

## STAFF REPORT

**DATE:** May 5, 2020

**TO:** City Council

**FROM:** Stan Gryczko, Public Works Utilities and Operations Director  
Adrienne Heinig, Management Analyst

**SUBJECT:** Solid Waste Annual Fund Review/Rate Adjustment Recommendation

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### **Recommendation**

1. Receive informational item on the financial status of the City's Solid Waste Fund (520) for Fiscal Year 2018-2019 as presented in the staff report to the Utilities Commission on April 22, 2020; and
2. Approve the resolution (Attachment 1) to 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.

### **Fiscal Impact**

The City's Solid Waste Fund expenditures continue to outpace revenue, however, with the March 2019 implantation of the rate adjustment schedule, the gap is shrinking as anticipated. By postponing the revenue adjustment of a 10% increase planned on June 1, 2020, the fund balance of the Solid Waste Utility is projected to drop to \$565,000 in Fiscal Year (FY) 2020/2021, and the Utility will continue to pay annual interest-only payments on the loan received from the Wastewater Utility.

### **City Council Goals**

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

### **Background**

#### *Council Direction in February 2019*

When the current customer rates for Solid Waste services were approved on February 5, 2019, Council directed staff to return before each rate adjustment within the approved Proposition 218 period (2019/20 through 2022/23), with a report on the fiscal health of the solid waste fund, and a recommendation for the next year's rate adjustment (within the approved adjustments).

Generally, this is not done with an approved Proposition 218 period for a utility. However, with the anticipated slow growth of the fund, Council requested this review for each adjustment prior to implementation. The current approved rate adjustment schedule is (using the Single-Family Rate (SFR) for a 65-gallon garbage bin for the cost impact demonstration):

Month/Year	Adjustment	\$ Impact	Rate (SFR 65 gal)
Mar 2019	13.5%	\$0.00	\$38.95
Jun 2020	10.0%	\$3.90	\$42.85
Jan 2021	8.0%	\$3.43	\$46.28
Jan 2022	5.0%	\$2.31	\$48.59
Jan 2023	5.0%	\$2.43	\$51.02

The annual fund review for Fiscal Year 2018/2019 for the city’s Solid Waste Fund (Fund No. 520) is included in pages 2-6 in the attached staff report to the Utilities Commission, presented on April 22, 2020 (Attachment 2).

The fund continues to perform at pace with expectations. As presented to the Commission, fund expenditures remain higher than revenue received by the Solid Waste Utility, and the fund balance continues to drop. This is consistent with the cost of service model showing a decrease in fund balance until year 3 (2021) of the 5-year rate adjustment period. Actual revenue was approximately \$100,000 higher than what was anticipated by the modeling, showing that the approach to develop the fund back to a sustainable level in a measured fashion has to date been working as planned.

**Utilities Commission Review and Recommendations**

The plan for the fund recovery has been impacted, however, by the shelter-in-place order and the subsequent economic impacts of COVID-19. In preparation for the review of the fund and rate recommendation by the Utilities Commission in April 2020, staff presented three scenarios for the next five years of rates, and how those scenarios of adjustment might impact the recovery of the fund. Staff recommended that the rate adjustment for June 1, 2020 proceed as planned, with the understanding that the Commission would review the fund and third year adjustment in October of this year. In addition, none of the other utilities are anticipating increases in rates within the next six months, so the adjustment to the solid waste rate would be the only adjustment for customers on their bills.

While it is important to note that the determination of the Commission was focused solely on the rate increase scheduled for June 1, 2020, staff felt that the Commission could make an informed decision on the rate adjustment only if they understood the potential for future rate and/or ratepayer impacts should the second-year adjustment be modified.

The three scenarios included the unchanged scheduled adjustment (to move forward with the planned 10% increase on June 1, 2020); to push the June 1, 2020 increase to January 1, 2021 (Scenario A); and to move forward with the June 1 increase as planned, but look to shift the third year increase out past 2021 (Scenario B). The full scenario presentations are included in Attachment 2, beginning on page 8.

After the Commission review and discussion, and with understanding of the potential short-term and long-term impacts to the fund, the Commission made the following motion:

*Approve Scenario A, regarding the rate increase for June 2020.*

Scenario A, as presented, pushes the next rate increase to January 1, 2021. There was additional discussion about swapping the January 1, 2021 increase of the now-recommended 10%, with the January 1, 2022 increase of 8%, but there was no formal motion on this idea. It is important to note that the Commission will review the fund health and recommend the next rate adjustment in October of this year, in preparation for Council review in November, when the impacts of COVID-19 on solid waste utility revenue should be clearer. The only action being taken at this time, as recommended, is delaying the June 1, 2020 increase of 10%.

### **Reduced Revenue, New Regulatory Requirements and Staff Recommendation**

The models presented to the Utilities Commission reviewed the impacts of reductions of an anticipated increase in revenue, not on a reduction to existing revenue due to COVID-19 impacts. In an exercise to review of the impact of reduced revenue on all utility funds, it is clear that at this stage in the recovery of the solid waste fund, a reduction in revenue would exhaust the current fund balance quickly, and a loan from another utility could be required for continued operation (depending on revenue impacts, potentially as soon as next fiscal year). There are roughly 70 commercial businesses that have thus far requested modifications in their solid waste service levels; currently not enough to materially impact the fund, but a negative trend that could have serious implications. Staff anticipate that reduced service levels requested by customers will show a reduction in waste hauling contract costs (the contract constituting approximately 85% of the fund expenditures), but it is likely that the reduction will not equal to the lost revenue. At this early stage it is difficult to know how this will impact the contract and the fund.

What is known, however, is regulatory requirements associated with Senate Bill (SB) 1383 will likely require increased expenditures for the City's Solid Waste diversion program (the regulatory compliance/education & outreach component of the program) with new reporting, outreach and programmatic requirements being phased in starting in 2022. CalRecycle, the entity establishing this program, has indicated that the deadlines for compliance are statutory, meaning it is extremely unlikely the timeline will be pushed back without action from the State. Early estimates put the impact on residential accounts up to \$3-5/per month, and up to \$70-90/per month for commercial. Davis has already established a mandatory organics program (unlike many jurisdictions in California) so ratepayers may see less in the way of needed increases for the implementation of the regulations. While the near-term fiscal impact of SB 1383 is at least one year away, and the full impact a few years away, any delay or reduction in currently approved rates may necessitate larger rate adjustments during the next cost of service study for the solid waste utility.

The Utilities Commission, in recommending to postpone the rate increase, argued that the idea of increasing rates (even a small increase) would send the wrong message to the community at this time. Staff, although focused on the health of the fund, and concerned that a drop in revenue could significantly impact the ability for the solid waste fund to recover within the next five years, understands this. The situation is unprecedented, and Council has already taken a number of actions to reduce financial stress on the community during the shelter-in-place order. In forming a recommendation, staff consulted the City's Finance Director, who shares the concern about a delay in implementing the increase, considering the fiscal position of the fund, but understands the reason for postponement in the current situation. Staff recommends that Council should postpone the solid waste utility 10% rate increase in June. Staff does caution that it is possible the fund may require another loan, should revenue drop significantly during the shelter-in-place order, or continue to drop after the order is lifted.

### **Next Steps**

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. It is anticipated that the next solid waste utility fund review will be before the Utilities Commission in October and before the Council in November of this year.

Moving forward, staff will closely monitor revenue returns for all utilities for the next six months. In addition, staff will continue to review each utility's operations to find opportunities to reduce expenditures.

### **Attachments**

1. Resolution
2. Staff memo to the Utilities Commission (April 22, 2020)

**RESOLUTION NO. 20-XXX, SERIES 2020**

**RESOLUTION ENACTING MODIFICATION TO CITY OF DAVIS CUSTOMER RATES  
FOR SOLID WASTE SERVICE FEES  
EFFECTIVE MARCH 1, 2019**

WHEREAS, Article 32.01.120 of the Davis Municipal Code authorizes the City Council to periodically amend, by resolution, fees for solid waste management services; and

WHEREAS, the City of Davis conducted a solid waste rate study, completed in October 2018 to review and recommend any necessary modifications to the City solid waste rates; and

WHEREAS, after a duly noticed public hearing on February 5, 2019, maximum solid waste service fees became effective March 1, 2019 with four additional maximum authorized annual increases thereafter through January 1, 2023; and

WHEREAS, these fees as established are for the purpose of maintaining and continuing the provision of the City's 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; and
2. Current budget deficits in the City's Solid Waste Fund; and
3. Loan and capital debt service payments owed to the City's Wastewater Division; and
4. Environmental mitigation costs for road repair due to wear-and-tear associated with solid waste collection services; and
5. Establishing minimal emergency reserves in the City's Solid Waste Fund; and
6. Administrative and regulatory costs of providing these services, including billing and collection of the service fees.

WHEREAS, and while the full economic impact of the international, national, state, and local outbreak of COVID-19 is not yet known, the public health emergency and the precautions recommended by health authorities have caused many residents in Davis to experience or expect soon to experience sudden and unexpected income loss; and

WHEREAS, the City Council has recognized the need to provide assistance where possible during these extraordinary times, and retains the right to adjust or amend fees within the fee schedule established and adopted into the Municipal Code.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Davis that the next scheduled rate fee adjustment scheduled for June 1, 2020 shall be postponed until such time as the Council, in consultation with the Public Works Utilities & Operations Director and Finance Director, determines that the adjustment should be implemented.

PASSED AND ADOPTED by the City Council of the City of Davis on this 5th day of May, 2020, by the following vote:

AYES:

NOES:

Brett Lee  
Mayor

ATTEST:

Zoe S. Mirabile, CMC  
City Clerk



# Memorandum

Date: April 22, 2020  
To: Utilities Commission  
From: Stan Gryczko, Public Works Utilities and Operations Director  
Adrienne Heinig, Management Analyst  
Subject: Item 4A – Solid Waste Annual Fund Review/Rate Adjustment Recommendation to Council

## Recommendations

1. Receive informational item on the financial status of the City’s Solid Waste Fund (520) for Fiscal Year 2018-2019.
2. Approve staff recommendation to City Council that the second-year rate adjustment for the Solid Waste Utility be implemented unchanged from the approved Proposition 218 rate adjustment schedule, with the next adjustment occurring on June 1, 2020.

