



Item No. 11 Town of Atherton

CITY COUNCIL STAFF REPORT – CONSENT AGENDA

**TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER**

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: NOEMBER 16, 2016

**SUBJECT: APPROVE ORDINANCE RESCINDING THE RATES SET FORTH IN
ORDINANCE 617 AND SETTING THE RATES FOR SOLID
WASTE/RECYCLING COLLECTION SERVICES**

RECOMMENDATION

Approve Ordinance rescinding the rates set forth in ordinance 617 and setting the rates for solid waste/recycling collection services.

BACKGROUND

The City Council conducted a public hearing and introduced the recommended increase to green waste rates, and increase in commercial rates and commercial organic rates at the October 19 City Council meeting. Council approved introduction unanimously.

As the Town of Atherton is part of the SBWMA, the City Council sets local collection rates based on the revenue requirements for contractor compensation set by the SBWMA Board of Directors. The Town of Atherton maintains a Solid Waste Sub-Committee (Council Member Widmer and Council Member Wiest) that reviews and discusses matters of the SBWMA. The SBWMA Refuse Subcommittee met on July 27 to discuss the refuse rate setting process and the following items:

1. Rate tipping fee increase
2. Increase of Green Waste rates and Commercial Rates

The committee's recommendation suggested that the cost-model for green cart collection move closer to true cost-recovery for carts greater than the standard refuse service. The green rates estimated costs are \$22.41. The committee also recommended a decrease in the 96 gallon commercial bin and an increase in rates in respective commercial bin sizes. The proposal is correspondent to increases in tipping fee per ton of approximately \$10. There is a recommended proposed increase of the commercial organic bin to 15 percent (%) less than the new commercial

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rates. The customer accounts that maintain commercial refuse bins will see an increase in their rate. *The Subcommittee recommends that residential garbage refuse rates be maintained at their current levels until a revised collection rate impact projection is done later this year. At this time, the only recommended change is to the green waste rates, and commercial rates for refuse and organics.*

Pursuant to the requirements of Proposition 218, staff mailed Notices of the proposed green cart rate increases, and commercial rates and organic rate increase to all refuse service billing addresses for all parcels in Atherton. The Notice described to the service customer the procedures on how to file a protest regarding the rates. Proposition 218 required that notice be issued 45 days prior to the public hearing. To satisfy this requirement, notices were issued in September and the public hearing was set for October 19. A copy of the Notice is attached.

Proposition 218 provides that if written protests are presented by a majority of the affected parcels, the rate increase shall not take effect. If there is no majority protest, then the rate increases can be imposed by an ordinance approved by 2/3-vote of the members of the City Council under Health & Safety Code § 5471. After adoption, the Town must also publish and post notice of the proceedings. As of the writing of this report the Town has received zero written protests.

ANALYSIS

The Refuse Subcommittee recommends adjusting the commercial rates to account for the increase cost in tipping fees per ton and adjusting the commercial organic rates to 15% less the commercial rate. These adjustments are reflected in the attached ordinance.

Based on the present rate structures, the following is the calculation for Organic Rates:

Refuse Commercial Bins	Current Rate	Proposed New Rate	Organic Rates
1-96 Yard	\$194	\$152	\$129
1-1 Yard	\$210	\$275	\$234
1-2 Yard	\$420	\$425	\$361
1-3 Yard	\$580	\$580	\$493
1-4 Yard	\$650	\$730	\$621
1-6 Yard	\$870	\$880	\$748
1-8 Yard	\$1,160	\$1,160	\$986

Cost-Alignment Green Cart Collection

The current town rate structure includes a fixed rate for each gallon of refuse, with no additional charge for recycled materials or green waste collection. The Town’s rate structure allows a resident to obtain additional green carts. Currently a 3rd and 4th green cart rate is at \$15 each and for the 5th cart or above, the rate is \$20 each. Actual collection costs for each cart is approximately slightly

above \$22. The Committee recommends that the cost model for the additional green carts be moved closer to a true-cost recovery model by raising the cost for carts as follows:

Green Carts

# of Carts	Current Rate	New Rate
Carts 3 and 4	\$15 each	\$18 each
Carts 5 and above	\$20 each	\$22 each

With the above rate structure the Town is seeking to increase the rate for Carts 3 and 4 by \$3. With carts 5 and above, the rate increase is \$2. The total number of additional Green carts 3 & 4 are 1,430 and for Green carts 5 and above are 392. If the number of Green carts at 3 and above maintains, the proposed increase is an additional \$5,074 per month in revenue per green cart collection service. Staff and Committee recommend as cost model fairness for green carts, that the Town of Atherton seek to get closer to full cost recovery.

