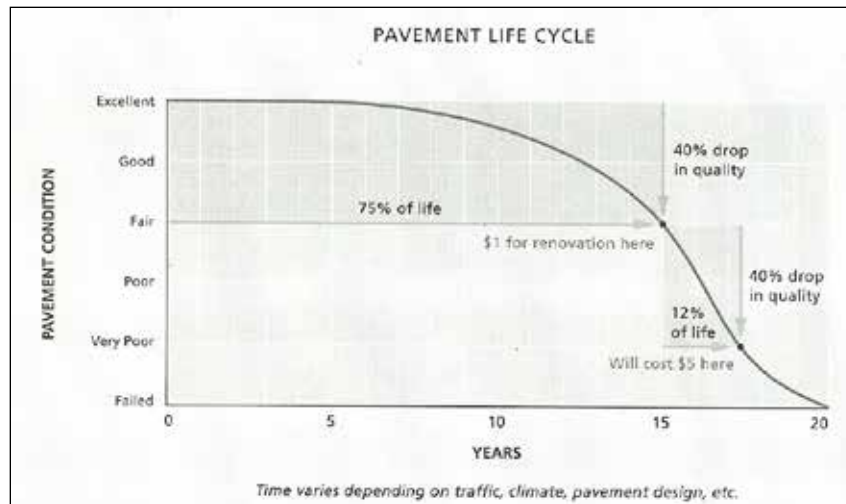
## Overview

Road maintenance is based on deterioration. While roads will deteriorate if simply left unused, most deterioration is associated with use, and the damage caused by vehicles increases exponentially with size and weight. Therefore, costs associated with maintenance are greater for trips made by heavy vehicles. A single large truck can cause as much damage as thousands of automobiles, and the configuration of the truck can affect the amount of damage as well. If the load is spread over more axles, there is less weight on each wheel, and damage is reduced.<sup>6</sup>

Refuse Vehicles are typically the heaviest vehicles regularly operating on residential streets and are a significant contributor to the wear-and-tear experienced by those streets. While Refuse Vehicles also contribute to the wear-and-tear on other street types (including arterials and collectors), those streets are designed to a higher standard and experience significantly more vehicle trips and large truck trips than residential streets. As such, the relative impact of a Refuse Vehicle on collector and arterial streets is significantly less than that on residential streets.

The Pavement Condition Index (PCI) is a common unit of measure used to rate the condition of pavements. The PCI rates pavements on a scale of 0 to 100, with a higher value indicating better pavement condition. Rapid deterioration of pavement typically occurs after roadways drop to a PCI of 60 or lower, and studies have shown that every dollar spent performing preventative maintenance on a roadway with a PCI of 70 or higher saves \$4 down the road – it would otherwise cost about \$5 to rehabilitate the same roadway once rapid deterioration occurs<sup>7</sup> (as shown in Figure 1). Assuring adequate funding for an effective pavement management system is therefore critical to achieving a cost-effective pavement management system.

Figure 1



Source: Metropolitan Transportation Commission

The goal of a pavement management program is to bring all roads up to “good” or “excellent” condition where they can be maintained most cost-effectively. The strategy often recommended is referred to as

<sup>6</sup> A. Rufolo, *Cost-Based Road Taxation*, Cascade Policy Institute, November 1995.

<sup>7</sup> J. Gerbracht, *Bay Area Roads Close to “Tipping Point”*, Metropolitan Transportation Commission, Street Talk, March 2006.

the “best first approach”, which concentrates spending initially on routine and preventative maintenance on those roads that are currently in fair to good condition. This extends the useful life of those roads, preventing rapid deterioration. Spending money on routine maintenance now prevents additional spending in the future on more expensive repairs.

## Approach

Our approach to projecting Refuse Vehicle street maintenance impacts is based on common principals of pavement design and vehicle loadings. The basic premise is that all vehicles, including Refuse Vehicles, exert an impact on streets that can be quantified. That impact or “vehicle loading” can be expressed as an Equivalent Single Axle Load (ESAL), which is a function of the vehicle’s weight and the distribution of that weight over the vehicle’s axles. By projecting the number and type of vehicles (i.e., cars, trucks, Refuse Vehicles) that travel on a street over its design life, and the average ESAL associated with each vehicle type, the total ESALs that street will experience can be calculated. The relative impact associated with a specific type of vehicle (e.g., Refuse Vehicle) can then be determined based on the percentage of total ESALs attributed to that vehicle type.

## Methodology

The methodology used to project street maintenance costs associated with Refuse Vehicles can be summarized as follows:

- § The City’s projected changes in its average annual street maintenance budget and the associated average annual changes in the associated deferred maintenance (unfunded backlog) for the two (2) scenarios that were considered were calculated for the period 2017 through 2025 based on the information presented in the City’s April 2016 Pavement Management Program Update Report;
- § Fifty percent (50%) of the average annual changes in the street maintenance budget and associated deferred maintenance costs were allocated to residential streets; and
- § Fifteen percent (15%) of that portion of those expenses allocated to residential streets was assigned to residential refuse vehicles based on the projected percentage of the total axle loadings a typical residential street experiences that are attributed to residential refuse vehicles.

## Major Assumptions

- § There is an average of **1,000** vehicle trips per day on a typical residential street, with **2%** of those trips made by trucks, including Refuse Vehicles.<sup>8</sup>
- § Residential Refuse Vehicles make **two (2) passes** down a typical residential Street each week to provide service.
- § Residential solid waste vehicles were assumed to carry approximately **8.0 tons** fully loaded.
- § Residential recycling vehicles were assumed to carry approximately **4.0 tons** fully loaded.
- § ESAL loadings for Refuse Vehicles are based on an axle weight analysis using manufactured loaded and unloaded axle weight distributions for representative vehicle types. ESAL values for Other

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<sup>8</sup> If we assumed 4% for trucks the calculated impact would be reduced from \$163,000 to \$96,000.

Trucks and Automobiles are based on data from the American Association of State Highway and Transportation Officials (AASHTO).

## Limitations

Our analysis is based on a number of underlying assumptions for which reasonable ranges exist (e.g., the average number of vehicle trips and the percentage of those trips made by various vehicle types). Changes to those assumptions may have a material impact on the resulting findings.

Our analysis is specific to the projection of the City's street maintenance costs that are associated with Refuse Vehicles. It does not consider or account for any existing funding.

\* \* \* \* \*

We appreciate the opportunity to be of service to the City. Should you have any questions regarding our proposal or need any additional information, please contact me by phone at (916) 782-7821 or by email at [wschoen@r3cqi.com](mailto:wschoen@r3cqi.com).

Sincerely,

**R3 CONSULTING GROUP**



William Schoen | Principal

### Attachment

- 1 Funding Scenarios: Current Budget and Budget Required to Maintain 63 PCI

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T					
1	<b>Current City's Budget (\$1.8 million/year)</b>																							
2	Scenario 1																							
3	PCI	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Annual Average												
4	Budget	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000								\$ -			
5	Deferred Maintenance	\$ 29,000,000	\$ 31,500,000	\$ 35,600,000	\$ 40,500,000	\$ 46,300,000	\$ 51,400,000	\$ 57,600,000	\$ 64,800,000	\$ 71,400,000	\$ 78,000,000	\$ 85,000,000	\$ 92,000,000								\$ 5,733,333			
6	Annual Change	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000								\$ 5,733,333				
7	Cumulative Change	\$ 2,500,000	\$ 5,000,000	\$ 7,500,000	\$ 10,000,000	\$ 12,500,000	\$ 15,000,000	\$ 17,500,000	\$ 20,000,000	\$ 22,500,000	\$ 25,000,000	\$ 27,500,000	\$ 30,000,000								\$ 5,733,333			
8													Annual Total								\$ 7,533,333	50%	15%	COS Fee \$ 430,000
9																					\$ 5,733,333	Current Environmental Mitigation Fee		\$ 100,000
10																					\$ 5,733,333	COS Fee vs. Current Fee		\$ 330,000
11																					\$ 5,733,333			\$ 330,000
12	Scenario 2																							
13	PCI	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Annual Average												
14	Budget	\$ 1,100,000	\$ 3,000,000	\$ 6,000,000	\$ 5,500,000	\$ 6,000,000	\$ 4,700,000	\$ 5,000,000	\$ 4,500,000	\$ 5,000,000	\$ 5,000,000	\$ 6,000,000	\$ 4,680,000								\$ 2,880,000			
15	Deferred Maintenance	\$ 29,600,000	\$ 31,000,000	\$ 30,800,000	\$ 31,900,000	\$ 33,000,000	\$ 34,600,000	\$ 36,300,000	\$ 39,200,000	\$ 39,600,000	\$ 39,600,000	\$ 41,100,000	\$ 39,200,000								\$ 1,277,778			
16	Annual Change	\$ 1,400,000	\$ 1,400,000	\$ (200,000)	\$ 1,100,000	\$ 1,100,000	\$ 1,600,000	\$ 1,700,000	\$ 2,900,000	\$ 400,000	\$ 400,000	\$ 1,500,000	\$ 1,277,778								\$ 1,277,778			
17	Cumulative Change	\$ 1,400,000	\$ 2,800,000	\$ 2,600,000	\$ 3,700,000	\$ 4,800,000	\$ 6,400,000	\$ 8,100,000	\$ 11,000,000	\$ 10,600,000	\$ 10,000,000	\$ 11,500,000	\$ 8,957,778								\$ 4,157,778	50%	15%	COS Fee \$ 311,833
18													Annual Total								\$ 4,157,778	Current Environmental Mitigation Fee		\$ 100,000
19																					\$ 4,157,778	COS Fee vs. Current Fee		\$ 211,833
20																					\$ 4,157,778			\$ 211,833
21																					\$ 4,157,778			\$ 211,833

