



Item No. 14 Town of Atherton

CITY COUNCIL STAFF REPORT – PUBLIC HEARING

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

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: APRIL 19, 2017

SUBJECT: SECOND READING AND ADOPTION OF ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ATHERTON TO DECREASE RESIDENTIAL GARBAGE CART RATES IN THE TOWN OF ATHERTON

RECOMMENDATION

Waive further reading and adopt ordinance decreasing residential garbage cart rates in the Town of Atherton.

BACKGROUND

The Atherton refuse Subcommittee held discussions of the possible upcoming RFP process for refuse hauling franchise agreement and rate reductions for garbage cart rates. The committee recommended that the Council consider a reduction in residential garbage cart rates. With the present balance of the Rate Stabilization Fund, the committee recommends that it is appropriate to reduce the residential garbage cart rates. The recommendation is to decrease the respective fixed cart rates for the black garbage container, which includes no additional charge for recycled materials or green waste collection. The proposal calls for a 10 percent (10%) reduction in the current rates.

Member agencies are obligated to set rates to generate the revenue needed to offset the contractor's (Recology) compensation, the pass-through cost components of disposal expense, and agency fees. Agencies that set rates lower than needed and experience a shortfall in revenue are liable for future interest rate charges from Recology.

The Town conducted a public hearing and introduced the attached ordinance at the regular Council meeting on March 15, 2017. Based on the present rate structures, the following is the calculation for Residential Garbage Cart Rates and are included the ordinance:

Cart Size	Current Rate	Proposed New Rate
20 Gallon	\$27	\$25
32 Gallon	\$55	\$50
64 Gallon	\$102	\$93
96 Gallon	\$152	\$138

There is a minimum \$25 monthly flat fee on residential properties regardless of collections size for recycling, organics, waste for a property that uses the services or not (due to vacations/sale of a house/construction etc.). The current rate structure includes a fixed rate for each gallon of refuse, with no additional charge for recycled materials or green waste collection. The proposed new rates would look as follows:

Cart Size	Current Rate	Flat Fee	PLUS Standard Cart rate	Total Current/NEW Rate
20 Gallon	\$25	\$25		\$25
32 Gallon	\$50	\$25	\$25	\$50
64 Gallon	\$93	\$25	\$68	\$93
96 Gallon	\$138	\$25	\$113	\$138

Residential customer accounts will see a decrease in refuse garbage rates based on the above respective carts of 10%. The Town’s rate structure allows a resident to obtain additional green carts. These rate structures will remain the same for the 3rd and 4th carts and carts 5 and above.

Attached is an Ordinance adjusting only the Residential Refuse Garbage Rates.

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 the fee adjustment provisions of 10 day notice for public hearings to consider a proposed amendment to the ordinance.

FISCAL IMPACT

Assuming a static number of carts, the recommended fee change per residential garbage cart use includes a *decrease* of \$16,336 per month or approximately \$196,032 per year. As mentioned in the staff report, the Town has a Rate Stabilization Surplus Fund balance of \$1,179,053 and is anticipated to receive a surplus for the 2016 rate year. The Town is well within the parameters to use the rate stabilization surplus for any true up of if there arises a deficiency of garbage rate revenue to operations expenses.

The Subcommittee believes that the recent changes in rate structure reflect a more accurate cost recovery model. Further, that with the pending franchise renewal, the Town’s residents will be in a better position to whether any true-up that might occur.

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 provides (water, power, and sewer), and regional elected officials.

ATTACHMENTS

Ordinance

ORDINANCE XXX

AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ATHERTON AMENDING THE RATES SET FORTH IN ORDINANCE 621 TO DECREASE THE RESIDENTIAL GARBAGE RATES

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

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, the Town has reviewed and approved rates on November 16, 2016 by Ordinance 621, that Franchisee may charge for these solid waste/recycling collection services; and

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

WHEREAS, the Town has posted a public hearing notice of the proposed rate decreases, including the date, time and location of a public hearing not less than 10 days before said public hearing; and

WHEREAS, the Town held the duly noticed public hearing and considered any and all comments;

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. The revenues derived from the decrease in residential garbage 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 the decrease in residential garbage 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.
- D. The only adjustments are to residential garbage cart rates.
- E. The solid waste/recycling collection services are presently available.

SECTION 2. Beginning on the effective date of this Ordinance, the residential garbage cart collection rates are amended as listed below.

Residential Rates:

Black Garbage Container	Rates
20 gallon	\$25.00
32 gallon	\$50.00
64 gallon	\$93.00
96 gallon	\$138.00

Minimum Monthly Flat Fee:

Cart Size	Current Rate	Minimum Monthly Flat Fee	PLUS Standard Cart rate	Total Current Rate
20 Gallon	\$25	\$25		\$25
32 Gallon	\$50	\$25	\$25	\$50
64 Gallon	\$93	\$25	\$68	\$93
96 Gallon	\$138	\$25	\$113	\$138

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 affect 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 March 15, 2017, and passed and adopted by the City Council of the Town of Atherton on the 19th day of April, 2017 by the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

COUNCIL MEMBERS:
COUNCIL MEMBERS:
COUNCIL MEMBERS:
COUNCIL MEMBERS:

Michael Lempres, Mayor
Town of Atherton

ATTEST:

Theresa DellaSanta
City Clerk

APPROVED AS TO FORM:

William B. Conners
City Attorney