



Item No. 14 Town of Atherton

CITY COUNCIL STAFF REPORT – PUBLIC HEARINGS

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

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: NOVEMBER 18, 2015

**SUBJECT: PUBLIC HEARING ON RECOMMENDED INCREASE TO GREEN
WASTE RATES, DECREASE IN GARBAGE CART RATES, AND
ESTABLISHING A MINIMUM SERVICE FLAT RATE PER RESIDENT IN
THE TOWN OF ATHERTON**

RECOMMENDATION

- 1) Conduct the Public Hearing regarding the proposed increase in green waste rates, decrease in Garbage cart rates and establishing a minimum service flat fee rate for the Town of Atherton; tabulate any protests received; and
- 2) If appropriate, introduce the attached Ordinance for first reading, an Ordinance of the City Council of the Town of Atherton Setting Refuse Collection Rates.

BACKGROUND

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. A member of the City Council sits on the SBWMA Board of Directors and the City Manager sits on the SBWMA Technical Advisory Committee. 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 August 27 to discuss the refuse rate setting process and the following items:

1. Cart Migration-Member Agencies
2. Rate Application for 2016
3. Standard Flat Fee per Household

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 committee also recommended a decrease in garbage rates for the 64 and 96 Gallon carts and proposed an

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establishing a minimum \$25 monthly flat fee on residential properties regardless if refuse service is temporarily not in use. This was to establish a fee for residents that do not have service due to vacation holds, sale of a house or under construction.

Pursuant to the requirements of Proposition 218, staff mailed Notices of the proposed green cart rate increases, decrease in garbage rates, and establishing a minimum service flat fee rate 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 November 18. 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 two written protests.

ANALYSIS

The Refuse committee discussed and reviewed The SBWMA cart migration and residential rates versus cost analysis. Cart migration denotes changing of cart sizes, and as a result is dependent on the resident as they may change their service levels. As a general assumption cart migration may result in less revenue being generated to meet the cost of disposal. In reviewing the number of carts in service within the Town of Atherton, the result was migration of 4 carts within all residential service levels. Based on SBWMA analysis for 2014 to 2015, the revenue impact has been minimal, resulting in positive annualized revenue of \$7,944. The 64 gallon cart size maintains this positive surplus as seen below.

Single-Family Residential Collection Service Levels and Revenue Summary								
SOLID WASTE COLLECTION SERVICE ONLY								
Member Agency: ATHERTON								
2015 vs 2014								
Service Levels	March 2014		March 2015		Year-Over-Year Variance		Revenue Impact: 2015 vs 2014	
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	March 2015 vs March 2014	Number of Carts	Percent of Carts	Monthly Revenue
20 gallon	454	19.4%	452	19.3%	-2	-0.4%	\$ (54)	\$ (648)
32 gallon	913	39.0%	911	38.9%	-2	-0.2%	\$ (110)	\$ (1,320)
64 gallon	585	25.0%	594	25.3%	9	1.5%	\$ 990	\$ 11,880
96 gallon	388	16.6%	387	16.5%	-1	-0.3%	\$ (164)	\$ (1,968)
TOTAL	2,340	100.0%	2,344	100.0%	4	0.2%	\$ 662	\$ 7,944
% Change			0.2%				0%	

The committee reviewed the cart uses and rates with the possibility of adjusting certain cart rates based on disposal cost. The Town of Atherton has approximately 2500 households. As is illustrated above we have 2,344 cart programs in service and some of attrition is due to residential vacancies and construction holds. In reviewing and setting rates, the disposal expense and agency fees for

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service are examined to understand the revenue requirement for refuse services. The committee reviewed the 2015 Garbage rates to the SBWMA 2016 Collection and Disposal Cost per month. The committee analyzed the dollar variance of the current rate charges to the actual costs, and it was revealed that the 20 and 32 gallon cart sizes had greater disposal costs than actual rates collected. The Town has progressive rates as the smaller carts sizes of 20 and 32 gallons historically were set in discounts in relation to actual cost for service. Below is a chart reflecting the residential service rates and costs for the Town:

A.	Garbage Cart Sizes	2015 Garbage Cart Rates	
	20 gallons	\$	27.00
	32 gallons	\$	55.00
	64 gallons	\$	110.00
	96 gallons	\$	164.00
B.	Garbage Cart Sizes	2016 Collection and Disposal Cost per Month	
	20 gallons	\$	84.41
	32 gallons	\$	85.82
	64 gallons	\$	89.57
	96 gallons	\$	93.32
C.	Garbage Cart Sizes	Dollar Variance of 2015 Rate Charged vs. 2016 Actual Cost	
	20 gallons		(\$57.41)
	32 gallons		(\$30.82)
	64 gallons		\$20.43
	96 gallons		\$70.68

Garbage Cart (64 & 96 Gallon) rate decrease

Based on the cart collection costs and rates variance, the refuse subcommittee recommended an adjustment to the garbage cart sizes for the 64 and 96 gallon carts. This was to compress these cart level rates and decrease the variance gap to the smaller cart sizes. The recommendation was to reduce the rates as follows:

Cart Size	Current Rate	Proposed New Rate
64 Gallon	\$110	\$102
96 Gallon	\$164	\$152

The proposal is to reduce the 64 gallon cart by \$8 and the 96 gallon cart by \$12. The total number of 64 gallon carts is 594 and for 96 gallon carts are 387. If the number of 64 and 96 gallons carts maintains, the proposed rate decrease is a reduction of \$9,408 per month in revenue per these cart collection services. *The Subcommittee recommends that all other residential garbage refuse rates be maintained at their current levels.*

Cost-Alignment Green Cart Collection

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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. This is the CartSMART program and is the weekly garbage, recycle and compost collection services. The Town’s rate structure allows a resident to obtain additional green carts. Currently a 3rd and 4th green cart rate is at \$11 each and for the 5th cart or above, the rate is \$18 each. Actual collection costs for each cart is approximately slightly above \$19. 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	\$11 each	\$15 each
Carts 5 and above	\$18 each	\$20 each

With the above rate structure the Town is seeking to increase the rate for Carts 3 and 4 by \$4. With carts 5 and above, the rate increase is \$2. The total number of additional Green carts 3 & 4 are 1,424 and for Green carts 5 and above are 390. If the number of Green carts at 3 and above maintains, the proposed increase is an additional \$7,746 per month in revenue per green cart collection service. Staff and Committee recommend as cost model fairness for green carts, it is beneficial that the Town of Atherton seek to get closer to full cost recovery.