## Background

### *Council Direction in February 2020*

When the City Council established the current customer rates for Solid Waste services on February 5, 2019, they also directed staff to return to Council before each rate adjustment within the approved Proposition 218 period (2019/20 through 2022/23), with a report on the fiscal health of the fund, and a recommendation for the next year’s rate adjustment (within the approved adjustments). Generally, this is not done with an approved Proposition 218 period for a utility. However, with the anticipated slow growth of the fund, the City Council has requested this review for each adjustment prior to implementation. The staff report to Council on this item from the February 5, 2019 Council meeting is included for reference as Attachment A.

The current approved rate adjustment schedule is:

Month/Year	Adjustment	\$ Impact	Rate (SFR 65 gal)
Mar 2019	13.5%	\$0.00	\$38.95
Jun 2020	10.0%	\$3.90	\$42.85
Jan 2021	8.0%	\$3.43	\$46.28
Jan 2022	5.0%	\$2.31	\$48.59
Jan 2023	5.0%	\$2.43	\$51.02

### *Annual Commission Utility Fund Reviews*

This update is part of a regular series on the status of the city's Utility funds. The information presented includes a summary of the revenue and expenditures of the preceding closed fiscal year, compared to the projections from the utility model (developed during the most recent cost-of-service study for that utility). The intent of the update is to give a snapshot of the status of the fund and highlight any outstanding differences between the actual data and the projected numbers from the model, in between full cost-of-service studies. The update covers the city's Solid Waste Fund (Fund No. 520) for Fiscal Year (FY) 2018-2019.

### **Annual Fund Review**

#### ***Sources of Funds***

Solid Waste Fund revenues are largely collected from three sources: service charges paid by the utility customers, revenue from special drop box orders by customers, and interest paid from utility investments.

#### *Service Charges*

Service Charge revenue is the largest source of revenue for the Solid Waste Fund. In FY 2018-2019, the service charges for all customers totaled \$11,996,560.

#### *Drop Boxes*

Drop Box revenue is based on the number of drop boxes ordered and used in Davis, and is highly dependent on construction activity. In FY 2018-2019, the service charges totaled \$29,635.

#### *Interest from Investments*

Interest from investment revenue has historically been the smallest source of revenue for the Solid Waste Fund. With the slow establishment of a reserve fund, and the presence of a fund balance due to the Wastewater Utility loan, however, the interest earned by the Solid Waste fund totaled \$58,695 in FY 2018-2019.

The most recent model developed for the fund was completed in 2019, and actual costs from fiscal year 2017-2018 and city budget for 2018-2019 were used as the basis for the model's projections.

When comparing the revenue included in the model (based on adjusted budget numbers for FY 2018-2019) to the actual revenue received in that year, the estimate is extremely close to the actual revenue collected. The largest difference was the revenue received as income from investments, which had not been included in the model, as the fund did not receive significant interest from investments prior to FY 2018-2019.



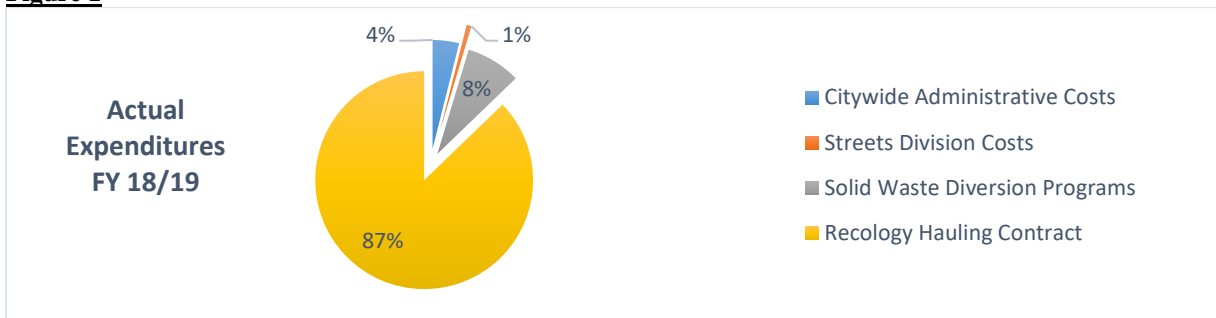
<b>FY 2018/2019</b>	<b>MODEL Adjusted Budget</b>	<b>ACTUAL City Accounting</b>
Service Charges	\$ 11,903,000	\$ 11,996,560
Other Revenues	\$ 40,000	\$ 29,635
Interest from Investments	\$ -	\$ 58,695
<b>TOTAL INCOME</b>	<b>\$ 11,943,000</b>	<b>\$ 12,026,195</b>

Between the two, the Model estimated a return of \$11,943,000. The actual returns totaled \$12,026,195, a difference of \$83,195.

**Uses of Funds**

Expenditures for the utility are divided into four major sections: overall city administration, costs associated with Public Works Utilities and Operations hazardous waste removal, the diversion programs, and the contract with the City’s solid waste hauler. A breakdown of costs using actual expenditure data is included in Figure 1 below.

**Figure 1**



**City Administration**

City administrative costs cover the operations and labor for work done in support of the solid waste utility. This includes support for the Finance Division of the Administrative Services Department, where the billing for the utility is done, the Fire Department, where hazardous waste removal is also performed, and for Public Works Utilities and Operations Department administrative staff outside of the Solid Waste Diversion programs.

**Streets Division**

Streets Division costs include those incurred when performing hazardous waste and material clean up and disposal. The contract hauler costs associated with the City’s street sweeping are also accounted for in the Streets program budget (in Figure 1 above, the street sweeping contract costs have been included with the waste hauling costs, to show the total cost of the contract.)

**Solid Waste Diversion Program**

The second largest cost (though only 8% of the total), the Solid Waste Diversion program is the outreach, education, and regulatory side of the Solid Waste utility. Staff within the Diversion program are responsible for providing all materials and tools for customers, from single family

residential customers through commercial customers, to ensure compliance with the City and State solid waste ordinances and requirements. Staff are also responsible for all reporting to regulatory bodies, including to CalRecycle, and tracking upcoming legislation, (such as Senate Bill 1383) which may change solid waste collection requirements for the City, the City’s customers, or both.

*Contract Hauler*

By far the largest component of the cost of the City’s Solid Waste Utility, the contract hauler constitutes roughly 87% of the cost, and is currently held by Recology Davis. This includes the services to all City customers for waste hauling, the performance of annual waste audits, and the operation of the Materials Recovery Facility (MRF) in Davis, among other contractual obligations.

As with the revenue comparison between the model and the City’s actual operating expenditures, the expenditures shown in the model and the actual expenditures are nearly identical, which is not unexpected given the timing of the creation of the model and the development of the City budget. The costs are included in the table below:

<b>FY 2018/2019</b>	<b>MODEL</b> Adjusted Budget	<b>ACTUAL</b> City Accounting
Citywide Administrative Costs	\$ 559,961	\$ 509,391
<i>Subtotal City</i>	<b>\$ 559,961</b>	<b>\$ 509,391</b>
Streets Division Costs	\$ 87,808	\$ 93,949
Recology Street Sweeping	\$ 452,000	\$ 458,646
<i>Subtotal Streets</i>	<b>\$ 539,808</b>	<b>\$ 552,595</b>
Solid Waste Diversion Programs	\$ 1,000,359	\$ 1,057,092
Recology Hauling Contract	\$ 10,815,107	\$ 10,865,980
<i>Subtotal Solid Waste</i>	<b>\$ 11,815,466</b>	<b>\$ 11,923,072</b>
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 12,915,235</b>	<b>\$ 13,006,358</b>

*Debt*

In May 2018 (FY 17/18), the Solid Waste Utility received a \$3,000,000 loan from the Wastewater Utility to maintain a positive fund balance and continue program operations in advance of the completion of the cost of service study, which had been delayed by about a year during the activity around the assigning of the City’s waste hauling contract to Recology Davis, after Recology purchased Davis Waste Removal (the former contractor).

*Reserve Calculations*

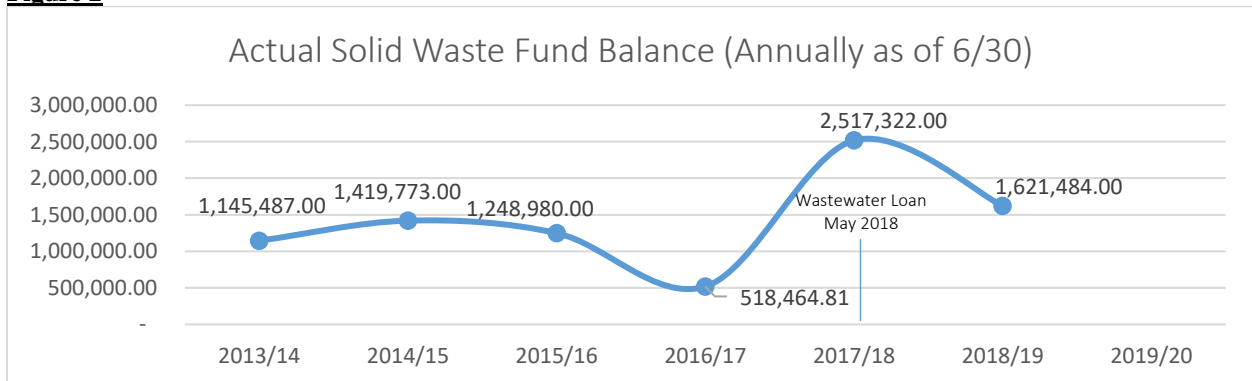
The reserve calculation within the study, developed by the consultant working with the City in lieu of a formal reserve policy (which was in development) was set at 15% of annual operating expenses for the utility. On January 28, 2020, the City Council adopted a formal reserve policy, which set the reserve calculation for the Solid Waste fund at 12 months of non-contractual operating expenses. When the costs associated with the Recology Davis contract are removed

from the annual expenses, the remaining costs are roughly equivalent to 13% of annual operating costs, or about \$1.8 to \$2 million on average. The gradual nature of the growth of the Solid Waste fund, due to the adjustments spaced out across five years, means the development of reserve is still in progress.