## City of Davis Proposed Monthly Rates for Solid Waste Collection Effective January 1, 2019

Commercial and Multi-Family Collection Services		1x per week		2x per week		3x per week		4x per week		5x per week		6x per week	
Cart	Level of Service	Mid-Week	Sat	All Mid-Week	1X/Wk + Sat	All Mid-Week	2X/Wk + Sat	All Mid-Week	3X/Wk + Sat	All Mid-Week	4X/Wk + Sat	All Mid-Week	5X/Wk + Sat
		1		\$75.63	\$80.72	\$136.85	\$144.53	\$205.68	\$213.40	\$277.16	\$287.34	\$348.62	\$366.73
2		\$134.29	\$141.98	\$256.71	\$266.92	\$386.85	\$397.06	\$522.63	\$532.30	\$644.49	\$659.82	\$792.50	
3		\$185.28	\$200.60	\$358.75	\$386.86	\$544.96	\$567.93	\$728.62	\$751.62	\$909.75	\$935.26	\$1,106.14	
Each Add'l Toter		\$50.72	\$58.38	\$101.79	\$119.67	\$157.87	\$170.65	\$205.71	\$219.09	\$264.97	\$275.18	\$313.43	
Yards		Mid-Week	Sat	All Mid-Week	1X/Wk + Sat	All Mid-Week	2X/Wk + Sat	All Mid-Week	3X/Wk + Sat	All Mid-Week	4X/Wk + Sat	All Mid-Week	5X/Wk + Sat
1		\$118.43	\$136.38	\$225.07	\$242.96	\$339.41	\$357.29	\$455.43	\$474.37	\$575.67	\$590.95	\$705.30	
1.5		\$161.58	\$182.47	\$301.10	\$318.96	\$468.72	\$489.14	\$628.67	\$646.54	\$780.93	\$798.79	\$966.42	
2		\$196.98	\$227.66	\$384.75	\$412.80	\$575.03	\$605.68	\$770.37	\$798.48	\$965.78	\$996.45	\$1,186.85	
2.5		\$245.23	\$273.30	\$468.40	\$499.09	\$711.99	\$742.63	\$953.00	\$983.66	\$1,196.78	\$1,227.39	\$1,465.92	
3		\$293.42	\$324.09	\$557.16	\$587.78	\$846.43	\$882.11	\$1,140.92	\$1,171.58	\$1,427.59	\$1,460.81	\$1,750.05	
4		\$384.75	\$425.60	\$732.12	\$778.09	\$1,112.77	\$1,158.79	\$1,488.28	\$1,531.63	\$1,863.74	\$1,909.66	\$2,371.99	
5		\$470.92	\$527.13	\$912.17	\$965.78	\$1,381.64	\$1,437.81	\$1,848.35	\$1,904.59	\$2,310.02	\$2,363.69	\$2,914.75	
6		\$562.23	\$628.67	\$1,089.80	\$1,148.57	\$1,650.46	\$1,711.74	\$2,203.44	\$2,267.25	\$2,756.13	\$2,820.24	\$3,460.18	
Each Add'l Yard		\$84.56	\$92.21	\$167.42	\$175.31	\$255.51	\$263.14	\$338.40	\$351.18	\$418.77	\$434.09	\$517.03	
Each Compacted Yard		\$90.64	\$98.31	\$179.74	\$189.93	\$269.55	\$279.02	\$362.93	\$373.20	\$452.01	\$464.75	\$551.73	

### Single-Family Collection Services

Level of Service (Garbage Cart)	Standard Weekly
35-gallon	\$35.19
65-gallon	\$38.95
95-gallon	\$46.47
Add'l Garbage Cart	\$5.98

### Dropbox

Level of Service	Per Pickup
10 Yards	\$202.51
20 Yards	\$202.51
30 Yards	\$246.81
40 Yards	\$323.06
50 Yards	\$427.70
Customer-owned compactor	\$278.04

### Additional Food Scrap Carts (Commercial)

Level of Service	1x per Week	2x per week	3x Per Week	4x Per Week	5x Per Week
1 Cart	\$0.00	\$0.00	\$67.69	\$117.82	\$175.53
Add'l Cart	\$30.50	\$61.01	\$91.50	\$122.00	\$152.50
No Service	Per Month				
None	\$24.50				

## City of Davis Proposed Monthly Rates for Solid Waste Collection Effective January 1, 2020

Commercial and Multi-Family Collection Services		1x per week		2x per week		3x per week		4x per week		5x per week		6x per week	
Level of Service	Mid-Week	Sat	All Mid-Week		All Mid-Week		All Mid-Week		All Mid-Week		All Mid-Week		6x per week
			1X/Wk + Sat	2X/Wk + Sat	3X/Wk + Sat	4X/Wk + Sat	5X/Wk + Sat	6X/Wk + Sat					
<b>Cart</b>													
1	\$83.19	\$88.79	\$150.53	\$158.98	\$226.25	\$234.74	\$304.87	\$316.07	\$383.48	\$403.40	\$432.63		
2	\$147.72	\$156.17	\$282.39	\$293.61	\$425.54	\$436.76	\$574.90	\$585.53	\$708.94	\$725.80	\$871.75		
3	\$203.81	\$220.66	\$394.63	\$425.55	\$599.45	\$624.72	\$801.49	\$826.78	\$1,000.72	\$1,028.79	\$1,216.75		
Each Add'l Toter	\$55.80	\$64.22	\$111.97	\$131.64	\$173.65	\$187.71	\$226.28	\$241.00	\$291.46	\$302.70	\$344.77		
<b>Yards</b>													
1	\$130.27	\$150.02	\$247.58	\$267.25	\$373.35	\$393.02	\$500.97	\$521.81	\$633.24	\$650.04	\$775.83		
1.5	\$177.74	\$200.72	\$331.21	\$350.85	\$515.59	\$538.05	\$691.53	\$711.20	\$859.02	\$878.67	\$1,063.06		
2	\$216.68	\$250.42	\$423.23	\$454.08	\$632.53	\$666.25	\$847.41	\$878.33	\$1,062.36	\$1,096.10	\$1,305.53		
2.5	\$269.75	\$300.63	\$515.24	\$549.00	\$783.18	\$816.89	\$1,048.30	\$1,082.03	\$1,316.46	\$1,350.13	\$1,612.51		
3	\$322.76	\$356.50	\$612.88	\$646.56	\$931.07	\$970.32	\$1,255.02	\$1,288.74	\$1,570.35	\$1,606.89	\$1,925.05		
4	\$423.23	\$468.16	\$805.33	\$855.90	\$1,224.04	\$1,274.67	\$1,637.11	\$1,684.79	\$2,050.11	\$2,100.63	\$2,609.19		
5	\$518.02	\$579.84	\$1,003.38	\$1,062.36	\$1,519.80	\$1,581.59	\$2,033.18	\$2,095.05	\$2,541.02	\$2,600.06	\$3,206.22		
6	\$618.46	\$691.53	\$1,198.78	\$1,263.43	\$1,815.51	\$1,882.91	\$2,423.79	\$2,493.98	\$3,031.75	\$3,102.26	\$3,806.20		
Each Add'l Yard	\$93.01	\$101.43	\$184.17	\$192.84	\$281.06	\$289.45	\$372.24	\$386.30	\$460.65	\$477.50	\$568.73		
Each Compacted Yard	\$99.71	\$108.15	\$197.71	\$208.92	\$296.51	\$306.92	\$399.22	\$410.52	\$497.22	\$511.22	\$606.91		