Standard Flat Fee per Household

The committee discussed the need to establish a standard flat fee for residents regardless if there is active or inactive refuse service at the parcel. This is to address properties that do not have service because of vacancy, under construction holds, and vacation holds. The committee discussed establishing a minimum \$25 flat fee per residential property. *This flat fee is not an additional increase to refuse rates. Rather it is built into the current rates and allows for a minimum collection of \$25 for those properties that have vacation hold, vacancy, or are under construction.* As we discussed earlier there are approximately 2,500 residential properties in Atherton, and there are 2,344 that have cart services. Approximately 156 properties are not being charged for refuse service. The proposed new rates would look as follows:

Cart Size	Current Rate	Flat Fee	PLUS Standard Cart rate	Total Current/NEW 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

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

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1. Those residents that have the 64 Gallon and 96 Gallon Garbage Cart sizes will see a reduction in their rates by \$8 and \$12 respectively.
2. The only residents that will be affected by Green Cart increases are those that have more than 2 Green Carts.
3. With the inclusion of the flat fee of \$25, the current Garbage rates still remain the same.

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

- A. The revenues derived from the increased green waste collection rates, the reduction in garbage carts rates for sizes 64 and 96 gallons, and establishing a minimum service flat fee do not exceed the funds required to provide refuse services pursuant to the Solid Waste/Recycling Collection Agreement.
- B. The revenues derived from the increased green waste collection rates, the reduction in garbage carts rates for sizes 64 and 96 gallons, and establishing a minimum service flat fee 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, Garbage Cart 64 Gallon and 96 Gallon, and establishing a \$25 minimum flat rate fee.

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, this is a revenue *decrease* of \$9,408 per month for garbage carts 64 and 96 gallons. The recommended fee change per green waste cart use includes an *increase* of \$7,746 per month. Recommended proposal of a minimum flat service fee of \$25 with estimated residents of 156 not in service includes an increase of \$3,900 per month. With the total recommended fee changes the total fiscal impact is an increase of \$2,238 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

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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 610 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 November 18, 2015 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 organic rates to reflect a cost model closer to full cost recovery; adjustment to garbage cart rate sizes 64 and 96 gallons; and establishing a minimum \$25 monthly flat fee on residential properties;

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

WHEREAS, the Town has identified the parcels upon which the increased green cart collection, decreased garbage cart sizes 64 and 96 gallon rates, and minimum \$25 monthly flat fee rate 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, decreased garbage cart sizes 64 and 96 gallon rates, and minimum \$25 monthly flat fee rate 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. The revenues derived from the increased green waste collection rates, the reduction in garbage carts rates for sizes 64 and 96 gallons, and establishing a minimum service flat fee do not exceed the funds required to provide refuse services pursuant to the Solid Waste/Recycling Collection Agreement..

B. The revenues derived from the increased green waste collection rates, the reduction in garbage carts rates for sizes 64 and 96 gallons, and establishing a minimum service flat fee will not be used for any other purpose other than pursuant to Solid Waste/Recycling Collection Agreement.

C. The revenues derived from the increased green waste collection rates, the reduction in garbage carts rates for sizes 64 and 96 gallons, and establishing a minimum service flat fee do not exceed the proportional cost of the service to each parcel.

D. The only adjustments are to residential garbage and organic rates This includes a minimum \$25 monthly flat fee on residential properties. The remaining rates remain the same as approved in Ordinance 610 and incorporated herein.

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, 64 and 96 garbage cart rates, and minimum monthly flat fee will be established as listed below. The rate schedule includes a fixed rate for each container of refuse, with no additional charge for recycled materials or green waste collection.

Residential Rates:

Black Garbage Container	Rates	Proposed New Rate
20 gallon	\$27.00	\$27.00
32 gallon	\$55.00	\$55.00
64 gallon	\$110.00	\$102
96 gallon	\$164.00	\$152

Minimum Monthly Flat Fee:

Cart Size	Current Rate	Minimum Monthly Flat Fee	PLUS Standard Cart rate	Total Current/NEW 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	\$194	\$165
1-1 Yard	\$210	\$179
1-2 Yard	\$420	\$357
1-3 Yard	\$580	\$493
1-4 Yard	\$650	\$553
1-6 Yard	\$870	\$740
1-8 Yard	\$1,160	\$986

**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			
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 – \$15.00 each for 1 or 2 additional cans \$20.00 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

Unscheduled Service Category	Cost	Description of Cost
Dirty Cart Replacement Cost	A – \$65.00	A – per 32 gallon Cart
	B – \$75.00	B – per 64 gallon Cart
	C – \$85.00	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.

* * * * *

Introduced at a regular meeting of the City Council held on November 18, 2015, and passed and adopted by the City Council of the Town of Atherton on the 18th day of November, 2015 by the following roll call vote, to wit:

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

 Rick DeGolia, Mayor
 Town of Atherton

ATTEST:

 Theresa DellaSanta
 City Clerk

APPROVED AS TO FORM:

William B. Conners
City Attorney