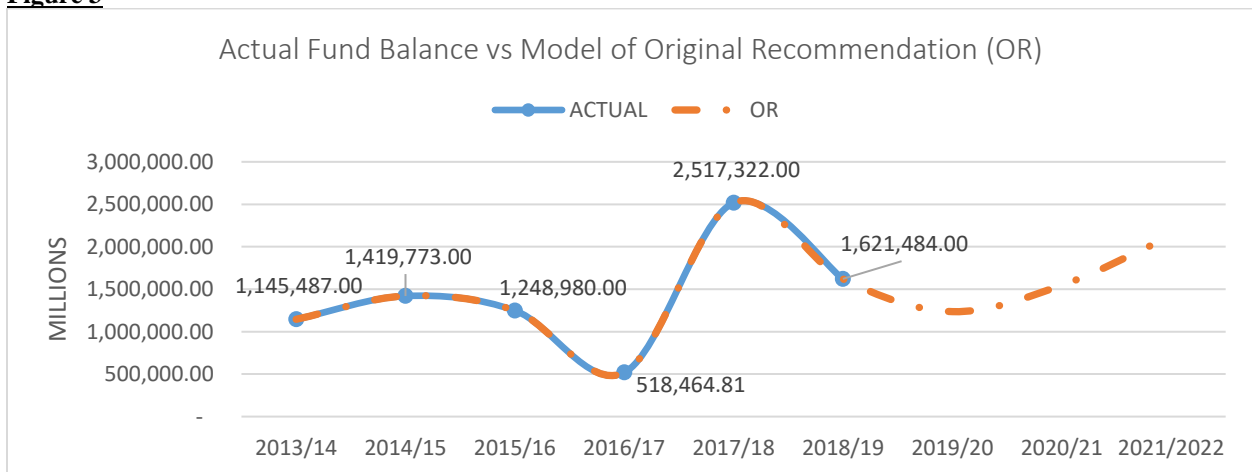
**Fund Balance**

As previously mentioned, the Solid Waste Utility received a loan in May of 2018, due to the utility expenditures outpacing revenue for periods of time. In addition, the overall fund balance for the utility was at risk of running into deficit. With the loan, the fund balance increased, as can be seen by the sharp increase in Figure 2 during FY 17/18 below. With the slow growth intended from the five-year rate adjustments, the initial steep decrease and slow shift to the next increase was anticipated, and is shown in the actual fund balance amounts included in Figure 2. It was assumed that the expenditures would continue to outpace revenue, and draw more from fund balance, until the third year of this 5-year rate structure, when the revenue would overtake expenditures. After the third year of the adjustments, the fund balance would slowly trend upwards. This is shown in Figure 3, which models the approved Proposition 218 rate adjustments.

**Figure 2**



**Figure 3**



**Current Fund Status**

As anticipated, fund expenditures remain higher than revenue received by the Solid Waste Utility, and the fund balance continues to drop. Actual revenue was approximately \$100,000 higher than what was anticipated, showing that the slow approach to develop the fund back to a sustainable level is working as planned.

**Upcoming 2019-2020 Budget & Model projections**

The request on hand is to review the current state of the Solid Waste Fund, and recommend a rate adjustment at, or below the second-year approved adjustment of 10%. This report will also include a discussion of current unforeseen circumstances (and upcoming regulatory changes), and how those circumstances may impact fund revenue, however this section will focus on the current model/budget comparison for the second-year adjustment.

With the planned slow development of the fund, the first two years of the rate adjustments are the most important to keeping the fund on track. The table below shows the revenue comparison of the model versus the current City budget for the fiscal year that ends in June.

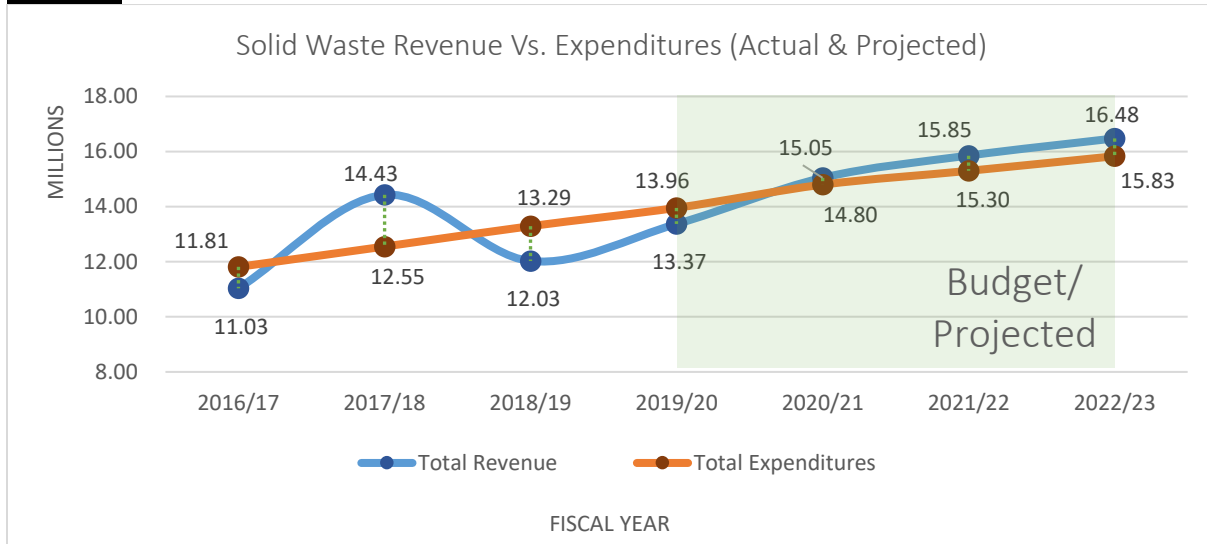
<b>FY 2019/2020</b>	<b>MODEL Forecast</b>	<b>ACTUAL City Budget</b>
Service Charges	\$ 12,910,198	\$ 13,310,000
Other Revenues	\$ 40,000	\$ 60,000
Interest from Investments	\$ -	\$ 48,000
<b>TOTAL INCOME</b>	<b>\$ 12,950,198</b>	<b>\$ 13,370,000</b>

With an anticipation of slightly higher revenue based on the returns from FY 2018-2019, the fund shows a steady growth. Expenditures compared across the model and the City’s budget show slight increases in the budget over the model, but a difference of about \$300,000 overall. This is summarized in the table below:

<b>FY 2019/2020</b>	<b>MODEL Adjusted Budget</b>	<b>ACTUAL City Budget</b>
Citywide Administrative Costs	\$ 577,000	\$ 610,293
<i>Subtotal City</i>	<b>\$ 577,000</b>	<b>\$ 610,293</b>
Streets Division Costs	\$ 90,700	\$ 95,128
Recology Street Sweeping	\$ 466,000	\$ 774,000
<i>Subtotal Streets</i>	<b>\$ 556,700</b>	<b>\$ 869,128</b>
Solid Waste Diversion Programs	\$ 1,025,100	\$ 1,157,942
Recology Hauling Contract	\$ 11,236,300	\$ 11,043,000
<i>Subtotal Solid Waste</i>	<b>\$ 12,261,400</b>	<b>\$ 12,200,942</b>
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 13,395,100</b>	<b>\$ 13,680,363</b>

Future model forecasting, built with the assumption of a 10% rate adjustment on June 1, 2020, shows the revenue exceeding expenditures in early FY 20/21, likely after the 8% adjustment on January 1, 2021.

**Figure 4**



**Current Events**

***COVID-19***

Since March 18, 2020, Yolo County has been under a shelter-in-place order to reduce the spread of the novel coronavirus, COVID-19. This order has significantly impacted the community, with many local businesses struggling to maintain operations with low to no customers, and residents experiencing layoffs and mounting bills. On March 24, 2020, the City Council approved an urgency ordinance to in part waive new City utility bill late fees for all residential and commercial customers, allowing late payments without penalty through May 2020 (or longer, if extended).

On April 7, 2020, the City Council received an update on the City’s response to the COVID-19 which included the following statement related to the potential impacts on the city’s budget and revenue:

*“Finance is working on identifying the impacts of COVID-19 pandemic on the City’s financial position for the current fiscal year as well as the upcoming fiscal year. It is expected the impact will be across all City programs. With respect to the General Fund, it is estimated that there will be notable impact on the general tax revenues such as sales tax, transactions and use tax, transient occupancy tax, and business license tax. Property tax revenue will be affected, but likely, the City will not see the full impact until fiscal year (FY) 2021-22. All departments are being asked to re-evaluate fee-based programs revenue projections for the current and coming fiscal years.”*

What is clear in this situation (and perhaps the only thing that is clear), is that there is no ‘playbook’ for understanding impact on revenue in the current or upcoming fiscal years from the shelter-in-place order, or for understanding how and when the economy (local, state and national) might recover. It is also unknown if the likely delay in the payment of utility bills, or the loss of utility customers will be a shorter- or longer-term impact. As of April 9, 58 commercial solid waste customers have either reduced or stopped their solid waste collection service.

With these considerations in mind, staff have reviewed the current rate adjustment schedule for Solid Waste rates, and have two scenarios for the Commission to review. Basic assumptions are included in these calculations:

1. The full anticipated adjustment for the Proposition 218 approval period will be implemented. Scenarios which dropped a year of the adjustments demonstrated the action was not feasible to maintain the fund.
2. The scenarios assume that the next rate study (to be conducted in 2022/23) would likely result in recommended rate adjustments slightly higher than anticipated with the original recommendations, and would be necessary to maintain the fund and to be able to implement projects and studies beyond basic utility operations.
3. For the remainder of the approved rate adjustment period, planned expenditures for any activities not immediately required for operations by the utility would be deferred indefinitely.
4. The target reserve would likely not be reached within the approved rate adjustment period, and the City would not have any cushion (fund balance above a reserve) to aid in rate impacts associated with the implementation of Senate Bill (SB) 1383, which is currently still on track to be implemented in phases beginning in 2022. This implementation is also discussed later in this report. The fund would also not provide a cushion for additional regulatory changes, detailed rate reviews requested by the contract hauler, major emergencies, or other unforeseen financial impacts.

It is important to note that the recommendation before the Commission and Council is only for the June 1, 2020 increase of up to 10%. Potential delays on future adopted rate increases do not have to be determined now. The scenarios are presented to show the modeled impacts to the fund if such delays were ultimately chosen by Council.