Below is a summary of the refuse committee's current proposals:

1. Those customer accounts that maintain Commercial refuse bins will see an increase in their rates for refuse and organics.
2. The only residents that will be affected by Green Cart increases are those that have more than 2 Green Carts.

In accordance with Proposition 218 process we make the following findings:

- A. The revenues derived from the increased green waste collection rates, and increased commercial collection rates do not exceed the funds required to provide refuse services pursuant to the Solid Waste/Recycling Collection Agreement.
- B. The revenues derived from derived from the increased green waste collection rates, and increased commercial collection rates will not be used for any other purpose other than pursuant to Solid Waste/Recycling Collection Agreement.
- C. Review of cost model fairness to move closer to full cost recovery.

Attached is an Ordinance adjusting only the Green Cart, and the Commercial refuse and organic bins.

POLICY FOCUS

The setting of refuse collection rates is a matter of policy discussion for the City Council. Establishing rates that reflect full cost recovery is consistent with Proposition 218.

FISCAL IMPACT

Assuming a static number of carts, the recommended fee change per green waste cart use includes an *increase* of \$5,074 per month. As waste diversion is becoming a bigger priority and the cost for diversion increases, it is important to ensure the commercial rates are set accordingly. Of the 10 commercial accounts, 9 have organic bins. The increase of the commercial rates (non-organic)

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would amount to \$1,846 more per month or \$22,157 per year. The organics bin use set at 15% less the new commercial rate, would amount to \$1,865 more per month or \$22,385 per year. The total increase for commercial refuse and organics is \$44,542 per year. With the total recommended fee changes the total fiscal impact is an increase of \$8,785 per month.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire Protection District, service providers (water, power, and sewer), and regional elected officials.

ATTACHMENTS

Ordinance

Notice of Public Hearing

ORDINANCE XXX

AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ATHERTON RESCINDING THE RATES SET FORTH IN ORDINANCE 617 AND SETTING THE RATES FOR SOLID WASTE/RECYCLING COLLECTION SERVICES

WHEREAS, the Town of Atherton ("Town") has provided a franchise to Recology San Mateo County ("Franchisee") allowing for and governing the collection of refuse, recyclable material and plant material within the Town of Atherton's limits and the Town has approved rates, on October 19, 2016 by Ordinance XXX, that Franchisee may charge for these solid waste/recycling collection services; and

WHEREAS, pursuant to the Uniform Franchise Agreement for Collection Services ("Solid Waste/Recycling Collection Agreement") between Franchisee and the Town, the Town is required to adopt solid waste/recycling collection rates that produce revenues sufficient to provide payment to Franchisee in accordance with the amount due under the Solid Waste/Recycling Collection Agreement; and

WHEREAS, a the City Council directed staff to prepare an adjustment to organic rates to reflect a cost model closer to full cost recovery; adjustment to commercial refuse and commercial organic rates;

WHEREAS, the City Council has complied with the fee adjustment provisions of Proposition 218, including the mailing of notices regarding a public hearing to consider a proposed ordinance to adopt an increase in the green cart rates and commercial refuse and commercial organic rates; and

WHEREAS, the Town has identified the parcels upon which the increased green cart collection, commercial refuse and commercial organics will be imposed, calculated the amount of the rates, and mailed notice to the refuse service billing address for all parcels in the Town of Atherton, wherein the Town provided written notice of the proposed rates, the basis for the calculation, the reason for the rates and the date, time and location of a public hearing not less than 45 days after sending the notice; and

WHEREAS, the Town further provided published and posted notice of the foregoing; held the duly noticed public hearing and considered any and all protests; and

WHEREAS, written protests against increased green cart collection, increased rates for commercial refuse and commercial organics were not presented by a majority of owners or tenants of the identified parcels within the 45 day period;

NOW, THEREFORE, THE CITY COUNCIL OF THE TOWN OF ATHERTON DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. In accordance with Article XIII D, Section 6(b), of the California Constitution, the City Council makes the following findings:

A. A. The revenues derived from the increased green waste collection rates, and increased commercial collection rates do not exceed the funds required to provide refuse services pursuant to the Solid Waste/Recycling Collection Agreement.

B. B. The revenues derived from derived from the increased green waste collection rates, and increased commercial collection rates will not be used for any other purpose other than pursuant to Solid Waste/Recycling Collection Agreement..