**Single-Family Collection Services**

Level of Service (Garbage Cart)	Standard Weekly
35-gallon	\$38.70
65-gallon	\$42.85
95-gallon	\$51.11
Add'l Garbage Cart	\$6.58

**Dropbox**

Level of Service	Per Pickup
10 Yards	\$222.76
20 Yards	\$222.76
30 Yards	\$271.49
40 Yards	\$355.36
50 Yards	\$470.47
Customer-owned compactor	\$305.85

**Additional Food Scrap Carts (Commercial)**

Level of Service	1x per Week	2x per week	3x Per Week	4x Per Week	5x Per Week
1 Cart	\$0.00	\$0.00	\$74.46	\$129.61	\$193.08
Add'l Cart	\$33.55	\$67.11	\$100.65	\$134.20	\$167.75
<b>No Service</b>	<b>Per Month</b>				
None	\$26.96				



## City of Davis Proposed Monthly Rates for Solid Waste Collection Effective January 1, 2021

Commercial and Multi-Family Collection Services		1x per week		2x per week		3x per week		4x per week		5x per week		6x per week	
		Mid-Week	Sat	All Mid-Week	1X/Wk + Sat	All Mid-Week	2X/Wk + Sat	All Mid-Week	3X/Wk + Sat	All Mid-Week	4X/Wk + Sat	All Mid-Week	5X/Wk + Sat
<b>Cart</b>													
<b>1</b>		\$89.84	\$95.90	\$162.57	\$171.70	\$244.35	\$253.52	\$329.26	\$341.36	\$414.15	\$435.68	\$467.24	
<b>2</b>		\$159.54	\$168.67	\$304.98	\$317.10	\$459.58	\$471.70	\$620.89	\$632.38	\$765.65	\$783.87	\$941.49	
<b>3</b>		\$220.11	\$238.31	\$426.20	\$459.60	\$647.41	\$674.70	\$865.61	\$892.92	\$1,080.78	\$1,111.09	\$1,314.09	
<b>Each Add'l Toter</b>		\$60.26	\$69.36	\$120.92	\$142.17	\$187.55	\$202.73	\$244.38	\$260.28	\$314.78	\$326.91	\$372.36	
<b>Yards</b>													
<b>1</b>		\$140.69	\$162.02	\$267.38	\$288.63	\$403.22	\$424.46	\$541.05	\$563.56	\$683.90	\$702.05	\$837.90	
<b>1.5</b>		\$191.96	\$216.78	\$357.71	\$378.92	\$556.84	\$581.10	\$746.85	\$768.09	\$927.74	\$948.96	\$1,148.11	
<b>2</b>		\$234.01	\$270.46	\$457.09	\$490.41	\$683.13	\$719.55	\$915.20	\$948.60	\$1,147.35	\$1,183.78	\$1,409.97	
<b>2.5</b>		\$291.33	\$324.68	\$556.46	\$592.92	\$845.84	\$882.25	\$1,132.17	\$1,168.59	\$1,421.77	\$1,458.14	\$1,741.51	
<b>3</b>		\$348.58	\$385.02	\$661.91	\$698.29	\$1,005.55	\$1,047.95	\$1,355.42	\$1,391.84	\$1,695.98	\$1,735.45	\$2,079.05	
<b>4</b>		\$457.09	\$505.62	\$869.76	\$924.37	\$1,321.97	\$1,376.64	\$1,768.08	\$1,819.57	\$2,214.12	\$2,268.68	\$2,817.93	
<b>5</b>		\$559.46	\$626.23	\$1,083.65	\$1,147.35	\$1,641.38	\$1,708.11	\$2,195.84	\$2,262.65	\$2,744.30	\$2,808.07	\$3,462.72	
<b>6</b>		\$667.93	\$746.85	\$1,294.69	\$1,364.51	\$1,960.75	\$2,033.55	\$2,617.69	\$2,693.50	\$3,274.28	\$3,350.44	\$4,110.70	
<b>Each Add'l Yard</b>		\$100.45	\$109.54	\$198.90	\$208.27	\$303.55	\$312.61	\$402.02	\$417.20	\$497.50	\$515.70	\$614.23	
<b>Each Compacted Yard</b>		\$107.68	\$116.80	\$213.53	\$225.64	\$320.23	\$331.47	\$431.16	\$443.36	\$536.99	\$552.12	\$655.46	

**Additional Food Scrap Carts (Commercial)**

Level of Service	1x per Week	2x per week	3x Per Week	4x Per Week	5x Per Week
1 Cart	\$0.00	\$0.00	\$80.42	\$139.98	\$208.53
Add'l Cart	\$36.23	\$72.48	\$108.71	\$144.94	\$181.17

**Dropbox**

Level of Service	Per Pickup
10 Yards	\$240.58
20 Yards	\$240.58
30 Yards	\$293.21
40 Yards	\$383.79
50 Yards	\$508.11
Customer-owned compactor	\$330.31

**Single-Family Collection Services**

Level of Service (Garbage Cart)	Standard Weekly
35-gallon	\$41.80
65-gallon	\$46.28
95-gallon	\$55.20
Add'l Garbage Cart	\$7.11

**No Service Per Month**

None	\$29.11
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## City of Davis Proposed Monthly Rates for Solid Waste Collection Effective January 1, 2022

Commercial and Multi-Family Collection Services		1x per week		2x per week		3x per week		4x per week		5x per week		6x per week	
Level of Service	Cart	Mid-Week	Sat	All Mid-Week	1X/Wk + Sat	All Mid-Week	2X/Wk + Sat	All Mid-Week	3X/Wk + Sat	All Mid-Week	4X/Wk + Sat	All Mid-Week	5X/Wk + Sat
		1		\$94.33	\$100.69	\$170.70	\$180.29	\$256.57	\$266.20	\$345.72	\$358.42	\$434.86	\$457.46
2		\$167.52	\$177.10	\$320.23	\$332.95	\$482.56	\$495.29	\$651.93	\$664.00	\$803.93	\$823.06	\$988.57	
3		\$231.12	\$250.23	\$447.51	\$482.58	\$679.78	\$708.44	\$908.89	\$937.57	\$1,134.82	\$1,166.65	\$1,379.80	
Each Add'l Toter		\$63.27	\$72.83	\$126.97	\$149.28	\$196.92	\$212.87	\$256.60	\$273.29	\$330.52	\$343.26	\$390.97	
Yards		Mid-Week	Sat	All Mid-Week	1X/Wk + Sat	All Mid-Week	2X/Wk + Sat	All Mid-Week	3X/Wk + Sat	All Mid-Week	4X/Wk + Sat	All Mid-Week	5X/Wk + Sat
1		\$147.72	\$170.12	\$280.75	\$303.07	\$423.38	\$445.68	\$568.10	\$591.73	\$718.09	\$737.15	\$879.79	
1.5		\$201.55	\$227.62	\$375.60	\$397.87	\$584.68	\$610.15	\$784.20	\$806.50	\$974.13	\$996.41	\$1,205.51	
2		\$245.71	\$283.98	\$479.94	\$514.93	\$717.29	\$755.53	\$960.96	\$996.03	\$1,204.72	\$1,242.97	\$1,480.47	
2.5		\$305.90	\$340.91	\$584.29	\$622.57	\$888.13	\$926.36	\$1,188.78	\$1,227.02	\$1,492.86	\$1,531.05	\$1,828.59	
3		\$366.01	\$404.27	\$695.00	\$733.20	\$1,055.83	\$1,100.34	\$1,423.19	\$1,461.43	\$1,780.78	\$1,822.22	\$2,183.01	
4		\$479.94	\$530.90	\$913.25	\$970.59	\$1,388.06	\$1,445.47	\$1,856.48	\$1,910.55	\$2,324.83	\$2,382.11	\$2,958.82	
5		\$587.43	\$657.54	\$1,137.84	\$1,204.72	\$1,723.45	\$1,793.52	\$2,305.63	\$2,375.78	\$2,881.52	\$2,948.47	\$3,635.86	
6		\$701.33	\$784.20	\$1,359.42	\$1,432.73	\$2,058.78	\$2,135.22	\$2,748.58	\$2,828.17	\$3,438.00	\$3,517.96	\$4,316.23	
Each Add'l Yard		\$105.48	\$115.02	\$208.84	\$218.68	\$318.72	\$328.24	\$422.12	\$438.06	\$522.37	\$541.49	\$644.94	
Each Compacted Yard		\$113.07	\$122.64	\$224.21	\$236.92	\$336.24	\$348.05	\$452.72	\$465.53	\$563.84	\$579.73	\$688.23	

Single-Family Collection Services		Standard Weekly
Level of Service (Garbage Cart)		
35-gallon		\$43.89
65-gallon		\$48.59
95-gallon		\$57.96
Add'l Garbage Cart		\$7.46