***Solid Waste Rate Adjustment Scenario A:***

*Defer the June 1, 2020 rate adjustment to January 1, 2021, and push the scheduled third-year rate adjustment to July 2021. Each adjustment annually thereafter in either July (Table 1) or January (Table 2).*

**Scenario A - Table 1**

Month/Year	Adjustment	\$ Impact	Rate (SFR) 65 gal
Mar 2019	13.5%	\$0.00	\$38.95
Jun 2020	None	\$0.00	\$38.95
Jan 2021	10%	\$3.90	\$42.85
Jul 2021	8%	\$3.43	\$46.28
Jul 2022	5%	\$2.31	\$48.59
Jul 2023	5%	\$2.43	\$51.02

**Scenario A - Table 2**

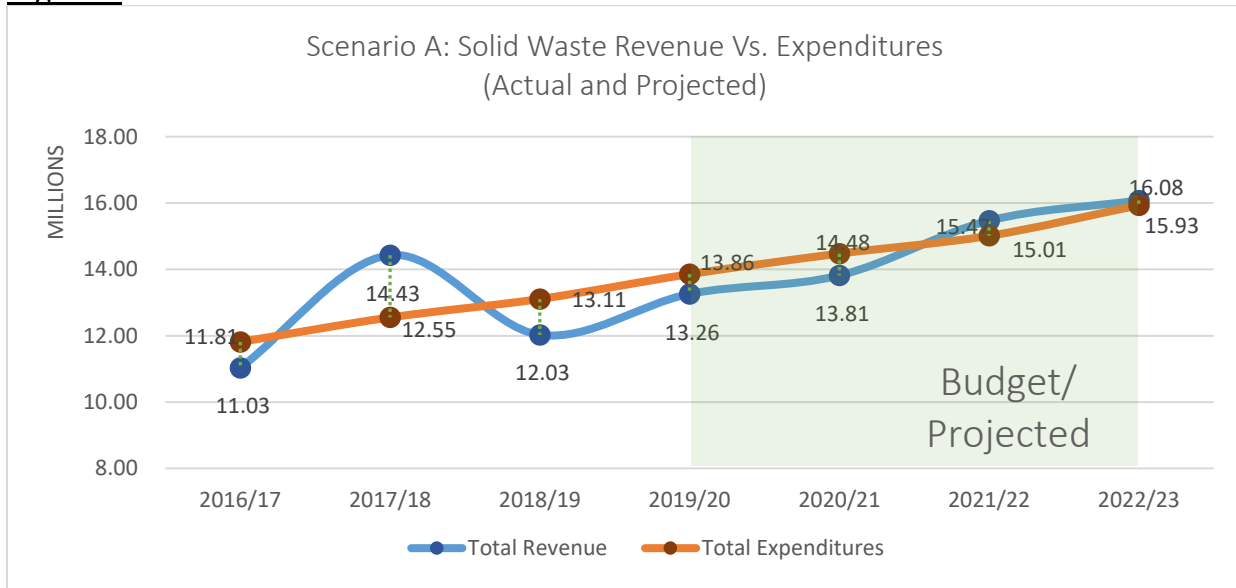
Month/Year	Adjustment	\$ Impact	Rate (SFR) 65 gal
Mar 2019	13.5%	\$0.00	\$38.95
Jun 2020	None	\$0.00	\$38.95
Jan 2021	10%	\$3.90	\$42.85
Jul 2021	8%	\$3.43	\$46.28
Jan 2022	5%	\$2.31	\$48.59
Jan 2023	5%	\$2.43	\$51.02

A.1: Total increase in 2021: \$7.33

A.2: Total increase in one year: \$9.64

This scenario was developed to demonstrate the impact to revenue and on the fund development should the Commission recommend postponing the next scheduled rate adjustment on June 1, 2020 to January 1, 2021, and bump the third-year rate adjustment to July 1, 2021. The current approved Proposition 218 rate schedule has annual adjustment in January of each year after 2020. However, if the June 1, 2020 rate adjustment is shifted forward to January 2021, and the annual adjustments continue to occur on January 1, the rate payers will have a 23% increase in one year. If the fourth- and fifth-year adjustments are shifted to July 1 as well, the increase is 18%.

**Figure 5**



This scenario also impacts the development of the fund. As shown in Figure 5 above, the transition to taking in enough revenue to support expenditures is pushed out further than the original recommendation has modeled, and FY 19-20, and 20-21 would likely further lower the utility fund balance.

**Solid Waste Rate Adjustment Scenario B:**

Continue with the June 1, 2020 rate adjustment, and push the scheduled third-year rate adjustment to January 2022. Each adjustment annually thereafter either July.

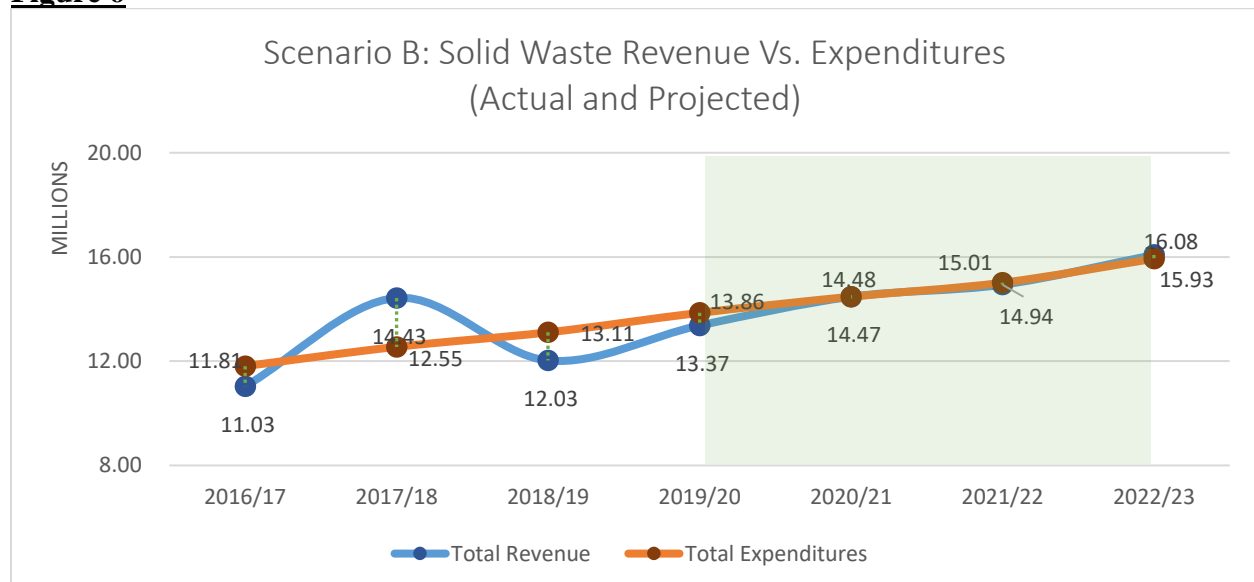
**Scenario B**

Month/Year	Adjustment	\$ Impact	Rate (SFR) 65 gal
Mar 2019	13.5%	\$0.00	\$38.95
Jun 2020	10.0%	\$3.90	\$42.85
Jan 2021	None	\$0.00	\$42.85
Jan 2022	8%	\$3.43	\$46.27
Jul 2022	5%	\$2.31	\$48.59
Jul 2023	5%	\$2.43	\$51.02

B: Total increase in 2022: \$5.74

This scenario was developed in case the Commission wished to recommend the currently scheduled rate adjustment, but defer the adjustments scheduled for FY 21/22, anticipated to be when the full impacts of the current shelter-in-place order on revenue would be clearer. This scenario maintains the important first two years of adjustments, but offers another potential slowdown on the remaining years. As shown in Figure 6 below, the revenue continues to come in below expenditures until next fiscal year, when the revenue and expenditure totals remain nearly identical for a few years, until a slight revenue shift upwards.

**Figure 6**



As previously stated, while these scenarios are possible, the Solid Waste fund would likely require significant increases in outlying years (after FY 23/24) to continue to build the fund balance, and protect the fund against unforeseen fiscal impacts. The fund operations would be



likely be limited to essential services only. This would be especially concerning given the upcoming implementation of SB 1383.

### **SB 1383**

Another upcoming impact on rates is the implementation of SB 1383, Short-Lived Climate Pollutants: Organic Waste Methane Emissions Reductions by the California Department of Resources, Recycling and Recovery (CalRecycle). These regulations (still being finalized) are extensive.

As it pertains to CalRecycle, SB 1383 establishes targets to achieve a 50 percent reduction in the level of the statewide disposal of organic waste from the 2014 level by 2020, and a 75 percent reduction by 2025. The law grants CalRecycle the regulatory authority required to achieve the organic waste disposal reduction targets and establishes an additional target that not less than 20 percent of currently disposed edible food is recovered for human consumption by 2025.

There are a number of items in the regulations that would have impacts on Davis, and utility ratepayers, including the following:

- Changing the labels and lid colors for all Recology Davis collection bins to be compliant with the regulations (current bins do not match the requirements)
- The establishment of an edible food recovery program
- Translate a variety of mandated outreach items to customers in their native language (for any language spoken by 5% of more of our customers)
- New reporting requirements to the state
- Inspections, audits and recordkeeping of organic waste generators, and more

The regulations (when formally adopted) are currently scheduled to go into effect January 1, 2022, and strict enforcement of the regulations would be in place by 2024. It is anticipated that the regulations will be finalized by July 2020. Given the current situation with the COVID-19 pandemic however, advocacy groups have asked that CalRecycle delay implementation of the regulations. Staff has not yet heard from CalRecycle if any additional delays will be granted.

The City plans to release a request for proposals (RFP) in the coming months for a consultant to assist staff in developing the best path forward towards compliance. Fortunately, the city-wide organics collection program that began in 2016 is a huge benefit to the City (and to ratepayers), as Davis is one of only a handful of agencies in California that already requires organics collection from all customers, and is already accounting for that service in the rate structure.

### **Staff Recommendation**

There is a great deal about the current situation that is, unfortunately, unknown. At this time, only assumptions can be made about revenue impacts to City utilities, general fund impacts due to sales tax revenue reduction, or other fiscal challenges brought by COVID-19. It is also

unknown what the economic recovery timeline might look like once the order is lifted. What is known, however, is that there will be demands on the Solid Waste Utility in addition to the costs associated with COVID-19, and currently the fund is not able to support those demands (let alone unforeseen costs) without additional rate adjustments. As has been stated in presentations to the Commission and to Council, the first two years of the rate adjustments for the utility are the most important to bringing stability to the fund, and smoothing out the future year rate adjustments.

