



City of Biggs

Agenda Item Staff Report for the Regular City Council Meeting: February 13, 2018

TO: Honorable Mayor and Members of the City Council
FROM: Mark Sorensen, City Administrator
SUBJECT: Refuse Collection Service Rate Adjustment

Council will consider proposed adjustments to refuse collection service rates which are expected to result in increased service fees for revenue generation sufficient to balance refuse collection service costs.

Background

The last revision to refuse collection service rates became effective January 2012. However, contractual service costs have increased since that time based upon cost escalations contained within the Waste Management service agreement. To date, the City has absorbed those cost escalations. This has resulted in a cumulative refuse fund deficit (Fund 060) of approximately \$23,000.

The City of Biggs has historically utilized a model whereby it effectively resells the collection service provided by a service provider. The City of Biggs provides the customer billing and the administration of the service program, and charges a rate to its customers which includes the administration costs as reflected in the City budget (Fund 060). The refuse fund also makes an annual contribution to road maintenance, based on wear and tear resulting from refuse collection vehicle traffic.

The following table reflects the USA Waste of California (AKA: "Waste Management" or "WM") contract rates to the City of Biggs (AKA: wholesale cost). The table includes the service rate in 2006, the current rate, and the new rates based upon the new agreement:

	2006	Current	Effective Jan 2018
32 Gallon Refuse	\$14.26	\$18.74	\$18.82
64 Gallon Refuse	\$19.06	\$24.90	\$24.98
96 Gallon Refuse	\$23.50	\$30.63	\$30.71

In addition to the basic service items listed above, the new contract includes additional services for items such as extra recycling and yard waste bins beyond the second and valet service which need established rates.

The new contract provides for cost escalations as did the previous contract.

The proposed actions represent the city's effort to equitably: (1) halt and eliminate the Fund 060 deficit; (2) provide that refuse collection service rates are established in amounts sufficient to pass through current contract costs; and, (3) pass through any implemented refuse collection contract cost increases.

Proposed Rate Schedule

Based upon the current number of subscribers, service levels, current operating costs, the need for road maintenance revenue of approximately \$10,000 annually, elimination of the accumulated fund deficit, City Staff recommends the following rates.

	Current	Proposed
32 Gallon Refuse	\$21.02	\$23.54
64 Gallon Refuse	26.60	31.24
96 Gallon Refuse	31.76	38.40
1 st Additional Recycling	0	0
1 st Additional Yard Waste	0	0
Additional Recycling Cart	0	3.34
Additional Yard Waste Cart	0	3.34
On Premise Collection 6-25'	n/a	3.12
On Premise Collection 26-50'	n/a	9.38
On Premise Collection 51-100'	n/a	18.76
On Premise Collection 101'+	n/a	27.06

**Recommendation: Approve Ordinance Number 413
An Ordinance Increasing Refuse Collection Service Rates**

ORDINANCE NO. 413

AN ORDINANCE INCREASING REFUSE COLLECTION SERVICE RATES

WHEREAS, on October 10, 2017, the City Council awarded the City's next refuse collection contract to Waste Management; the new contract began on January 1, 2018; and,

WHEREAS, the City pays Waste Management to provide the refuse collection services and the City is reimbursed by the customers; however, the City is paying more to the Waste Management than it receives from the customers; and,

WHEREAS, the last revision to refuse collection service rates became effective January 2012; and,

WHEREAS, the contractual refuse collection service costs have increased since that time based upon cost escalations contained within the Waste Management service agreement; to date, the City has absorbed those cost escalations and this has resulted in a cumulative loss to the City of approximately \$23,000; and,

WHEREAS, the City has historically utilized a model whereby it effectively resells the refuse collection service provided by a service provider; and,

WHEREAS, the City provides the customer billing and the administration of the refuse collection service program, and charges a rate to its customers which includes the administration costs as reflected in the City budget; the refuse fund also makes an annual \$8,000 contribution to road maintenance, based on wear and tear resulting from refuse collection vehicle traffic; and,

WHEREAS, the proposed increases are necessary to (1) stop the loss of City revenue and eliminate current deficit; (2) provide that refuse collection service rates are established in amounts sufficient to pass through current contract costs; and, (3) pass through any implemented refuse collection contract cost increases; and,

WHEREAS, the City has mailed notice to all record owners of properties responsible for refuse collection charges, wherein the City provided written notice of the proposed charges, the amount of the proposed charges, the basis for the calculation, the reason for the charge, and the date, time, and location for a public hearing not less than 45 days after the notice; and,

WHEREAS, on Tuesday, February 13, 2018, at 6:30 PM, the City Council held the duly noticed public hearing and considered any and all property owner protests all in accordance with the procedures previously adopted by the Biggs City Council; and,

WHEREAS, written protests against the refuse collection service rates were not presented by a majority of owners of the identified parcels;

NOW, THEREFORE, the City Council of the City of Biggs does ordain as follows:

SECTION 1: Proposition 218.

In accordance with Article XIII D, Section 6(b), of the California Constitution, the City Council finds that:

A. The revenues derived from the refuse collection service charges shall not exceed the funds required to provide refuse collection service, because the rates are calculated to allow the City to recover its costs.

B. The revenues derived from the refuse collection service charges will not be used for any purpose other than that for which the charge is imposed.

C. The amount of the charge does not exceed the proportional cost of the refuse collection service charges attributable to each parcel, because it is based upon the cost of such service.

D. The refuse collection service charges will not be imposed upon parcels for which refuse collection service is not available.

SECTION 2: Rates.

The following refuse collection service charges are hereby adopted:

Container	Rate
32 Gallon Refuse	\$23.54
64 Gallon Refuse	31.24
96 Gallon Refuse	38.40
1 st Additional Recycling	0
1 st Additional Yard Waste	0
Additional Recycling Cart	3.34
Additional Yard Waste Cart	3.34
On Premise Collection 6-25'	3.12
On Premise Collection 26-50'	9.38
On Premise Collection 51-100'	18.76
On Premise Collection 101'+	27.06

SECTION 3. Rate Adjustment

In addition to the rates set forth above, the rates shall be adjusted for the duration of the Waste Management contract pursuant to a pass-through service rate cost adjustment linked directly to the cost adjustments set forth in the current Waste Management contract. The amount of any such adjustment shall be limited to and only effective upon actual implementation by Waste Management.

SECTION 4: Severability.

The City Council hereby declares that every section, paragraph, sentence, clause and phrase is severable. If any section, paragraph, sentence, clause or phrase of this Ordinance is for any reason found to be invalid or unconstitutional, such invalidity, or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses or phrases.

SECTION 5: Effective Date.

This ordinance shall be in full force and effective 30 days after its adoption and shall be published and posted as required by law.

I HEREBY CERTIFY that the above and foregoing Ordinance was duly and regularly introduced and read at a regular meeting held on the Thirteenth of February 2018 and **DULY AND REGULARLY ADOPTED** the Thirteenth of March, 2018 by the following vote, to wit:

YES: COUNCILMEMBER: _____

NOES: COUNCILMEMBER: _____

ABSENT: COUNCILMEMBER: _____

ABSTAIN: COUNCILMEMBER: _____

ATTEST:

APPROVED:

Roben Benish
CITY CLERK

Angela M. Thompson
MAYOR