Dropbox		Per Pickup
Level of Service		
10 Yards		\$252.61
20 Yards		\$252.61
30 Yards		\$307.87
40 Yards		\$402.98
50 Yards		\$533.52
Customer-owned compactor		\$346.83

Additional Food Scrap Carts (Commercial)					
Level of Service	1x per Week	2x per week	3x Per Week	4x Per Week	5x Per Week
1 Cart	\$0.00	\$0.00	\$84.44	\$146.97	\$218.95
Add'l Cart	\$38.04	\$76.10	\$114.14	\$152.18	\$190.23

No Service	Per Month
None	\$30.57

## City of Davis Proposed Monthly Rates for Solid Waste Collection Effective January 1, 2023

Commercial and Multi-Family Collection Services		1x per week		2x per week		3x per week		4x per week		5x per week		6x per week	
Level of Service	Cart	Mid-Week	Sat	All Mid-Week	1X/Wk + Sat	All Mid-Week	2X/Wk + Sat	All Mid-Week	3X/Wk + Sat	All Mid-Week	4X/Wk + Sat	All Mid-Week	5X/Wk + Sat
		1		\$99.05	\$105.73	\$179.24	\$189.30	\$269.40	\$279.51	\$363.01	\$376.34	\$456.61	\$480.33
2		\$175.89	\$185.96	\$336.24	\$349.60	\$506.69	\$520.05	\$684.53	\$697.20	\$844.13	\$864.21	\$1,038.00	
3		\$242.67	\$262.74	\$469.88	\$506.70	\$713.77	\$743.86	\$954.33	\$984.45	\$1,191.56	\$1,224.98	\$1,448.78	
Each Add'l Toter		\$66.44	\$76.47	\$133.32	\$156.75	\$206.77	\$223.51	\$269.43	\$286.96	\$347.04	\$360.42	\$410.52	
Yards		Mid-Week	Sat	All Mid-Week	1X/Wk + Sat	All Mid-Week	2X/Wk + Sat	All Mid-Week	3X/Wk + Sat	All Mid-Week	4X/Wk + Sat	All Mid-Week	5X/Wk + Sat
1		\$155.11	\$178.63	\$294.79	\$318.22	\$444.55	\$467.96	\$596.51	\$621.32	\$754.00	\$774.01	\$923.78	
1.5		\$211.63	\$239.00	\$394.38	\$417.76	\$613.92	\$640.66	\$823.41	\$846.82	\$1,022.83	\$1,046.23	\$1,265.79	
2		\$258.00	\$298.18	\$503.94	\$540.67	\$753.15	\$793.30	\$1,009.01	\$1,045.83	\$1,264.95	\$1,305.12	\$1,554.50	
2.5		\$321.19	\$357.96	\$613.50	\$653.70	\$932.54	\$972.68	\$1,248.21	\$1,288.37	\$1,567.50	\$1,607.60	\$1,920.02	
3		\$384.31	\$424.48	\$729.75	\$769.86	\$1,108.62	\$1,155.36	\$1,494.35	\$1,534.50	\$1,869.82	\$1,913.33	\$2,292.16	
4		\$503.94	\$557.44	\$958.91	\$1,019.12	\$1,457.47	\$1,517.75	\$1,949.30	\$2,006.08	\$2,441.07	\$2,501.22	\$3,106.76	
5		\$616.80	\$690.42	\$1,194.73	\$1,264.95	\$1,809.62	\$1,883.20	\$2,420.91	\$2,494.57	\$3,025.60	\$3,095.90	\$3,817.65	
6		\$736.40	\$823.41	\$1,427.39	\$1,504.37	\$2,161.72	\$2,241.98	\$2,886.00	\$2,969.58	\$3,609.90	\$3,693.86	\$4,532.04	
Each Add'l Yard		\$110.75	\$120.77	\$219.29	\$229.62	\$334.66	\$344.65	\$443.23	\$459.97	\$548.49	\$568.56	\$677.19	
Each Compacted Yard		\$118.72	\$128.77	\$235.42	\$248.77	\$353.05	\$365.45	\$475.35	\$488.81	\$592.03	\$608.71	\$722.65	

**Additional Food Scrap Carts (Commercial)**

Level of Service	1x per Week	2x per week	3x Per Week	4x Per Week	5x Per Week
1 Cart	\$0.00	\$0.00	\$88.66	\$154.32	\$229.90
Add'l Cart	\$39.94	\$79.90	\$119.85	\$159.79	\$199.74

**Dropbox**

Level of Service	Per Pickup
10 Yards	\$265.24
20 Yards	\$265.24
30 Yards	\$323.26
40 Yards	\$423.13
50 Yards	\$560.19
Customer-owned compactor	\$364.17

**Single-Family Collection Services**

Level of Service (Garbage Cart)	Standard Weekly
35-gallon	\$46.08
65-gallon	\$51.02
95-gallon	\$60.86
Add'l Garbage Cart	\$7.83

**No Service Per Month**

None	\$32.10
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23 Russell Boulevard, Davis CA 95616

Attend the Public Hearing  
Tuesday, January 8, 2019  
Meeting begins at 6:30 p.m.  
City of Davis Community Chambers  
23 Russell Boulevard  
The meeting agenda will be available no  
later than December 14 at [CityofDavis.org](http://CityofDavis.org)

## NOTICE OF PUBLIC HEARING

### SINGLE-FAMILY RESIDENTIAL SOLID WASTE SERVICE FEES

## CITY OF DAVIS NOTICE OF PUBLIC HEARING

### PROPOSED INCREASES TO SOLID WASTE SERVICE CHARGES

The City of Davis will hold a Public Hearing on January 8, 2019, in the City of Davis Community Chambers, 23 Russell Blvd., Davis, CA, to consider adopting increases to the City's solid service charges.

#### REASON FOR THE PROPOSED SOLID WASTE SERVICE RATE INCREASES & BASIS UPON WHICH THE PROPOSED SOLID WASTE RATE INCREASES WERE CALCULATED

The City of Davis (the "City") has an exclusive franchise agreement with Recology Davis ("Recology", formerly Davis Waste Removal, Inc.) for the collection and handling of solid waste, including garbage, yard materials, recycling, organics, and street sweeping within the City (collectively, "solid waste services"). All properties within the City are required to subscribe to the weekly solid waste services provided by Recology. Pursuant to the franchise agreement, the City collects solid waste service fees from customers who receive solid waste services from Recology and those who do not put their waste out for collection by Recology. The City uses the revenues from the fees to pay Recology for the solid waste services provided under the franchise agreement, and to recover its operational and administrative costs of providing these services, including billing and collection of the service fees.

The City is proposing to increase solid waste services due to increased costs of providing such services. Outside of routine increases, the City's solid waste service charges have remained the same since 2013 despite the addition of organics collection services and several escalations in the price of landfill disposal and organics processing.

Due to these factors, revenue from solid waste service charges is not sufficient to meet projected expenses, and the proposed increases to service charges have been established to cover expenses. The proposed service charges will provide revenue to cover the costs of providing solid waste services, including the following:

- 1) Projected increases in the costs of operations provided by Recology for solid waste collection, disposal, and processing services;
- 2) Current budget deficits in the City's Solid Waste Fund;
- 3) Loan and capital debt service payments owed to the City's Wastewater Division;
- 4) Environmental mitigation costs for road repair due to wear-and-tear associated with solid waste collection services;
- 5) New programs including a new Artists in Residency program at the Recology Recycling Center;
- 6) Establishing minimal emergency reserves in the City's Solid Waste Fund; and
- 7) Administrative and regulatory costs of providing these services, including billing and collection of the service fees.

The proposed maximum solid waste service charges would go into effect on February 1, 2019, and January 1 of 2020, 2021, 2022 and 2023, with all solid waste service charges being increased by the same structure.

Percentage Increase in Solid Waste Service Charges per Year

2019	2020	2021	2022	2023
13.5%	10%	8%	5%	5%

## PROPOSED SOLID WASTE SERVICE CHARGES

The City provides solid waste collection, disposal, and materials processing services to all residents and businesses within the City.

Revenues from solid waste service charges pay for the operations and maintenance of materials collection vehicles, disposal sites, and processing facilities, as well as the administrative and regulatory costs that enable the City to manage its solid waste. In addition, solid waste service charges support infrastructure investments, such as necessary system improvements to meet new regulations, capital improvements, debt payments, and prudent reserves for the solid waste system. The solid waste service charges to customers are divided into two categories: Single Family Residential, and Commercial/Multi-Family Residential, with further classification within each category based on cart/bin volumes and pickup frequency. These categories are intended to group service recipients based on common cost characteristics and logistics management, accounting for collection routing efficiency, container type, and frequency of service. Commercial and multi-family residential customers will receive a separate notice.