It is again also important to keep in mind that this rate recommendation to Council is for the rate adjustment scheduled on June 1, 2020. If the timeline of rate adjustments continues to follow the approved Proposition 218 rate schedule, the Commission will have another opportunity to review the fund and recommend rate adjustments in November of this year.

With these considerations, staff recommend the second-year rate adjustment for the Solid Waste Utility be implemented unchanged from the approved Proposition 218 rate adjustment schedule, with the next adjustment of a 10% increase occur on June 1, 2020.

### **Next Steps**

The discussion and any recommendations from the Utilities Commission will be presented to Council in May, as the next rate adjustment is scheduled for June 1, 2020. If the current schedule of adjustments does not change, the next fund review of the Solid Waste Utility will be presented to the Commission in November 2020, with a recommendation to Council for the rate adjustment on January 1, 2021. If recommendations shift the dates of the rate adjustments, the timeline for the next fund review may be shifted.

### **Attachments**

1. Fund Update Detail Spreadsheets for the Original Recommendation and Scenarios A & B
2. Feb 5, 2019 City Council Meeting Item 04 - Solid Waste Rate Proposition 218 Public Hearing and Rate Recommendations

Scenario Summary

**WITH NO CHANGE TO RATE ADJUSTMENT SCHEDULE**

Income and Expense Detail	MODEL 2018 - 2019 Adjusted Budget 2018 - 2019	ACTUAL City Accounting 2018-2019	MODEL Forecast 2019-2020	BUDGET City Budget 2019-2020	MODEL Forecast 2020-2021	MODEL Forecast 2021-2022	MODEL Forecast 2022-2023
Fund Balance as of July 1	\$ 2,498,000 \$	2,517,322	\$ 1,465,765 \$	1,621,484	\$ 1,236,121 \$	1,545,721	\$ 2,124,721
	(difference bet. model/actual) \$	19,322		155,719			
<b>Income</b>							
Service Charges	\$ 11,903,000 \$	11,996,560	\$ 12,910,198 \$	13,310,000	\$ 14,987,000 \$	15,793,000	\$ 16,417,688
Other Revenues	\$ 40,000 \$	29,635	\$ 40,000 \$	60,000	\$ 60,000 \$	60,000	\$ 60,000
Interest from Investments	\$ - \$	58,695	\$ - \$	48,000	\$ - \$	-	\$ -
One-Time loan from Wastewater	\$ - \$	-	\$ - \$	-	\$ - \$	-	\$ -
<b>Total Income</b>	\$ 11,943,000 \$	12,026,195	\$ 12,950,198 \$	13,370,000	\$ 15,047,000 \$	15,853,000	\$ 16,477,688
	(difference bet. model/actual) \$	83,195		419,802			
<b>Program Operating Expenses</b>							
Citywide Administrative Costs	\$ 559,961 \$	509,391	\$ 577,000 \$	610,293	\$ 629,000 \$	648,400	\$ 668,200
Subtotal City	\$ 559,961 \$	509,391	\$ 577,000 \$	610,293	\$ 629,000 \$	648,400	\$ 668,200
Streets Division Costs	\$ 87,808 \$	93,949	\$ 90,700 \$	95,128	\$ 98,300 \$	101,600	\$ 104,400
Recology Street Sweeping	\$ 452,000 \$	458,646	\$ 466,000 \$	774,000	\$ 797,000 \$	821,000	\$ 846,000
Subtotal Streets	\$ 539,808 \$	552,595	\$ 556,700 \$	869,128	\$ 895,300 \$	922,600	\$ 950,400
Solid Waste Diversion Programs	\$ 1,000,359 \$	1,057,092	\$ 1,025,100 \$	1,157,942	\$ 1,186,600 \$	1,215,700	\$ 1,245,700
Recology Hauling Contract	\$ 10,815,107 \$	10,865,980	\$ 11,236,300 \$	11,043,000	\$ 11,431,100 \$	11,891,800	\$ 12,371,100
Subtotal Solid Waste	\$ 11,815,466 \$	11,923,072	\$ 12,261,400 \$	12,200,942	\$ 12,617,700 \$	13,107,500	\$ 13,616,800
<b>Total Program Operating Expenses</b>	\$ 12,915,235 \$	12,985,078	\$ 13,395,100 \$	13,680,363	\$ 14,142,000 \$	14,678,500	\$ 15,235,400
<b>Other Operating Expenses</b>							
Increase to Environmental Mitigation Assessment	\$ - \$	-	\$ - \$	-	\$ 212,000 \$	212,000	\$ 212,000
Closed Landfill Mitigation Funding	\$ - \$	-	\$ - \$	-	\$ 150,000 \$	150,000	\$ 150,000
Interest on Interfund Loan	\$ 60,000 \$	81,300	\$ 60,000 \$	60,000	\$ - \$	-	\$ -
Principal on Interfund Loan	\$ - \$	-	\$ 173,500 \$	-	\$ - \$	-	\$ -
Future Capital Debt Service PI Payment	\$ - \$	-	\$ - \$	-	\$ 56,500 \$	53,000	\$ 49,400
GIS Master Plan CIP	\$ - \$	-	\$ - \$	15,000	\$ 176,900 \$	180,500	\$ 184,100
<b>Total Other Operating Expenses</b>	\$ 60,000 \$	81,300	\$ 233,500 \$	75,000	\$ 595,400 \$	595,500	\$ 595,500
<b>Grand Total Operating Expenses</b>	\$ 12,975,235 \$	13,066,358	\$ 13,628,600 \$	13,755,363	\$ 14,737,400 \$	15,274,000	\$ 15,830,900
<b>Income less Operating Expenses</b>	\$ (1,032,235) \$	(1,040,163)	\$ (678,402) \$	(385,363)	\$ 309,600 \$	579,000	\$ 646,788
Contributions to City Programs Operating Reserve*	\$ 25,000 \$	25,000	\$ 35,000 \$	225,000	\$ 225,000 \$	225,000	\$ 225,000
Contributions to Contingency Reserve	\$ 200,000 \$	200,000	\$ 200,000 \$	-	\$ - \$	-	\$ -
<b>Subtotal Contributions to Reserves</b>	\$ 225,000 \$	225,000	\$ 235,000 \$	225,000	\$ 225,000 \$	225,000	\$ 225,000
<b>Income less Operating Expenses and Reserves</b>	\$ (1,257,235) \$	(1,265,163)	\$ (913,402) \$	(610,363)	\$ 84,600 \$	354,000	\$ 421,788
<b>Fund Balance</b>							
Unrestricted Fund Balance	\$ 1,240,765 \$	1,252,159	\$ 552,363 \$	1,011,121	\$ 1,320,721 \$	1,899,721	\$ 2,546,509
City Programs Operating Reserve	\$ 25,000 \$	25,000	\$ 35,000 \$	225,000	\$ 450,000 \$	675,000	\$ 900,000
Contingency Reserve	\$ 200,000 \$	200,000	\$ 200,000 \$	-	\$ - \$	-	\$ -
<b>FUND BALANCE</b>	\$ 1,465,765 \$	1,477,159	\$ 787,363 \$	1,236,121	\$ 1,770,721 \$	2,574,721	\$ 3,446,509
<i>*For 2019/20 and moving forward, reserve calculations one year of non-contractual annual operating expenses</i>							
<b>ENDING FUND BALANCE</b>	\$ 1,465,765 \$	1,477,159	\$ 787,363 \$	1,236,121	\$ 1,545,721 \$	2,124,721	\$ 2,771,509

**10% INCREASE ON JANUARY 1, 2021/8% INCREASE JULY 1, 2021/ANNUAL INCREASES EACH JULY**

Income and Expense Detail	MODEL		ACTUAL City Accounting 2018-2019	MODEL FORECAST		
	Adjusted Budget 2018 - 2019	(difference bet. model/actual)		2019-2020	2020-2021	2021-2022
Fund Balance as of July 1	\$ 2,498,000	\$ 2,517,322	\$ 2,517,322	\$ 1,126,121	\$ 565,421	\$ 1,121,853
		(difference bet. model/actual) \$	\$ 19,322			
<b>Income</b>						
Service Charges	\$ 11,903,000	\$ 11,996,560	\$ 11,996,560	\$ 13,200,000	\$ 15,408,432	\$ 16,017,904
Other Revenues	\$ 40,000	\$ 29,635	\$ 29,635	\$ 60,000	\$ 60,000	\$ 60,000
One-Time Loan from Wastewater	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Income</b>	\$ 11,943,000	\$ 12,026,195	\$ 12,026,195	\$ 13,860,000	\$ 15,468,432	\$ 16,077,904
		(difference bet. model/actual) \$	\$ 83,195	\$ 309,802		
<b>Program Operating Expenses</b>						
Citywide Administrative Costs	\$ 559,961	\$ 509,391	\$ 509,391	\$ 610,293	\$ 648,400	\$ 668,200
Subtotal City	\$ 559,961	\$ 509,391	\$ 509,391	\$ 610,293	\$ 648,400	\$ 668,200
Streets Division Costs	\$ 87,808	\$ 93,949	\$ 93,949	\$ 95,128	\$ 101,600	\$ 104,400
Recology Street Sweeping	\$ 452,000	\$ 458,646	\$ 458,646	\$ 774,000	\$ 821,000	\$ 846,000
Subtotal Streets	\$ 539,808	\$ 552,595	\$ 552,595	\$ 869,128	\$ 922,600	\$ 950,400
Solid Waste Diversion Programs	\$ 1,000,359	\$ 1,057,092	\$ 1,057,092	\$ 1,157,942	\$ 1,215,700	\$ 1,245,700
Recology Hauling Contract	\$ 10,815,107	\$ 10,865,980	\$ 10,865,980	\$ 11,043,000	\$ 11,891,800	\$ 12,371,100
Subtotal Solid Waste	\$ 11,815,466	\$ 11,923,072	\$ 11,923,072	\$ 12,200,942	\$ 13,107,500	\$ 13,616,800
<b>Total Program Operating Expenses</b>	\$ 12,915,235	\$ 12,985,058	\$ 12,985,058	\$ 13,680,363	\$ 14,678,500	\$ 15,236,600
<b>Other Operating Expenses</b>						
Increase to Environmental Mitigation Assessment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closed Landfill Mitigation Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on Interfund Loan	\$ 60,000	\$ 81,300	\$ 81,300	\$ 60,000	\$ 56,500	\$ 49,400
Principal on Interfund Loan	\$ -	\$ -	\$ -	\$ 173,500	\$ 176,900	\$ 184,100
Future Capital Debt Service PI Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GIS Master Plan CIP	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ -
<b>Total Other Operating Expenses</b>	\$ 60,000	\$ 81,300	\$ 81,300	\$ 75,000	\$ 233,400	\$ 233,500
<b>Grand Total Operating Expenses</b>	\$ 12,975,235	\$ 13,066,358	\$ 13,066,358	\$ 13,755,363	\$ 14,912,000	\$ 15,469,500
<b>Income less Operating Expenses</b>	\$ (1,032,235)	\$ (1,040,163)	\$ (1,040,163)	\$ (495,363)	\$ (560,700)	\$ (608,404)
Contributions to City Programs Operating Reserve*	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -
Contributions to Contingency Reserve	\$ 200,000	\$ 200,000	\$ 200,000	\$ 100,000	\$ 100,000	\$ 100,000
<b>Subtotal Contributions to Reserves</b>	\$ 225,000	\$ 225,000	\$ 225,000	\$ 100,000	\$ 100,000	\$ 100,000
<b>Income less Operating Expenses and Reserves</b>	\$ (1,257,235)	\$ (1,265,163)	\$ (1,265,163)	\$ (778,402)	\$ (660,700)	\$ (508,404)
<b>Fund Balance</b>						
Unrestricted Fund Balance	\$ 1,240,765	\$ 1,252,159	\$ 1,252,159	\$ 687,363	\$ 465,421	\$ 1,021,853
City Programs Operating Reserve	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ 35,000	\$ 35,000
Contingency Reserve	\$ 200,000	\$ 200,000	\$ 200,000	\$ 100,000	\$ 200,000	\$ 300,000
FUND BALANCE	\$ 1,465,765	\$ 1,477,159	\$ 1,477,159	\$ 787,363	\$ 700,421	\$ 1,356,853
* For 2019/20 and moving forward, reserve calculations one year of non-contractual annual operating expenses						
<b>ENDING FUND BALANCE</b>	\$ 1,465,765	\$ 1,477,159	\$ 1,477,159	\$ 787,363	\$ 565,421	\$ 1,121,853