C. C. Review of cost model fairness to move closer to full cost recovery.

D. The only adjustments are to residential organic rates and commercial garbage and organic rates.

E. The solid waste/recycling collection services are presently available.

SECTION 2. Beginning on the effective date of this Ordinance, the green cart collection rates, commercial refuse and commercial organic rates will be established as listed below. ▸

Residential Rates:

Black Garbage Container	Rates
20 gallon	\$27.00
32 gallon	\$55.00
64 gallon	\$102
96 gallon	\$152

Minimum Monthly Flat Fee:

Cart Size	Current Rate	Minimum Monthly Flat Fee	PLUS Standard Cart rate	Total Current Rate
20 Gallon	\$27	\$25	\$2	\$27
32 Gallon	\$55	\$25	\$30	\$55
64 Gallon	\$102	\$25	\$77	\$102
96 Gallon	\$152	\$25	\$127	\$152

Commercial Rates:

Refuse Commercial Bins	Current Rate	Current Organic Rates
1-96 Gallon	\$152	\$129
1-1 Yard	\$275	\$234
1-2 Yard	\$425	\$361
1-3 Yard	\$580	\$493
1-4 Yard	\$730	\$621
1-6 Yard	\$880	\$748
1-8 Yard	\$1,160	\$1,160

OTHER SERVICES COST SCHEDULE

Backyard Collection Service Distance Costs for Single-Family Dwellings				
	One (1) Solid Waste Cart	Two (2) Solid Waste Carts	Three (3) Solid Waste Carts	Four (4) Solid Waste Carts
Distance from Curbside	Base monthly Solid Waste Rate plus	Base monthly Solid Waste Rate plus	Base monthly Solid Waste Rate plus	Base monthly Solid Waste Rate plus
0-100 feet	\$21.00	\$31.72	\$60.44	\$89.16
101-150 feet	\$24.00	\$34.72	\$63.44	\$92.16
151 – 200 feet	\$27.00	\$37.72	\$66.44	\$95.16
201 – 250 feet	\$30.00	\$40.72	\$69.44	\$98.16
251 – 300 feet	\$33.00	\$43.72	\$72.44	\$101.16
301 feet or more	\$36.00	\$46.72	\$75.44	\$104.16

Unscheduled Service Category	Cost	Description of Cost
Distance Charge for Commercial Accounts	A – 10% of base monthly Rate B – 25% of base monthly Rate	A – 51 to 100 feet from access by Contractor's collection vehicle B – 101 feet or more from access by Contractor's collection vehicle
Extra Pick-up Cost for Commercial Customers	25% of the base monthly Rate for the size of Container Collected once per week	Per Collection event
Single-Family Return Trip Cost (i.e., request to provide Collection service after the regularly scheduled Collection day)	\$15.00	Per Collection event
Additional Targeted Recyclable Materials or Organic Materials Cart Rental or Purchase (in addition to the two Organic Material carts and one Recyclable Materials cart)	A – \$18.00 each for 1 or 2 additional cans \$22.00 each for 3 or more additional cans B - \$3.00 C – \$63.00 D – \$69.00	A – monthly rental fee (any size Cart) for Organic Materials Carts B – monthly rental fee (any size Cart) for Targeted Recyclable Materials Carts C – Customer purchase of a 64 gallon Cart D – Customer purchase of a 96 gallon Cart
Fee for Service On-Call Bulky Item Collection Service	\$81.55 per the 3 rd occurrence Residents receive first 2 for free	Per event (after the 2 nd event)
Overage Fee	100% of the base monthly Rate	Per Collection event
Overage Bags Cost	50% of the base monthly Rate or \$8.00 minimum	Per bag
Container Cleaning Fee	A – \$50.00 B – \$85.00	A – per Cart B – per Bin or Drop-Box
Dirty Cart Replacement Cost	A – \$65.00 B – \$75.00 C – \$85.00	A – per 32 gallon Cart B – per 64 gallon Cart C – per 96 gallon Cart

SECTION 3. The City Council hereby declares that it would have passed this Ordinance, sentence by sentence, paragraph by paragraph, and section by section, and does hereby declare that any provisions in this Ordinance are severable and, if for any reason any sentence, paragraph or section of this Ordinance shall be held invalid, such decision shall not effect the validity of the remaining parts of this Ordinance.

SECTION 4. This Ordinance was approved by a 2/3 vote of the City Council pursuant to Health & Safety Code section 5471.

SECTION 5. This Ordinance shall take effect thirty (30) days after adoption as provided by Government Code section 36937.

SECTION 6. This Ordinance shall be published once fifteen (15) days after its passage in a newspaper of general circulation, printed, published and circulated in the City in accordance with Government Code section 36933.

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Introduced at a regular meeting of the City Council held on October 19, 2016, and passed and adopted by the City Council of the Town of Atherton on the ~~19th~~-16th day of ~~October~~November, 2016 by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

Elizabeth Lewis, Mayor
Town of Atherton

ATTEST:

Theresa DellaSanta
City Clerk

APPROVED AS TO FORM:

William B. Conners
City Attorney