The table below shows the maximum monthly solid waste service charges to be considered for single-family residential customers for each year by cart size. The base monthly solid waste service charges include the following solid waste services, with monthly service charges based on garbage container size:

- 1) Weekly pick-up of garbage.
- 2) Weekly pick-up of dual stream recycling using a cart to recycle glass, metal cans, aluminum, non-food soiled paper and cardboard, and plastics.

- 3) Weekly pick-up of organics using the brown-lidded organics cart for items such as meat, cheese, fruits and vegetables, food soiled paper products (such as pizza boxes, paper drink cups, paper plates, and paper napkins), and yard materials (such as grass clippings, leaves, and yard trimmings).
- 4) Loose-in-the-street collection of yard materials once per month from January to October and once-per-week from mid-October to mid-December.
- 5) Once-per-month street sweeping citywide and weekly street sweeping in the downtown core area.
- 6) Bulky Items Drop-Off event in the spring.
- 7) Residential hazardous waste disposal programs.
- 8) Various other waste reduction and recycling outreach and programs.

Single-Family Monthly Service Charges by Year (Based on Garbage Container Size)

Container Size	Current 2018	Proposed 3/1/2019	Proposed 1/1/2020	Proposed 1/1/2021	Proposed 1/1/2022	Proposed 1/1/2023
Percentage Increase Over Prior Year	NA	13.5%	10%	8%	5%	5%
35-Gallon	\$31.00	\$35.19	\$38.70	\$41.80	\$43.89	\$46.08
65-Gallon	\$34.32	\$38.95	\$42.85	\$46.28	\$48.59	\$51.02
95-Gallon	\$40.94	\$46.47	\$51.11	\$55.20	\$57.96	\$60.86

Single-family residents receive an organics cart (for the collection of yard materials, food scraps and food-soiled paper) that is picked-up once per week as part of regular garbage service. Recology brings the organics to a local facility for composting. Residents can request additional organics carts for a fee—see the chart below.

Monthly Organics Cart Service Charge by Year

Level of Service	Current	Proposed 2-1-2019	Proposed 1-1-2020	Proposed 1-1-2021	Proposed 1-1-2022	Proposed 1-1-2023
1 Cart	Included	Included	Included	Included	Included	Included
Add'l Cart	\$5.27	\$5.98	\$6.58	\$7.11	\$7.46	\$7.83

In some instances, a customer may choose not to put his or her waste out for collection by Recology. In such an instance, the City continues to incur costs to ensure that solid waste services are ready and available to such customers. The City imposes a fixed monthly solid waste service fee on these customers in order to recover its ongoing fixed costs of ensuring that the services are ready and available in the event that the customer elects to have his or her waste collected. The customer is also paying for street sweeping, recycling, and organics service. The proposed rate for the fixed monthly solid waste service fee for such customers is currently \$21.59 and is proposed to increase each year as show in the table below:

No Service Fee	Current 2018	Proposed 3/1/2019	Proposed 1/1/2020	Proposed 1/1/2021	Proposed 1/1/2022	Proposed 1/1/2023
Percentage Increase Over Prior Year	NA	13.5%	10%	8%	5%	5%
Proposed increases	\$21.59	\$24.50	\$26.96	\$29.11	\$30.57	\$32.10

## PUBLIC HEARING AND PROTESTS

The City of Davis will hold a Public Hearing on January 8, at 6:30 p.m., in the City of Davis Community Chambers, 23 Russell Blvd., Davis, CA, to consider adopting the proposed solid waste service charges, resulting from changes to the cost for its solid waste services.

Any property owner whose property will be subject to the imposition of the proposed solid waste service fees and any tenant directly responsible for the payment of such fees (i.e., a customer of record) may submit a written protest to the proposed changes; provided, however, that only one protest will be counted per identified parcel.

Written protests may be submitted by mail or in person to the City Clerk at 23 Russell Blvd. Suite 1, Davis, CA, California, 95616-3896 or at the Public Hearing (date and time noted above), provided they are received prior to the conclusion of the public comment portion of the Public Hearing. Please identify on the front of the envelope for any protest, whether mailed or submitted in person to the City Clerk, Attn: Public Hearing on Solid Waste Rates.

**Any protest submitted via e-mail or other electronic means will not be accepted.**

Any written protest must: (1) state that the identified property owner is in opposition to the proposed solid waste service charges; (2) provide the location of the identified parcel (by assessor's parcel number, street address, or customer account); (3) provide written evidence (example: current copy of City Services Bill) that the person is the property owner, if the person was not shown on Yolo County's last equalized assessment roll as the property owner; and (4) include the name and signature of the property owner submitting the protest.

The City Council meeting agenda and staff report for the Public Hearing should be available by 6:30 p.m. on January 4 at <https://cityofdavis.org/city-hall/city-council/city-council-meetings/agendas>. At the Public Hearing, the City Council will hear and consider all written and oral protests to the proposed solid waste service charges. Oral comments at the Public Hearing, however, will not qualify as formal protests unless accompanied by a written protest.

At the conclusion of the Public Hearing, the City Council will consider approval of the resolution authorizing the proposed solid waste service fees as described herein.

If written protests against the proposed rate increases are not presented by a majority of the property owners of the identified parcels upon which the rates are proposed to be imposed and tenants directly responsible for the payment of the solid waste service fees, the City Council will be authorized to impose the rate increases as outlined above. **If adopted, the proposed solid waste service charges will take effect beginning February 1, 2019.**

If you have questions regarding this notice or how it may impact your property, contact the Public Works Department (530) 757-5686 Monday through Friday from 8 a.m. to 5 p.m., email [PWWeb@CityofDavis.org](mailto:PWWeb@CityofDavis.org), or visit [CityofDavis.org](http://CityofDavis.org) for answers to frequently asked questions.

# CITY OF DAVIS NOTICE OF PUBLIC HEARING PROPOSED INCREASES TO SOLID WASTE SERVICE CHARGES

The City of Davis will hold a Public Hearing on January 8, 2019, in the City of Davis Community Chambers, 23 Russell Blvd., Davis, CA, to consider adopting increases to the City's solid service charges.

The City of Davis (the "City") has an exclusive franchise agreement with Recology Davis ("Recology", formerly Davis Waste Removal, Inc.) for the collection and handling of solid waste, including garbage, yard materials, recycling, organics, and street sweeping within the City (collectively, "solid waste services"). All properties within the City are required to subscribe to the weekly solid waste services provided by Recology. Pursuant to the franchise agreement, the City collects solid waste service fees from customers who receive solid waste services from Recology and those who do not put their waste out for collection by Recology. The City uses the revenues from the fees to pay Recology for the solid waste services provided under the franchise agreement, and to recover its operational and administrative costs of providing these services, including billing and collection of the service fees.

The City is proposing to increase solid waste services due to increased costs of providing such services. Outside of routine increases, the City's solid waste service charges have remained the same since 2013 despite the addition of organics collection services and several escalations in the price of landfill disposal and organics processing.

Due to these factors, revenue from solid waste service charges is not sufficient to meet projected expenses, and the proposed increases to service charges have been established to cover expenses. The proposed service charges will provide revenue to cover the costs of providing solid waste services, including the following:

- 1) Projected increases in the costs of operations provided by Recology for solid waste collection, disposal, and processing services;
- 2) Current budget deficits in the City's Solid Waste Fund;
- 3) Loan and capital debt service payments owed to the City's Wastewater Division;
- 4) Environmental mitigation costs for road repair due to wear-and-tear associated with solid waste collection services;
- 5) New programs including a new Artists in Residency program at the Recology Recycling Center;
- 6) Establishing minimal emergency reserves in the City's Solid Waste Fund; and
- 7) Administrative and regulatory costs of providing these services, including billing and collection of the service fees.

The proposed maximum solid waste service charges would go into effect on February 1, 2019, and January 1 of 2020, 2021, 2022 and 2023, with all solid waste service charges being increased by the same structure.

Percentage Increase in Solid Waste Service Charges per Year

2019	2020	2021	2022	2023
13.5%	10%	8%	5%	5%

## PROPOSED SOLID WASTE SERVICE CHARGES

The City provides solid waste collection, disposal, and materials processing services to all residents and businesses within the City.