**10% INCREASE ON JUNE 1, 2020/8% INCREASE JANUARY 1, 2022/ANNUAL INCREASES EACH JULY**

Income and Expense Detail	MODEL Adjusted Budget 2018 - 2019	ACTUAL City Accounting 2018-2019	MODEL Forecast 2019-2020	BUDGET City Budget 2019-2020	MODEL Forecast 2020-2021	MODEL Forecast 2021-2022	MODEL Forecast 2022-2023
Fund Balance as of July 1	\$ 2,498,000 \$ (difference bet. model/actual) \$	2,517,322 19,322	\$ 1,465,765 \$	1,621,484 155,719	\$ 1,236,121 \$	\$ 1,332,721 \$	\$ 1,356,761
<b>Income</b>							
Service Charges	\$ 11,903,000 \$	11,996,560	\$ 12,910,198 \$	13,310,000	\$ 14,412,000 \$	\$ 14,876,040 \$	\$ 16,098,484
Other Revenues	\$ 40,000 \$	29,635	\$ 40,000 \$	60,000	\$ 60,000 \$	\$ 60,000 \$	\$ 60,000
One-Time Loan from Wastewater	\$ - \$	-	\$ - \$	-	\$ - \$	\$ - \$	\$ -
<b>Total Income</b>	\$ 11,943,000 \$ (difference bet. model/actual) \$	12,026,195 83,195	\$ 12,950,198 \$	13,370,000 419,802	\$ 14,472,000 \$	\$ 14,936,040 \$	\$ 16,158,484
<b>Program Operating Expenses</b>							
Citywide Administrative Costs	\$ 559,961 \$	509,391	\$ 577,000 \$	610,293	\$ 629,000 \$	\$ 648,400 \$	\$ 668,200
Subtotal City	\$ 559,961 \$	509,391	\$ 577,000 \$	610,293	\$ 629,000 \$	\$ 648,400 \$	\$ 668,200
Streets Division Costs	\$ 87,808 \$	93,949	\$ 90,700 \$	95,128	\$ 98,300 \$	\$ 101,600 \$	\$ 104,400
Recology Street Sweeping	\$ 452,000 \$	458,646	\$ 466,000 \$	774,000	\$ 797,000 \$	\$ 821,000 \$	\$ 846,000
Subtotal Streets	\$ 539,808 \$	552,595	\$ 556,700 \$	869,128	\$ 895,300 \$	\$ 922,600 \$	\$ 950,400
Solid Waste Diversion Programs	\$ 1,000,359 \$	1,057,092	\$ 1,025,100 \$	1,157,942	\$ 1,186,600 \$	\$ 1,215,700 \$	\$ 1,245,700
Recology Hauling Contract	\$ 10,815,107 \$	10,865,980	\$ 11,236,300 \$	11,043,000	\$ 11,431,100 \$	\$ 11,891,800 \$	\$ 12,371,100
Subtotal Solid Waste	\$ 11,815,466 \$	11,923,072	\$ 12,261,400 \$	12,200,942	\$ 12,617,700 \$	\$ 13,107,500 \$	\$ 13,616,800
<b>Total Program Operating Expenses</b>	\$ 12,915,235 \$	12,985,058	\$ 13,395,100 \$	13,680,363	\$ 14,142,000 \$	\$ 14,678,500 \$	\$ 15,235,400
<b>Other Operating Expenses</b>							
Increase to Environmental Mitigation Assessment	\$ - \$	-	\$ - \$	-	\$ - \$	\$ - \$	\$ -
Closed Landfill Mitigation Funding	\$ - \$	-	\$ - \$	-	\$ - \$	\$ - \$	\$ -
Interest on Interfund Loan	\$ 60,000 \$	81,300	\$ 60,000 \$	60,000	\$ 56,500 \$	\$ 53,000 \$	\$ 49,400
Principal on Interfund Loan	\$ - \$	-	\$ 173,500 \$	-	\$ 176,900 \$	\$ 180,500 \$	\$ 184,100
Future Capital Debt Service PI Payment	\$ - \$	-	\$ - \$	-	\$ - \$	\$ - \$	\$ -
GIS Master Plan CIP	\$ - \$	-	\$ - \$	15,000	\$ - \$	\$ - \$	\$ -
<b>Total Other Operating Expenses</b>	\$ 60,000 \$	81,300	\$ 233,500 \$	75,000	\$ 233,400 \$	\$ 233,500 \$	\$ 233,500
<b>Grand Total Operating Expenses</b>	\$ 12,975,235 \$	13,066,358	\$ 13,628,600 \$	13,755,363	\$ 14,375,400 \$	\$ 14,912,000 \$	\$ 15,468,900
<b>Income less Operating Expenses</b>	\$ (1,032,235) \$	(1,040,163)	\$ (678,402) \$	(385,363)	\$ 96,600 \$	\$ 24,040 \$	\$ 689,584
Contributions to City Programs Operating Reserve*	\$ 25,000 \$	25,000	\$ - \$	-	\$ - \$	\$ - \$	\$ -
Contributions to Contingency Reserve	\$ 200,000 \$	200,000	\$ 100,000 \$	100,000	\$ 100,000 \$	\$ 100,000 \$	\$ 100,000
<b>Subtotal Contributions to Reserves</b>	\$ 225,000 \$	225,000	\$ 100,000 \$	100,000	\$ 100,000 \$	\$ 100,000 \$	\$ 100,000
<b>Income less Operating Expenses and Reserves</b>	\$ (1,257,235) \$	(1,265,163)	\$ (778,402) \$	(485,363)	\$ (3,400) \$	\$ (75,960) \$	\$ 589,584
<b>Fund Balance</b>							
Unrestricted Fund Balance	\$ 1,240,765 \$	1,252,159	\$ 687,363 \$	1,136,121	\$ 1,232,721 \$	\$ 1,256,761 \$	\$ 1,946,345
City Programs Operating Reserve	\$ 25,000 \$	25,000	\$ - \$	35,000	\$ 35,000 \$	\$ 35,000 \$	\$ 35,000
Contingency Reserve	\$ 200,000 \$	200,000	\$ 100,000 \$	100,000	\$ 200,000 \$	\$ 300,000 \$	\$ 400,000
<b>FUND BALANCE</b>	\$ 1,465,765 \$	1,477,159	\$ 787,363 \$	1,271,121	\$ 1,467,721 \$	\$ 1,591,761 \$	\$ 2,381,345
* For 2019/20 and moving forward, reserve calculations one year of non-contractual annual operating expenses							
<b>ENDING FUND BALANCE</b>	\$ 1,465,765 \$	1,477,159	\$ 787,363 \$	1,236,121	\$ 1,332,721 \$	\$ 1,356,761 \$	\$ 2,046,345

## STAFF REPORT

**DATE:** February 5, 2019

**TO:** City Council

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

**SUBJECT:** Solid Waste Rate Proposition 218 Public Hearing and Rate Recommendations

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### **Recommendation**

1. Conduct the Public Hearing; and
2. Conduct final count of written protests, including any written protests submitted prior to the close of the public hearing, and determine if there is a majority protest; and
3. If no majority protest exists, approve the Resolution (Attachment 1) establishing the maximum City of Davis customer rates for Solid Waste services, consistent with the maximum rates published in the Proposition 218 Notices of Public Hearing for Single-Family Residential and Commercial/Multifamily Customers (Attachments 2 and 3) with the first increase to be effective beginning March 1, 2019; and
4. Direct staff to return to Council before each subsequent rate adjustment within the Proposition 218 period, with a report on the fiscal health of the solid waste fund, and a recommendation for the next year's rate adjustment, as adopted by this Proposition 218 process.

### **Fiscal Impact**

The Solid Waste Fund (Fund 520) continues to see expenditures exceed revenues on average of \$90,000 per month. The proposed adjustments to rates will generate adequate revenue to maintain a positive fund balance and provide solid waste services to ratepayers for the next 5 years.

### **Council Goals**

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

### **Background**

On December 4, 2018, the City Council approved a Proposition 218 Notice, containing proposed Solid Waste Rate maximum rate adjustments for the next five years, with the first adjustment to be effective March 1, 2019. They then directed staff to return at the February 5 protest hearing with further rate recommendations based on cost savings suggestions offered by the Councilmembers during the discussion.

