

Solid Waste Fund Update

November 18, 2020



Background

- Each rate adjustment in the currently approved Prop 218 schedule is reviewed by the Utilities Commission and Council before implementation (CC - 02/05/2019)
- In April/May 2020, Commission recommended and Council approved postponement of June 1, 2020 adjustment of 10% due to COVID-19

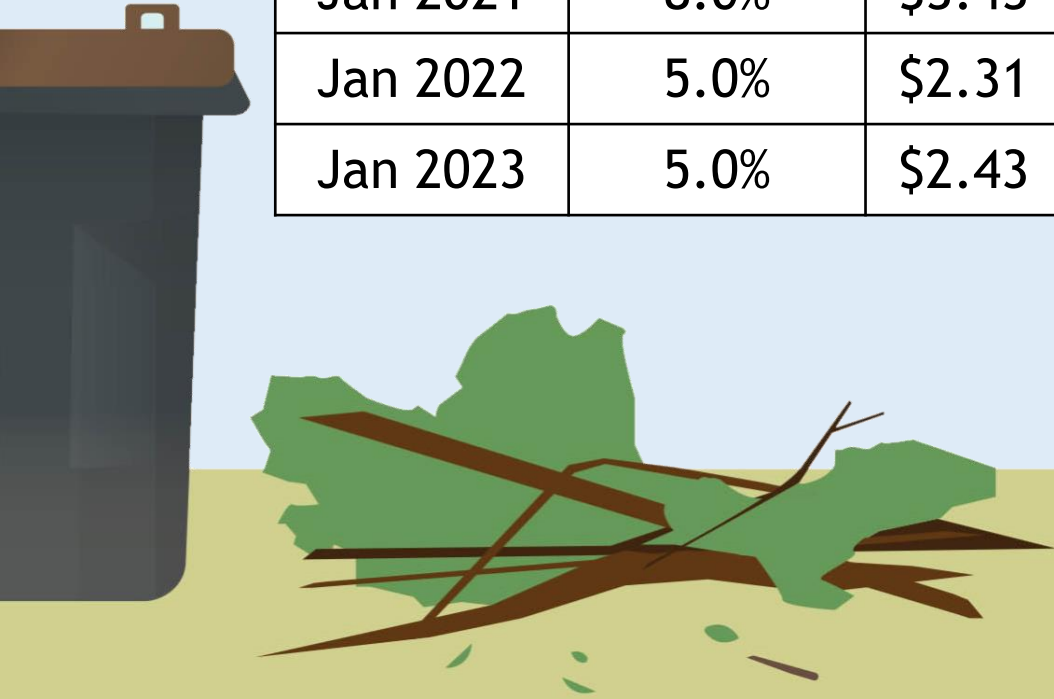


Background

Originally Approved Prop 218 Rate Schedule			
Mon/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

Revised Prop 218 Rate Schedule (after 5/5/20 CC action)			
Mon/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	12.0%	\$4.67	\$43.62
Jul 2021	6.0%	\$2.62	\$46.24
Jan 2022	5.0%	\$2.31	\$48.55
Jan 2023	5.0%	\$2.43	\$50.98

Total increase for 2021: \$7.29



Good News - Fiscal Year 2019-20

- Revenues close to model, slightly lower than budget
- Expenditures also close to model, with exception of Recology contract (below budget) and debt payments (below budget)
- Fund balance continues to drop, but more slowly (\$895,838 between FY 18 and FY 19, \$180,785 between FY 19 and FY 20) - recovering as planned



Bad News - Fiscal Year 2020-21

- Revenue below budget and model (about \$40K per month)
 - Only utility seeing significant drop in revenue - likely related to commercial account changes
- Revised budget anticipates continued drop in revenue, but includes 10% increase in January 1, 2021
- Increases necessary to prevent fund balance dropping to negative (or necessitate loan)



Impacts of COVID-19 Pandemic (so far)

- Since March, 115 commercial accounts requested modifications to reduce service or stop service
 - Now, 15 accounts still have no service, 59 have restored full service but not pre-COVID service levels, 14 have restored to full service levels, and 27 have increased service beyond pre-COVID service levels
- No appreciable difference in single-family customers, likely small impact of late-fee waiver (not significant contributor)



Senate Bill 1383

- Implementation over 2021 (State still in process of formally adopting regulations), likely will be short-term impact on fund balance until next cost of service study to develop next rate schedule
- Staff working on consultant selection for implementation plan



Rates of Surrounding Jurisdictions

- 12 jurisdictions surveyed for solid waste rates (with variety of service levels)
- 8 jurisdictions have raised rates since beginning of 2020 (7 since June 2020)
- Likely will see additional increases with implementation of SB 1383



Staff Recommendation

- With 10% increase built in to revenue estimate in budget, increase necessary to keep fund on the right track (with projected drop in revenue)
- Combine postponed June 2020 increase with January 2021 increase to 12%, lower July 2021 increase from 8% to 6%, for 18% increase over 2021
- For January 1, 2021 and July 1, 2021 adjustments