Revenues from solid waste service charges pay for the operations and maintenance of materials collection vehicles, disposal sites, and processing facilities, as well as the administrative and regulatory costs that enable the City to manage its solid waste. In addition, solid waste service charges support infrastructure investments, such as necessary system improvements to meet new regulations, capital improvements, debt payments, and prudent reserves for the solid waste system. The solid waste service charges to customers are divided into two categories: Single Family Residential, and Commercial/Multi-Family Residential, with further classification within each category based on cart/bin volumes and pickup frequency. These categories are intended to group service recipients based on common cost characteristics and logistics management, accounting for collection routing efficiency, container type, and frequency of service. Commercial and multi-family residential customers will receive a separate notice.

The tables below show the maximum monthly solid waste service charges to be considered for commercial and multi-family residential customers for each year by garbage container size and pick-up frequency. These monthly solid waste service charges also include the following solid waste services:

- 1) Weekly pick-up of garbage, recycling, and organic material.
  - o Dual stream recycling using a green cart to recycle glass, metal cans, aluminum, plastic and a separate green cart to recycle non-food soiled paper and cardboard.
  - o Organics collection using a brown-lidded organics cart for items such as meat, cheese, fruits and vegetables, and food soiled paper products (such as pizza boxes, paper drink cups, paper plates, and paper napkins) and yard materials (such as grass clippings, leaves, and yard trimmings). A 95-gallon cart filled with food scraps is too heavy for Recology trucks to service, therefore, restaurants, grocery stores and other high-volume food scrap generating businesses receive food scrap cart service—one 65-gallon food scrap cart that is serviced twice per week. All other businesses receive an organics cart—a 95-gallon cart that is serviced one per week.
- 2) Loose-in-the-street collection of yard materials once per month from January to October and once-per-week from mid-October to mid-December.
- 3) Once-per-month street sweeping citywide and weekly street sweeping in the downtown core area.

Commercial and Multi-Family Monthly Service Charges by Year

Level of Service	1x per week		2x per week		3x per week		4x per week		5x per week		6x per week	
	Mid-week	Sat	Mid-week	Sat	Mid-week	Sat	Mid-week	Sat	Mid-week	Sat	Mid-week	Sat
	Current											
1 Cart	\$66.63	\$71.12	\$120.57	\$127.34	\$181.22	\$188.02	\$244.19	\$253.16	\$307.15	\$323.11	\$346.52	
2 Carts	\$118.32	\$125.09	\$226.18	\$235.17	\$340.84	\$349.83	\$460.47	\$468.99	\$567.83	\$581.34	\$698.24	
3 Carts	\$163.24	\$176.74	\$316.08	\$340.85	\$480.14	\$500.38	\$641.96	\$662.22	\$801.54	\$824.02	\$974.57	
Each Additional Cart	\$44.69	\$51.44	\$89.68	\$105.44	\$139.09	\$150.35	\$181.24	\$193.03	\$233.45	\$242.45	\$276.15	
1 Yard	\$104.34	\$120.16	\$198.30	\$214.06	\$299.04	\$314.79	\$401.26	\$417.95	\$507.20	\$520.66	\$621.41	
1.5 Yards	\$142.36	\$160.77	\$265.29	\$281.02	\$412.97	\$430.96	\$553.89	\$569.64	\$688.04	\$703.78	\$851.47	
2 Yards	\$173.55	\$200.58	\$338.99	\$363.70	\$506.63	\$533.64	\$678.74	\$703.51	\$850.91	\$877.93	\$1,045.68	
2.5 Yards	\$216.06	\$240.79	\$412.69	\$439.73	\$627.30	\$654.30	\$839.65	\$866.66	\$1,054.43	\$1,081.40	\$1,291.56	
3 Yards	\$258.52	\$285.54	\$490.89	\$517.87	\$745.75	\$777.19	\$1,005.22	\$1,032.23	\$1,257.79	\$1,287.06	\$1,541.89	
4 Yards	\$338.99	\$374.98	\$645.04	\$685.54	\$980.41	\$1,020.96	\$1,311.26	\$1,349.45	\$1,642.06	\$1,682.52	\$2,089.86	
5 Yards	\$414.91	\$464.43	\$803.67	\$850.91	\$1,217.30	\$1,266.79	\$1,628.50	\$1,678.05	\$2,035.26	\$2,082.55	\$2,568.06	
6 Yards	\$495.36	\$553.89	\$960.18	\$1,011.96	\$1,454.15	\$1,508.14	\$1,941.36	\$1,997.58	\$2,428.31	\$2,484.79	\$3,048.62	
Each Additional Yard	\$74.50	\$81.24	\$147.51	\$154.46	\$225.12	\$231.84	\$298.15	\$309.41	\$368.96	\$382.46	\$455.53	
Each Compacted Yard	\$79.86	\$86.62	\$158.36	\$167.34	\$237.49	\$245.83	\$319.76	\$328.81	\$398.25	\$409.47	\$486.11	
Proposed 2-1-2019												
1 Cart	\$75.63	\$80.72	\$136.85	\$144.53	\$205.68	\$213.40	\$277.16	\$287.34	\$348.62	\$366.73	\$393.30	
2 Carts	\$134.29	\$141.98	\$256.71	\$266.92	\$386.85	\$397.06	\$522.63	\$532.30	\$644.49	\$659.82	\$792.50	
3 Carts	\$185.28	\$200.60	\$358.75	\$386.86	\$544.96	\$567.93	\$728.62	\$751.62	\$909.75	\$935.26	\$1,106.14	
Each Add'l. Cart	\$50.72	\$58.38	\$101.79	\$119.67	\$157.87	\$170.65	\$205.71	\$219.09	\$264.97	\$275.18	\$313.43	
1 Yard	\$118.43	\$136.38	\$225.07	\$242.96	\$339.41	\$357.29	\$455.43	\$474.37	\$575.67	\$590.95	\$705.30	
1.5 Yards	\$161.58	\$182.47	\$301.10	\$318.96	\$468.72	\$489.14	\$628.67	\$646.54	\$780.93	\$798.79	\$966.42	
2 Yards	\$196.98	\$227.66	\$384.75	\$412.80	\$575.03	\$605.68	\$770.37	\$798.48	\$965.78	\$996.45	\$1,186.85	
2.5 Yards	\$245.23	\$273.30	\$468.40	\$499.09	\$711.99	\$742.63	\$953.00	\$983.66	\$1,196.78	\$1,227.39	\$1,465.92	
3 Yards	\$293.42	\$324.09	\$557.16	\$587.78	\$846.43	\$882.11	\$1,140.92	\$1,171.58	\$1,427.59	\$1,460.81	\$1,750.05	
4 Yards	\$384.75	\$425.60	\$732.12	\$778.09	\$1,112.77	\$1,158.79	\$1,488.28	\$1,531.63	\$1,863.74	\$1,909.66	\$2,371.99	
5 Yards	\$470.92	\$527.13	\$912.17	\$965.78	\$1,381.64	\$1,437.81	\$1,848.35	\$1,904.59	\$2,310.02	\$2,363.69	\$2,914.75	
6 Yards	\$562.23	\$628.67	\$1,089.80	\$1,148.57	\$1,650.46	\$1,711.74	\$2,203.44	\$2,267.25	\$2,756.13	\$2,820.24	\$3,460.18	
Each Additional Yard	\$84.56	\$92.21	\$167.42	\$175.31	\$255.51	\$263.14	\$338.40	\$351.18	\$418.77	\$434.09	\$517.03	
Each Compacted Yard	\$90.64	\$98.31	\$179.74	\$189.93	\$269.55	\$279.02	\$362.93	\$373.20	\$452.01	\$464.75	\$551.73	