The City's Solid Waste program is supported entirely by Solid Waste Rate revenue within Fund 520. A solid waste rate study conducted in 2013 established rates through December 1, 2018. While acknowledging the possibility of annual increases beyond the anticipated 3% based on future program changes, the 2013 rate study did not include any type of reserve fund in the revenue requirements. Changes to expenditures in the solid waste program, including costs associated with a hybrid organics collection (containerized in addition to weekly and monthly yard material pile collection) and increases in landfill tipping fees beyond what was anticipated in the 2013 rate study exceeded the amount of

revenue generated to provide Council approved solid waste services. Additionally, this rate study was delayed approximately one year due to the proposed sale of Davis Waste Removal (DWR) to Recology. While the sale had no impact on overall costs (the purchase of DWR is not allowed to be recovered by Recology in customer rates), the delay did lengthen the time solid waste expenditures exceeded revenues, necessitating an inter-fund loan from the Wastewater Fund. The purpose of the current solid waste rate study is to recover revenue shortfalls from the 2013 study and establish fiscal sustainability for the fund moving forward, including establishment of a reserve.

### **Analysis**

Based on the direction received from Council, staff worked with the solid waste fund model to determine the impacts of shifting the second year rate increase and reviewed the fiscal impact of extending payment terms for the current loan from the Wastewater fund.

### ***Shifting Second Year Increase***

As a method of minimizing the rate increase impact to customers, staff adjusted the solid waste model developed by the city's consultant during the cost of service study to initiate the second year rate increase of 10% in June 2020, six months after the current proposed effective date. With modifications to the current financial plan, this shift is feasible with the following adjustments:

1. Modeling a 15-year loan repayment on the loan from the city's Wastewater Fund, rather than the current 10-year repayment agreement, and;
2. Paying interest-only on the loan for the first year (fiscal year 2018/19), rather than paying interest *and* principal, and;
3. Delaying the request for funding of the additional "other resources" cost components, including the old landfill mitigation and the increased environmental mitigation until fiscal year 2020/2021.

These adjustments to the model do come with impacts to the Solid Waste Fund.

1. Adjusting the amortization of the Sewer Fund loan from 10 years to 15 years, and paying interest only for the first year, decreases the annual principal payment by approximately \$100,500 per year. However, the payments are extended a further five years at \$233,477 per year (combined principal and interest payments), during which the City incurs additional interest. This scenario is a modeling projection. If the solid waste fund balance is healthy in future years, staff may recommend an early payoff of the loan to save on interest payments.
2. Delays in the proposed expenditures of the "other resources" costs, which are new to this Proposition 218 cycle and solid waste model (old landfill mitigation costs of \$150,000 per year, and increased environmental mitigation cost of \$220,000), will essentially push the work associated with those items out to future years. Landfill mitigation funding to assess the necessary steps to repurpose the site for other uses. Staff feels delaying this assessment by one fiscal year is appropriate as no pressing need has been identified for the site. The increased environmental cost mitigation would primarily be added to street pavement funding and represents a minimal (less than 5%) increase to that funding.

### **Cost Impacts from Yard Material Collection Schedule Modifications**

As Council has not yet determined the future yard material collection schedule, staff does not have an estimate of what cost savings might result from the schedule change, and if that savings could further mitigate rate increases. However, as stated in the staff report presented to Council on December 4, 2018, the first two years of the proposed rate structure focus primarily on allowing the fund to recover from the current structural deficit. Staff does not recommend any immediate reduction in the proposed rate structure based on possible yard material collection changes. The current cost of service study is

based on the current level of solid waste services provided. Determinations of service options resulting in lower costs could give Council the ability to adopt rate increases lower than the maximum allowed under this Proposition 218 process in future years. If Council approves a higher level of solid waste services it would, without a new Proposition 218 process, reduce the level of funds in reserve.

### **Rate Recommendations within the Proposition 218 Maximum Increases**

The rate adjustments within the Proposition 218 notices are the *maximum* amount for rate increases. Determinations of service options, or funding levels for cost components included in the rates resulting in lower costs could give Council the ability to adopt rate increases lower than the maximum allowed under this Proposition 218 process in future years. Staff recommends the rate structure introduced on October 30, 2018, however Council directed staff to present options with adjustments to the initial increase and space out the first and second year planned increases. These options are detailed in the charts below:

#### **Proposition 218-Noticed Rates**

<b>Rate Implementation Month/Year</b>	<b>2018</b>	<b>March 2019</b>	<b>January 2020</b>	<b>January 2021</b>	<b>January 2022</b>	<b>January 2023</b>
Per Month Charge for Sample Single-Family Customer	\$34.32	\$38.95	\$42.85	\$46.28	\$48.59	\$51.02
\$ Increase from Previous Year	N/A	+ \$4.63	+ \$3.89	+ \$3.42	+ \$2.31	+ \$2.43
% Increase In Base Service Charges	Current	13.5%	10%	8%	5%	5%
Anticipated End of Fiscal Year Fund Balance	N/A	\$938,265	\$692,165	\$628,565	\$812,065	\$1,045,365

#### **Alternative Option A - With Offset in 2020**

<b>Rate Implementation Month/Year</b>	<b>2018</b>	<b>March 2019</b>	<b>June 2020</b>	<b>January 2021</b>	<b>January 2022</b>	<b>January 2023</b>
Per Month Charge for Sample Single-Family Customer	\$34.32	\$38.95	\$42.85	\$46.28	\$48.59	\$51.02
\$ Increase from Previous Year	N/A	+ \$4.63	+ \$3.89	+ \$3.42	+ \$2.31	+ \$2.43
% Increase In Base Service Charges	Current	13.5%	10%	8%	5%	5%
Anticipated End of Fiscal Year Fund Balance	N/A	\$1,212,265	\$459,665	\$366,565	\$514,465	\$706,265

#### **Alternative Option B - With Offset in 2020**

<b>Rate Implementation Month/Year</b>	<b>2018</b>	<b>March 2019</b>	<b>June 2020</b>	<b>January 2021</b>	<b>January 2022</b>	<b>January 2023</b>
Per Month Charge for Sample Single-Family Customer	\$34.32	\$38.61	\$42.47	\$45.87	\$48.16	\$50.57
\$ Increase from Previous Year	N/A	+ \$4.29	+ \$3.86	+ \$3.39	+ \$2.29	+ \$2.40
% Increase In Base Service Charges	Current	12.5%	10%	8%	5%	5%
Anticipated End of Fiscal Year Fund Balance	N/A	\$1,193,265	\$326,665	\$233,565	\$381,465	\$573,265

Each alternative assumes rate increase implementation in March 2019, with proposed expenditures of "other resources" beginning in fiscal year 2020/2021. Proposition 218 Notice table reflects loan payoff in 10 years, and the second year increase in January 2020, Alternative Options reflect loan payoff in 15 years, and the second year increase in June 2020.

### **Deficit Recovery before Programmatic Changes**



As discussed previously, the speed at which the utility recovers is closely linked to the funding choices Council makes for other resources (landfill mitigation, environmental mitigation) and solid waste service levels. The utility will continue to show a decline in fund balance for the next two years, based on the current deficit and the measured increases proposed by the Utility Rate Advisory Commission (URAC) and staff, to reduce the impact of the recovery on the City’s customers. Depending on the initial rate increase, that drop can bring the utility’s reserve to less than \$250,000. Part of this is related to the expenditure of the \$3M loan from the wastewater fund. As operating costs currently continue to exceed revenue, the loan allows for the solid waste fund to generate sufficient revenue to cover planned expenditures over the next two years, through fiscal year 20/21, instead of requiring one large increase. This demonstrates the need for recovery in this fund before any rate adjustments that are less than proposed are made for major programmatic changes. Keeping the costs associated with the rate increases as-is (13.5% in first year) provides flexibility to the utility. That flexibility allows the fund to absorb service level changes (to LITS or other services), or modifications to the costs (tipping fees), or fund studies related to the city’s solid waste services (relocation of the material recovery facility, organics processing, landfill mitigation), without running into another deficit or necessitating the need for an additional Proposition 218 notice to increase rates.

In keeping with the practice for all utility funds moving forward, staff will update the financial plan and revisit all associated costs of the utility on an annual basis. The attached resolution adopts the first year rate increase, and sets the maximum increases for the following four years, with staff returning each year with a rate recommendation within the maximum.

**Protests**

As of January 31, 2019, the City Clerk has received 162 unvalidated protests to the proposed solid waste rate increase as published in the single-family residential and commercial/multifamily residential Proposition 218 notices. A final protest count will be conducted at the February 5, 2019 City Council meeting and include any written protest submitted prior to the close of the public hearing.

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

<b>Date</b>	<b>Action</b>
October 4, 2018	Utility Rate Advisory Commission approval of recommendation on solid waste rates
December 4, 2018	City Council approval of Prop 218 Notice
December 12, 2018	Notices sent to property owners (Postmarked by)
February 5, 2019	Public hearing/protest hearing at City Council meeting and adoption of rates
March 2019	Utility bill message on new rates
March 1, 2019	Rates become effective

**Attachments**

1. Resolution
2. Single Family Residential Proposition 218 Notice
3. Commercial/Multifamily Residential Proposition 218 Notice

**RESOLUTION NO. 19-XXX, SERIES 2019**

**CITY OF DAVIS CUSTOMER RATES FOR SOLID WASTE SERVICE FEES  
EFFECTIVE MARCH 1, 2019**

WHEREAS, Article 32.01.120 of the Davis Municipal Code authorizes the City Council to periodically amend, by resolution, fees for solid waste management services; and

WHEREAS, the City of Davis conducted a solid waste rate study, completed in October 2018 to review and recommend any necessary modifications to the City solid waste rates; and

WHEREAS, the study recommended modifications to the solid waste rates to respond to the increased cost of providing such services, and to resolve a fund deficit; and

WHEREAS, the City Council held a duly noticed public protest hearing on February 5, 2019 to receive comments and protests on the proposed solid waste rates; and

WHEREAS, at the conclusion of the public hearing, the City Clerk tabulated the number of written protests received and reported that there was not a majority protest by property owners or customers of record of the identified and affected properties.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Davis that the maximum solid waste service fees shown on the attached Exhibit 1 are incorporated herein by reference, and shall become effective March 1, 2019 with maximum authorized annual increases thereafter through January 1, 2023; and

BE IT FURTHER RESOLVED, that each year of the Proposition 218 noticed period, prior to the approval of solid waste rates for each year, staff will return to Council with a report on the state of the solid waste fund and recommendation for the rate setting for that year and whether to impose the maximum rates set forth in Exhibit 1 of this Resolution; and

BE IT FURTHER RESOLVED that the Davis City Council hereby finds that the fees established by this resolution are for the purpose of maintaining and continuing the provision of the City's 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; and
- 2) Current budget deficits in the City's Solid Waste Fund; and
- 3) Loan and capital debt service payments owed to the City's Wastewater Division; and
- 4) Environmental mitigation costs for road repair due to wear-and-tear associated with solid waste collection services; and
- 5) Establishing minimal emergency reserves in the City's Solid Waste Fund; and
- 6) Administrative and regulatory costs of providing these services, including billing and collection of the service fees.

