

Item 4 - Solid Waste Annual Fund Review / Rate Adjustment Recommendation

Background

- Solid Waste Rates passed via a Proposition 218 process began on March 2019, with a 13.5% increase in rates.
- Scheduled increases: June 1, 2020 (10%), January 1, 2021 (8%), January 1, 2022 (5%), January 1, 2023 (5%)

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Background

- Council directed staff to return each year before next rate adjustment to review solid waste fund and review rate adjustment, or recommend alternative adjustment within approved Prop 218
- Annual fund reviews undertaken by Utilities Commission on all utilities



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Solid Waste Fund Update

- Revenue is consistent with recommendations (actual revenue slightly over model)
- Expenditures also consistent with model (actual expenditures slightly over model)
- Fund recovering as anticipated by Consultant and staff

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Impact of COVID-19

- Shelter-in-place: significant impact on revenue for businesses, sales tax, but full impact not yet clear
- City Council approved an urgency ordinance, allows for the City to waive utility bill late fees for duration of emergency (potential impact on anticipated revenue)

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Impact of Senate Bill 1383

- Sweeping changes to the disposal of organic waste in California, and introduction of mandatory food recovery programs
- Will begin to go into effect January 1, 2022 (not anticipated to be pushed by CalRecycle), full enforcement of the bill by 2024
- Likely rate impacts

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Staff/Utilities Commission Recommendation

- Delay the second-year rate adjustment for the Solid Waste Utility, due to the COVID-19 emergency, previously scheduled to occur on June 1, 2020.

Recommendation for June 1, 2020 only, staff anticipates recommending at least a 10% increase for the third-year adjustment on January 1, 2021, barring any unforeseen impacts to the fund between now and the next fund review, which may influence that recommendation