Level of Service	1x per week		2x per week		3x per week		4x per week		5x per week		6x per week	
	Mid-week	Sat	Mid-week	Sat	Mid-week	Sat	Mid-week	Sat	Mid-week	Sat	Mid-week	Sat
	Proposed 1-1-2020											
1 Cart	\$83.19	\$88.79	\$150.53	\$158.98	\$226.25	\$234.74	\$304.87	\$316.07	\$383.48	\$403.40	\$432.63	
2 Carts	\$147.72	\$156.17	\$282.39	\$293.61	\$425.54	\$436.76	\$574.90	\$585.53	\$708.94	\$725.80	\$871.75	
3 Carts	\$203.81	\$220.66	\$394.63	\$425.55	\$599.45	\$624.72	\$801.49	\$826.78	\$1,000.72	\$1,028.79	\$1,216.75	
Each Additional Cart	\$55.80	\$64.22	\$111.97	\$131.64	\$173.65	\$187.71	\$226.28	\$241.00	\$291.46	\$302.70	\$344.77	
1 Yard	\$130.27	\$150.02	\$247.58	\$267.25	\$373.35	\$393.02	\$500.97	\$521.81	\$633.24	\$650.04	\$775.83	
1.5 Yards	\$177.74	\$200.72	\$331.21	\$350.85	\$515.59	\$538.05	\$691.53	\$711.20	\$859.02	\$878.67	\$1,063.06	
2 Yards	\$216.68	\$250.42	\$423.23	\$454.08	\$632.53	\$666.25	\$847.41	\$878.33	\$1,062.36	\$1,096.10	\$1,305.53	
2.5 Yards	\$269.75	\$300.63	\$515.24	\$549.00	\$783.18	\$816.89	\$1,048.30	\$1,082.03	\$1,316.46	\$1,350.13	\$1,612.51	
3 Yards	\$322.76	\$356.50	\$612.88	\$646.56	\$931.07	\$970.32	\$1,255.02	\$1,288.74	\$1,570.35	\$1,606.89	\$1,925.05	
4 Yards	\$423.23	\$468.16	\$805.33	\$855.90	\$1,224.04	\$1,274.67	\$1,637.11	\$1,684.79	\$2,050.11	\$2,100.63	\$2,609.19	
5 Yards	\$518.02	\$579.84	\$1,003.38	\$1,062.36	\$1,519.80	\$1,581.59	\$2,033.18	\$2,095.05	\$2,541.02	\$2,600.06	\$3,206.22	
6 Yards	\$618.46	\$691.53	\$1,198.78	\$1,263.43	\$1,815.51	\$1,882.91	\$2,423.79	\$2,493.98	\$3,031.75	\$3,102.26	\$3,806.20	
Each Additional Yard	\$93.01	\$101.43	\$184.17	\$192.84	\$281.06	\$289.45	\$372.24	\$386.30	\$460.65	\$477.50	\$568.73	
Each Compacted Yard	\$99.71	\$108.15	\$197.71	\$208.92	\$296.51	\$306.92	\$399.22	\$410.52	\$497.22	\$511.22	\$606.91	
Proposed 1-1-2021												
1 Cart	\$89.84	\$95.90	\$162.57	\$171.70	\$244.35	\$253.52	\$329.26	\$341.36	\$414.15	\$435.68	\$467.24	
2 Carts	\$159.54	\$168.67	\$304.98	\$317.10	\$459.58	\$471.70	\$620.89	\$632.38	\$765.65	\$783.87	\$941.49	
3 Carts	\$220.11	\$238.31	\$426.20	\$459.60	\$647.41	\$674.70	\$865.61	\$892.92	\$1,080.78	\$1,111.09	\$1,314.09	
Each Additional Cart	\$60.26	\$69.36	\$120.92	\$142.17	\$187.55	\$202.73	\$244.38	\$260.28	\$314.78	\$326.91	\$372.36	
1 Yard	\$140.69	\$162.02	\$267.38	\$288.63	\$403.22	\$424.46	\$541.05	\$563.56	\$683.90	\$702.05	\$837.90	
1.5 Yards	\$191.96	\$216.78	\$357.71	\$378.92	\$556.84	\$581.10	\$746.85	\$768.09	\$927.74	\$948.96	\$1,148.11	
2 Yards	\$234.01	\$270.46	\$457.09	\$490.41	\$683.13	\$719.55	\$915.20	\$948.60	\$1,147.35	\$1,183.78	\$1,409.97	
2.5 Yards	\$291.33	\$324.68	\$556.46	\$592.92	\$845.84	\$882.25	\$1,132.17	\$1,168.59	\$1,421.77	\$1,458.14	\$1,741.51	
3 Yards	\$348.58	\$385.02	\$661.91	\$698.29	\$1,005.55	\$1,047.95	\$1,355.42	\$1,391.84	\$1,695.98	\$1,735.45	\$2,079.05	
4 Yards	\$457.09	\$505.62	\$869.76	\$924.37	\$1,321.97	\$1,376.64	\$1,768.08	\$1,819.57	\$2,214.12	\$2,268.68	\$2,817.93	
5 Yards	\$559.46	\$626.23	\$1,083.65	\$1,147.35	\$1,641.38	\$1,708.11	\$2,195.84	\$2,262.65	\$2,744.30	\$2,808.07	\$3,462.72	
6 Yards	\$667.93	\$746.85	\$1,294.69	\$1,364.51	\$1,960.75	\$2,033.55	\$2,617.69	\$2,693.50	\$3,274.28	\$3,350.44	\$4,110.70	
Each Additional Yard	\$100.45	\$109.54	\$198.90	\$208.27	\$303.55	\$312.61	\$402.02	\$417.20	\$497.50	\$515.70	\$614.23	
Each Compacted Yard	\$107.68	\$116.80	\$213.53	\$225.64	\$320.23	\$331.47	\$431.16	\$443.36	\$536.99	\$552.12	\$655.46	



Level of Service	1x per week		2x per week		3x per week		4x per week		5x per week		6x per week	
	Mid-week	Sat	Mid-week	Sat	Mid-week	Sat	Mid-week	Sat	Mid-week	Sat	Mid-week	Sat
	Proposed 1-1-2022											
1 Cart	\$94.33	\$100.69	\$170.70	\$180.29	\$256.57	\$266.20	\$345.72	\$358.42	\$434.86	\$457.46	\$490.60	
2 Carts	\$167.52	\$177.10	\$320.23	\$332.95	\$482.56	\$495.29	\$651.93	\$664.00	\$803.93	\$823.06	\$988.57	
3 Carts	\$231.12	\$250.23	\$447.51	\$482.58	\$679.78	\$708.44	\$908.89	\$937.57	\$1,134.82	\$1,166.65	\$1,379.80	
Each Additional Cart	\$63.27	\$72.83	\$126.97	\$149.28	\$196.92	\$212.87	\$256.60	\$273.29	\$330.52	\$343.26	\$390.97	
1 Yard	\$147.72	\$170.12	\$280.75	\$303.07	\$423.38	\$445.68	\$568.10	\$591.73	\$718.09	\$737.15	\$879.79	
1.5 Yards	\$201.55	\$227.62	\$375.60	\$397.87	\$584.68	\$610.15	\$784.20	\$806.50	\$974.13	\$996.41	\$1,205.51	
2 Yards	\$245.71	\$283.98	\$479.94	\$514.93	\$717.29	\$755.53	\$960.96	\$996.03	\$1,204.72	\$1,242.97	\$1,480.47	
2.5 Yards	\$305.90	\$340.91	\$584.29	\$622.57	\$888.13	\$926.36	\$1,188.78	\$1,227.02	\$1,492.86	\$1,531.05	\$1,828.59	
3 Yards	\$366.01	\$404.27	\$695.00	\$733.20	\$1,055.83	\$1,100.34	\$1,423.19	\$1,461.43	\$1,780.78	\$1,822.22	\$2,183.01	
4 Yards	\$479.94	\$530.90	\$913.25	\$970.59	\$1,388.06	\$1,445.47	\$1,856.48	\$1,910.55	\$2,324.83	\$2,382.11	\$2,958.82	
5 Yards	\$587.43	\$657.54	\$1,137.84	\$1,204.72	\$1,723.45	\$1,793.52	\$2,305.63	\$2,375.78	\$2,881.52	\$2,948.47	\$3,635.86	
6 Yards	\$701.33	\$784.20	\$1,359.42	\$1,432.73	\$2,058.78	\$2,135.22	\$2,748.58	\$2,828.17	\$3,438.00	\$3,517.96	\$4,316.23	
Each Additional Yard	\$105.48	\$115.02	\$208.84	\$218.68	\$318.72	\$328.24	\$422.12	\$438.06	\$522.37	\$541.49	\$644.94	
Each Compacted Yard	\$113.07	\$122.64	\$224.21	\$236.92	\$336.24	\$348.05	\$452.72	\$465.53	\$563.84	\$579.73	\$688.23	
Proposed 1-1-2023												
1 Cart	\$99.05	\$105.73	\$179.24	\$189.30	\$269.40	\$279.51	\$363.01	\$376.34	\$456.61	\$480.33	\$515.13	
2 Carts	\$175.89	\$185.96	\$336.24	\$349.60	\$506.69	\$520.05	\$684.53	\$697.20	\$844.13	\$864.21	\$1,038.00	
3 Carts	\$242.67	\$262.74	\$469.88	\$506.70	\$713.77	\$743.86	\$954.33	\$984.45	\$1,191.56	\$1,224.98	\$1,448.78	
Each Additional Cart	\$66.44	\$76.47	\$133.32	\$156.75	\$206.77	\$223.51	\$269.43	\$286.96	\$347.04	\$360.42	\$410.52	
1 Yard	\$155.11	\$178.63	\$294.79	\$318.22	\$444.55	\$467.96	\$596.51	\$621.32	\$754.00	\$774.01	\$923.78	
1.5 Yards	\$211.63	\$239.00	\$394.38	\$417.76	\$613.92	\$640.66	\$823.41	\$846.82	\$1,022.83	\$1,046.23	\$1,265.79	
2 Yards	\$258.00	\$298.18	\$503.94	\$540.67	\$753.15	\$793.30	\$1,009.01	\$1,045.83	\$1,264.95	\$1,305.12	\$1,554.50	
2.5 Yards	\$321.19	\$357.96	\$613.50	\$653.70	\$932.54	\$972.68	\$1,248.21	\$1,288.37	\$1,567.50	\$1,607.60	\$1,920.02	
3 Yards	\$384.31	\$424.48	\$729.75	\$769.86	\$1,108.62	\$1,155.36	\$1,494.35	\$1,534.50	\$1,869.82	\$1,913.33	\$2,292.16	
4 Yards	\$503.94	\$557.44	\$958.91	\$1,019.12	\$1,457.47	\$1,517.75	\$1,949.30	\$2,006.08	\$2,441.07	\$2,501.22	\$3,106.76	
5 Yards	\$616.80	\$690.42	\$1,194.73	\$1,264.95	\$1,809.62	\$1,883.20	\$2,420.91	\$2,494.57	\$3,025.60	\$3,095.90	\$3,817.65	
6 Yards	\$736.40	\$823.41	\$1,427.39	\$1,504.37	\$2,161.72	\$2,241.98	\$2,886.00	\$2,969.58	\$3,609.90	\$3,693.86	\$4,532.04	
Each Additional Yard	\$110.75	\$120.77	\$219.29	\$229.62	\$334.66	\$344.65	\$443.23	\$459.97	\$548.49	\$568.56	\$677.19	
Each Compacted Yard	\$118.72	\$128.77	\$235.42	\$248.77	\$353.05	\$365.45	\$475.35	\$488.81	\$592.03	\$608.71	\$722.65	