PASSED AND ADOPTED by the Davis City Council this 5th day of February, 2019, by the following vote:

AYES:

NOES:

ABSENT:

Brett Lee  
Mayor

ATTEST:

Zoe S. Mirabile, CMC  
City Clerk

## Exhibit A

## SINGLE-FAMILY RATES

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

Container Size	Rate 3/1/2019	Rate 1/1/2020	Rate 1/1/2021	Rate 1/1/2022	Rate 1/1/2023
35-Gallon	\$35.19	\$38.70	\$41.80	\$43.89	\$46.08
65-Gallon	\$38.95	\$42.85	\$46.28	\$48.59	\$51.02
95-Gallon	\$46.47	\$51.11	\$55.20	\$57.96	\$60.86

## Monthly Organics Cart Service Charge by Year

Level of Service	3-1-2019	1-1-2020	1-1-2021	1-1-2022	1-1-2023
1 Cart	Included	Included	Included	Included	Included
Additional Cart	\$5.98	\$6.58	\$7.11	\$7.46	\$7.83

## Monthly "No Trash Service" Fee Service Charge by Year

Rate 3/1/2019	Rate 1/1/2020	Rate 1/1/2021	Rate 1/1/2022	Rate 1/1/2023
\$24.50	\$26.96	\$29.11	\$30.57	\$32.10

## COMMERCIAL/MULTI-FAMILY RATES

## Monthly Drop Box Service Charge by Year

Level of Service	Rate 3/1/2019	Rate 1/1/2020	Rate 1/1/2021	Rate 1/1/2022	Rate 1/1/2023
10 Yards	\$202.51	\$222.76	\$240.58	\$252.61	\$265.24
20 Yards	\$202.51	\$222.76	\$240.58	\$252.61	\$265.24
30 Yards	\$246.81	\$271.49	\$293.21	\$307.87	\$323.26
40 Yards	\$323.06	\$355.36	\$383.79	\$402.98	\$423.13
50 Yards	\$427.70	\$470.47	\$508.11	\$533.52	\$560.19
Customer Owned Compactor	\$278.04	\$305.85	\$330.31	\$346.83	\$364.17

## Monthly No Garbage Service Charge by Year

Rate 3/1/2019	Rate 1/1/2020	Rate 1/1/2021	Rate 1/1/2022	Rate 1/1/2023
\$24.50	\$26.96	\$29.11	\$30.57	\$32.10

## COMMERCIAL/MULTI-FAMILY RATES

## Monthly Organics Cart Service Charge by Year

Level of Service	Rate 3/1/2019	Rate 1/1/2020	Rate 1/1/2021	Rate 1/1/2022	Rate 1/1/2023
1 Cart	Included	Included	Included	Included	Included
Each Additional Cart	\$5.98	\$6.58	\$7.11	\$7.46	\$7.83

## 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
3-1-2019					
1 Cart	Included	Included	\$67.69	\$117.82	\$175.53
Each Additional Cart	\$30.50	\$61.01	\$91.50	\$122.00	\$152.50
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
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
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
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

**COMMERCIAL/MULTI-FAMILY RATES**

**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
	3-1-2019											
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 Additional 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	

**COMMERCIAL/MULTI-FAMILY RATES**

**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
	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	

Exhibit I

COMMERCIAL/MULTI-FAMILY RATES

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
	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	



**COMMERCIAL/MULTI-FAMILY RATES**

**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
	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	

**COMMERCIAL/MULTI-FAMILY RATES**

**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
	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	

**Attend the Public Hearing  
Tuesday, February 5, 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 January 31 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 February 5, 2019 at 6:30 p.m., in the City of Davis Community Chambers, 23 Russell Blvd., Davis, CA, to consider adopting increases to the City's solid waste 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") 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 continues to look at cost reduction measures to mitigate impacts to rate customers.

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) Establishing minimal emergency reserves in the City's Solid Waste Fund; and
- 6) 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 March 1, 2019 (13.5%), and January 1 of 2020 (10%), January 1 of 2021 (8%), January 1 of 2022 (5%), and January 1 of 2023 (5%), with all solid waste service charges being increased by the same percentage. This would be an average increase of \$4.78 in March 2019, \$4.02 in January 2020, \$3.54 in January 2021, \$2.39 in January 2022, and \$2.51 in January 2023.

### **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 and street sweeping.
- 5) Bulky Items Drop-Off event in the spring.
- 6) Residential hazardous waste disposal programs.
- 7) Various other waste reduction and recycling outreach and programs.

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

Container Size	Current	Proposed 3/1/2019		Proposed 1/1/2020		Proposed 1/1/2021		Proposed 1/1/2022		Proposed 1/1/2023	
		Increase	Rate	Increase	Rate	Increase	Rate	Increase	Rate	Increase	Rate
35-Gallon	\$31.00	+\$4.19	\$35.19	+\$3.52	\$38.70	+\$3.10	\$41.80	+\$2.09	\$43.89	+\$2.19	\$46.08
65-Gallon	\$34.32	+\$4.63	\$38.95	+\$3.90	\$42.85	+\$3.43	\$46.28	+\$2.31	\$48.59	+\$2.43	\$51.02
95-Gallon	\$40.94	+\$5.53	\$46.47	+\$4.65	\$51.11	+\$4.09	\$55.20	+\$2.76	\$57.96	+\$2.90	\$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
Additional 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 trash 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 Trash Service" Fee Service Charge by Year**

Current	Proposed 3/1/2019		Proposed 1/1/2020		Proposed 1/1/2021		Proposed 1/1/2022		Proposed 1/1/2023	
	Increase	Rate	Increase	Rate	Increase	Rate	Increase	Rate	Increase	Rate
\$21.59	+\$2.91	\$24.50	+\$2.46	\$26.96	+\$2.15	\$29.11	+\$1.46	\$30.57	+\$1.53	\$32.10

**PUBLIC HEARING AND PROTESTS**

The City of Davis will hold a Public Hearing on February 5, 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 31 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 March 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.

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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.
  - 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.
  - 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 and street sweeping.

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	
<b>Proposed 3-1-2019</b>												
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 Additional 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	\$158.98	\$226.25	\$234.74	\$304.87	\$316.07	\$383.48	\$403.40	\$432.63									
2 Carts	\$147.72	\$156.17	\$293.61	\$425.54	\$436.76	\$574.90	\$585.53	\$708.94	\$725.80	\$871.75									
3 Carts	\$203.81	\$220.66	\$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	\$131.64	\$173.65	\$187.71	\$226.28	\$241.00	\$291.46	\$302.70	\$344.77									
1 Yard	\$130.27	\$150.02	\$267.25	\$373.35	\$393.02	\$500.97	\$521.81	\$633.24	\$650.04	\$775.83									
1.5 Yards	\$177.74	\$200.72	\$350.85	\$515.59	\$538.05	\$691.53	\$711.20	\$859.02	\$878.67	\$1,063.06									
2 Yards	\$216.68	\$250.42	\$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	\$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	\$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	\$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	\$1,062.36	\$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	\$1,263.43	\$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	\$192.84	\$281.06	\$289.45	\$372.24	\$386.30	\$460.65	\$477.50	\$568.73									
Each Compacted Yard	\$99.71	\$108.15	\$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	\$171.70	\$244.35	\$253.52	\$329.26	\$341.36	\$414.15	\$435.68	\$467.24									
2 Carts	\$159.54	\$168.67	\$317.10	\$459.58	\$471.70	\$620.89	\$632.38	\$765.65	\$783.87	\$941.49									
3 Carts	\$220.11	\$238.31	\$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	\$142.17	\$187.55	\$202.73	\$244.38	\$260.28	\$314.78	\$326.91	\$372.36									
1 Yard	\$140.69	\$162.02	\$288.63	\$403.22	\$424.46	\$541.05	\$563.56	\$683.90	\$702.05	\$837.90									
1.5 Yards	\$191.96	\$216.78	\$378.92	\$556.84	\$581.10	\$746.85	\$768.09	\$927.74	\$948.96	\$1,148.11									
2 Yards	\$234.01	\$270.46	\$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	\$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	\$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	\$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	\$1,147.35	\$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	\$1,960.75	\$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	\$208.27	\$303.55	\$312.61	\$402.02	\$417.20	\$497.50	\$515.70	\$614.23									
Each Compacted Yard	\$107.68	\$116.80	\$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 3-1-2019	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 or 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 3-1-2019	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
<b>Current</b>					
1 Cart	Included	Included	\$59.64	\$103.81	\$154.65
Each Additional Cart	\$26.87	\$53.75	\$80.62	\$107.49	\$134.36
<b>Proposed 3-1-2019</b>					
1 Cart	Included	Included	\$67.69	\$117.82	\$175.53
Each Additional Cart	\$30.50	\$61.01	\$91.50	\$122.00	\$152.50
<b>Proposed 1-1-2020</b>					
1 Cart	Included	Included	\$74.46	\$129.61	\$193.08
Each Additional Cart	\$33.55	\$67.11	\$100.65	\$134.20	\$167.75
<b>Proposed 12-1-2021</b>					
1 Cart	Included	Included	\$80.42	\$139.98	\$208.53
Each Additional Cart	\$36.23	\$72.48	\$108.71	\$144.94	\$181.17
<b>Proposed 12-1-2022</b>					
1 Cart	Included	Included	\$84.44	\$146.97	\$218.95
Each Additional Cart	\$38.04	\$76.10	\$114.14	\$152.18	\$190.23
<b>Proposed 12-1-2023</b>					
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 February 5, 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 31 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 March 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.