



Legislation Text

File #: 19-638, **Version:** 1

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SUBJECT: Draft Report of the Solid Waste Collection and Related Services Rate Study with R3 Consulting Group, Inc., and Request to Set a Public Hearing Following the Proposition 218 Notification

REPORT IN BRIEF

Presentation of the Draft Solid Waste Collection and Related Services Rate Study.

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving the Solid Waste Collection and Related Services Rate Study Report; and,
- B. Selecting Scenario 3 and specifying with OR without an additional litter abatement program; and,
- C. Authorizing staff to proceed with the Public Notification process following Proposition 218 guidelines; and,
- D. Setting a Public Hearing for February 3, 2020, at 6:00 PM to approve the amended rates.

ALTERNATIVES

- 1. Select Scenario 1, specifying with or without an additional litter abatement program; or,
- 2. Select Scenario 2, specifying with or without an additional litter abatement program; or,
- 3. Deny the Solid Waste Collection and Related Services rate changes as recommended; or,
- 4. Refer back to staff for further study; or,
- 5. Continue action until a future City Council meeting, specifying date.

AUTHORITY

Article II, Section 200, and Article IV, Section 405 of the Merced Municipal Code, and Article XIII of the California State Constitution in accordance with MMCC, Title 15.

CITY COUNCIL PRIORITIES

As provided for in the Fiscal Year 2019/2020 Adopted Budget.

DISCUSSION

The City's Solid Waste Collection and Related Services are considered a self-supporting enterprise fund where revenue is derived primarily from refuse, recycling and green waste collection service. Rates for collection services were last revised January 2015 with minimally set annual increases through December 2019. While the Solid Waste Division has been maximally efficient with funds and resources, due to operation changes beyond our control and increased costs, the current rate structure is no longer capable of sustaining on-going operations and maintaining appropriate reserves, as a result the City sought to have a solid waste rate study and financial plan analysis.

On June 4, 2018, Council approved an agreement with R3 Consulting Group, Inc., (R3) to produce an amended 5-year revenue program with rate adjustments structured to meet the projected needs of the City, including future growth, capital improvement projects, and achieving adequate reserves.

The City's solid waste services are not limited to refuse, recycling and green waste collection for residential and commercial customers; it also includes assisted pack-out service, alley cleanup/illegal dumping, encampment cleanup, Spring Clean-Up, bulky waste pickup, tire removal, street sweeping/leaf collection, Christmas tree removal, Street trees, and the newly added year-round Bulky Item Drop-off site.

In addition to our current services, R3 had to account for rare adjustments in the form of state mandated programs geared toward the commercial sector, such as mandatory organic waste diversion and food waste diversion programs; replacement of equipment to meet California Air Resources Board compliance; recycling market changes; and, community litter abatement programs.

Per staff request and with guidance from the City Council Utility Committee, R3 prepared 2 versions of 3 scenarios; one version with a community litter abatement program and one version without a community litter abatement program. R3 will present to Council the Draft Report of the Solid Waste Collection and Related Services Rate Study (attachment 1), and review both versions of the 3 scenarios.

We are one of many communities facing rate increases to accommodate service needs. In the report, a service comparison shows our residential service 11% higher than the average of similar communities; however, our commercial service shows 51% lower. This analysis points towards selecting scenario 3, as this scenario has the majority of the increase focused on the commercial services.

Staff is seeking Council's approval to accept the proposed Draft Report of the Solid Waste Collection and Related Services Rate Study with staff recommendation of scenario 3 and to proceed with the Proposition 218 process. The Proposition 218 process involves public notification of proposed refuse rate changes and a 45-day wait period prior to the public hearing. Allowing for time to produce and distribute the notification and waiting period, staff is requesting the date for public hearing be set for February 3, 2020.

IMPACT ON CITY RESOURCES

No appropriation of funds is needed.

ATTACHMENTS

1. Draft - Final Report on the 2018 Solid Waste and Related Services Rate Study

2. Presentation