In some instances, a customer may choose not to put his or her waste out for collection by Recology. In such an instance, the City continues to incur costs to ensure that solid waste services are ready and available to such customers. The City imposes a fixed monthly solid waste service fee on these customers in order to recover its ongoing fixed costs of ensuring that the services are ready and available in the event that the customer elects to have his or her waste collected. The customer is also paying for street sweeping, recycling and organics service. The proposed rate for the fixed monthly solid waste service fee for such customers is currently \$21.59 and is proposed to increase each year as show in the table below.

Monthly No Garbage Service Charge by Year

Current	Proposed 2-1-2019	Proposed 1-1-2020	Proposed 1-1-2021	Proposed 1-1-2022	Proposed 1-1-2023
\$21.59	\$24.50	\$26.96	\$29.11	\$30.57	\$32.10

Commercial and multi-family customers also have the option of choosing drop-box service, a monthly service charge for a 10 yard more garbage bin. These rates are only for using and servicing the bin and do not include the landfill fees. Customers with this service will pay the no garbage service fee (see above) to the City and will receive an additional bill from Recology every month that includes the monthly drop box service charge and landfill tipping fees for their waste. For details, please contact Recology Davis at 530-756-4646.

Monthly Drop Box Service Charge by Year

Level of Service	Current	Proposed 2-1-2019	Proposed 1-1-2020	Proposed 1-1-2021	Proposed 1-1-2022	Proposed 1-1-2023
10 Yards	\$178.42	\$202.51	\$222.76	\$240.58	\$252.61	\$265.24
20 Yards	\$178.42	\$202.51	\$222.76	\$240.58	\$252.61	\$265.24
30 Yards	\$217.45	\$246.81	\$271.49	\$293.21	\$307.87	\$323.26
40 Yards	\$284.63	\$323.06	\$355.36	\$383.79	\$402.98	\$423.13
50 Yards	\$376.83	\$427.70	\$470.47	\$508.11	\$533.52	\$560.19
Customer Owned Compactor	\$244.97	\$278.04	\$305.85	\$330.31	\$346.83	\$364.17

\*These numbers do not include landfill fees

Restaurants, grocery stores and other high-volume food scrap generating businesses receive food scrap cart service—one 65-gallon food scrap cart that is serviced twice per week. Additional food scrap carts and more frequent service is available for a fee—see the chart below.

Monthly Food Scrap Cart Service Charge by Year

Level of Service	1x per Week	2x per week	3x Per Week	4x Per Week	5x Per Week
Current					
1 Cart	Included	Included	\$59.64	\$103.81	\$154.65
Each Additional Cart	\$26.87	\$53.75	\$80.62	\$107.49	\$134.36
Proposed 2-1-2019					
1 Cart	Included	Included	\$67.69	\$117.82	\$175.53
Each Additional Cart	\$30.50	\$61.01	\$91.50	\$122.00	\$152.50
Proposed 1-1-2020					
1 Cart	Included	Included	\$74.46	\$129.61	\$193.08
Each Additional Cart	\$33.55	\$67.11	\$100.65	\$134.20	\$167.75
Proposed 12-1-2021					
1 Cart	Included	Included	\$80.42	\$139.98	\$208.53
Each Additional Cart	\$36.23	\$72.48	\$108.71	\$144.94	\$181.17
Proposed 12-1-2022					
1 Cart	Included	Included	\$84.44	\$146.97	\$218.95
Each Additional Cart	\$38.04	\$76.10	\$114.14	\$152.18	\$190.23
Proposed 12-1-2023					
1 Cart	Included	Included	\$88.66	\$154.32	\$229.90
Each Additional Cart	\$39.94	\$79.90	\$119.85	\$159.79	\$199.74

All commercial and multi-family customers that do not generate high volumes of food scraps receive an organics cart (for the collection of yard materials, food scraps and food-soiled paper) that is picked-up once per week as part of regular garbage service. Additional organics carts are available for a fee—see the chart below.

Monthly Organics Cart Service Charge by Year

Level of Service	Current	Proposed 2-1-2019	Proposed 1-1-2020	Proposed 1-1-2021	Proposed 1-1-2022	Proposed 1-1-2023
1 Cart	Included	Included	Included	Included	Included	Included
Each Additional Cart	\$5.27	\$5.98	\$6.58	\$7.11	\$7.46	\$7.83

# PUBLIC HEARING AND PROTESTS

The City of Davis will hold a Public Hearing on January 8, 2019, at 6:30 p.m., in the City of Davis Community Chambers, 23 Russell Blvd., Davis, CA, to consider adopting the proposed solid waste service charges, resulting from changes to the cost for its solid waste services.

Any property owner whose property will be subject to the imposition of the proposed solid waste service fees and any tenant directly responsible for the payment of such fees (i.e., a customer of record) may submit a written protest to the proposed changes; provided, however, that only one protest will be counted per identified parcel.

Written protests may be submitted by mail or in person to the City Clerk at 23 Russell Blvd. Suite 1, Davis, CA, California, 95616-3896 or at the Public Hearing (date and time noted above), provided they are received prior to the conclusion of the public comment portion of the Public Hearing. Please identify on the front of the envelope for any protest, whether mailed or submitted in person to the City Clerk, Attn: Public Hearing on Solid Waste Rates.

**Any protest submitted via e-mail or other electronic means will not be accepted.**

Any written protest must: (1) state that the identified property owner is in opposition to the proposed solid waste service charges; (2) provide the location of the identified parcel (by assessor's parcel number, street address, or customer account); (3) provide written evidence (example: current copy of City Services Bill) that the person is the property owner, if the person was not shown on Yolo County's last equalized assessment roll as the property owner; and (4) include the name and signature of the property owner submitting the protest.

The City Council meeting agenda and staff report for the Public Hearing should be available by 6:30 p.m. on January 4 at <https://cityofdavis.org/city-hall/city-council/city-council-meetings/agendas>. At the Public Hearing, the City Council will hear and consider all written and oral protests to the proposed solid waste service charges. Oral comments at the Public Hearing, however, will not qualify as formal protests unless accompanied by a written protest.

At the conclusion of the Public Hearing, the City Council will consider approval of the resolution authorizing the proposed solid waste service fees as described herein.

If written protests against the proposed rate increases are not presented by a majority of the property owners of the identified parcels upon which the rates are proposed to be imposed and tenants directly responsible for the payment of the solid waste service fees, the City Council will be authorized to impose the rate increases as outlined above. **If adopted, the proposed solid waste service charges will take effect beginning February 1, 2019.**

If you have questions regarding this notice or how it may impact your property, contact the Public Works Department (530) 757-5686 Monday through Friday from 8 a.m. to 5 p.m., email [PWWeb@CityofDavis.org](mailto:PWWeb@CityofDavis.org), or visit [CityofDavis.org](http://CityofDavis.org) for answers to frequently asked questions.