

STAFF REPORT

DATE: July 18, 2018
TO: Utility Rate Advisory Commission
FROM: Richard Tsai, Environmental Resources Manager
SUBJECT: Overview of Solid Waste Rate Study Model for Current Service Levels

Recommendation

Informational only

Fiscal Impact

There are no fiscal impact results for the compilation of this report; necessary staff time is already budgeted.

Council Goal(s)

Pursue Environmental Sustainability: Specifically within Objective 3, to Conserve Resources in an Environmentally Responsible Manner; Task F: Explore, quantify and prioritize ways to improve the long-term environmental impacts and costs of our waste system and align them with the City's conservation goals.

Background and Analysis

R3 Consulting (R3) is continuing work on conducting a solid waste rate study to review the current rate structure of the City's solid waste services. R3 is providing an overview of the revised rate model, which contains cost estimates utilizing baseline assumptions outlined in the Commission meeting on June 20, 2018, and the following loose in the street (LITS) yard material options as selected by the Utility Rate Advisory Commission at the meeting:

- No change to loose in the street yard material pile collection service
- Keep current schedule, but extend leaf season weekly collection schedule by four weeks
- Only collect during leaf season, and extend season by four weeks
- Eliminate loose in the street yard material pile collection service

(At this time, staff is not asking the URAC to recommend one of the above LITS options over another. The modeling of the potential impact due to cost of each of these options will assist in Commission discussions and community dialogue.)

The model has been updated based on the feedback received at the meeting in June, and will be presented again by the consultant for further discussion. In addition to the model updates, it was requested that staff prepare a summary of the previously unforeseen and unaccounted for changes to the solid waste utility, which contributed to the budgetary shortfall over the last several months.

Overview of Solid Waste Rate Study Model and Updates

Timeline

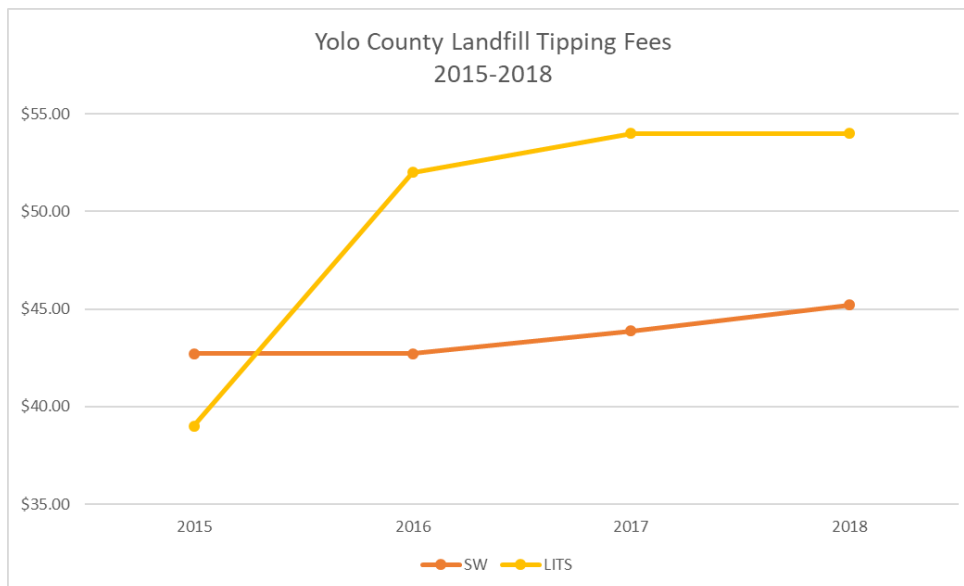
When the enhanced organics program was implemented by the Council in July 2016, the first year of the program was set up as an assessment period to gather true labor, disposal, and administrative cost data. The program was also designed to be a cost neutral (to the City) by realizing cost reductions from the modification of LITS collection to once per month, year round, with any additional costs covered by the solid waste utility fund balance. However, after extensive community feedback, the LITS collection was instead expanded to weekly collection during the peak “leaf-drop season” (mid-October through mid-December) which increased the charge per account contractor payment to the hauler. On July 1, 2016, the net contractor payment increase for the enhanced organics program was \$2.56 per account per month.

Per account/per month payments to solid waste hauler*

	January 1, 2016 Rate	July 2, 2016 Rate (enhanced organics program)
Green Waste	\$8.94	\$13.81
Street Sweeping	\$4.40	\$2.09
Green Waste & Street Sweeping Subtotal	\$13.34	\$15.90
Total Cost to City for Residential Services (includes garbage removal cost)		
	\$31.88	\$34.44

*The city’s solid waste hauler agreement contains defined contractor compensation rates with annual adjustments based on the refuse rate index (RRI) and annual pass-through adjustments based on landfill per ton charges at the gate (tipping charge). Modifications to the contractor compensation is performed through an amendment to the original agreement.

In addition, Yolo County Landfill have increased their per ton rates for both garbage (included as solid waste - SW) and organic waste (included as LITS), as illustrated in the chart below. These factors, in addition to the increase in LITS collection costs, contributed to the unanticipated costs of solid waste removal.



Overview of Solid Waste Rate Study Model and Updates

The previously approved Proposition 218 rate schedule covered September 2013 through December 2018, and staff had planned to begin the next 218 process in mid-2017, after a full year of the organics program. While this effort began in June 2017, the study work was impacted by unforeseen solid waste hauler changes.

Staff will return to the URAC with the Solid Waste Rate Study in August, and the tentative timeline is included below.

Solid Waste Rate Study Tentative Timeline		
Action	Date	Objective
Review of the draft Solid Waste Rate Study	July 18, 2018	Continue the review of the Solid Waste Rate study
Recommendation to Council to Approve 218 Notice	August 28, 2018	
Proposition 218 – Notice Approval by Council	September 18, 2018	Approval to modify the rates for Solid Waste service and start the Prop 218 process
Proposition 218 – Notice Mailed	September 21, 2018	Per Prop 218 process - notices must be mailed at least 45 days before the hearing
Council protest hearing	November 13, 2018	Protest Hearing - Ordinance Introduced
Council action on rates	November 27, 2018	Ordinance modification adopted
Rates become effective	January 1, 2019	Rates must be approved by City Council 30 days prior to their effective date