



# Solid Waste Rate Adjustments

Tim Eriksen, Public Works Director

Dan Buffalo, Finance Director

October 4, 2017



# Items for Consideration

1. Review and revision of current rate schedules
  1. Curbside collection
  2. Transfer station
2. Initiation of noticing
  1. Prop 218 process to adjust residential curbside collection rates
  2. City code section 3953 rate setting requirements
3. Landfill closure financial plan update



# Solid Waste Rates

Review and Revision



# Solid Waste Rates

- ▶ Per current agreement, Solid Wastes Systems/Ukiah Waste Solutions submitted intention to adjust rates in August
- ▶ Identified
  - ▶ changes to marketplace
  - ▶ Unanticipated costs
- ▶ Proposed changes to rate structure



# Solid Waste Rates (cont)

- ▶ Current conditions:
  - ▶ Recycling market has changed dramatically
    - ▶ China is a no-go
    - ▶ New recycling diversions paths needed



# Solid Waste Rates (cont)

- ▶ Cost structure has changed
  - ▶ Increased demand for buyback services requiring additional personnel
  - ▶ Increased drive and wait time at the Potrero landfill
  - ▶ Additional federal and state maintenance regulations at the transfer station
  - ▶ Additional regulatory reporting requirements requiring additional personnel
  - ▶ Additional equipment needs and rising costs in replacement equipment
  - ▶ Processing costs as more recycling streams are rejected by China and diverted



# Solid Waste Rates (cont)

- ▶ Solutions:
  - ▶ Company proposed:
    - ▶ Rate increase across the board
    - ▶ Change to inflationary index used for future rate adjustments
  - ▶ City expressed concerns:
    - ▶ Effects on, and equity to, ratepayers
    - ▶ Questions over Company continuing to provide cost-effective service



# Solid Waste Rates (cont)

- ▶ Reconciled solution (Proposal)
  - ▶ Eliminate 10 and 20-gallon can
  - ▶ Increase minimum charge for curbside collection
    - ▶ From \$5.25 to \$10.00
  - ▶ Change inflationary index used
  - ▶ Adjust transfers station rates by 5.80%
  - ▶ Decrease residential rates for 32, 68, and 95-gallon cans by 1%
  - ▶ Increase yard bin rates to market
  - ▶ Increase commercial account rates by 5.83%
  - ▶ Establish enclosure fee for commercial accounts (optional service)
  - ▶ New recycle credit/surcharge
  - ▶ Execute current contract extension option and include additional option
  - ▶ Restart five-year rate structure clock





# Prop 218 and City Noticing

Initiation



# Prop 218 Initiation: Adjustment to Curbside Collection Rates

## Purpose:

- ▶ Maintain appropriate curbside service
- ▶ Meet new market realities and diversion goals

## Process:

- ▶ Council approves initiation
- ▶ 45 day protest period
- ▶ Protest procedures adopted by Council
- ▶ Rate methodology and calculation details can be found on City's website
- ▶ Hold public hearing on December 6, 2017
  - ▶ 6:15 PM
  - ▶ Ukiah Civic Center



## Prop 218 Initiation: Adjustment to Curbside Collection Rates (cont)

### Effect:

- ▶ 1% decrease to current ratepayers of 32, 68, and 95-gallon cans
  - ▶ Elimination of future 10 and 20-gallon cans, effective January 1, 2018
    - ▶ 32-gallon can is standard minimum service in region
    - ▶ Current 10 and 20-gallon can users may still keep their receptacles but will be charged the 32-gallon can rate
  - ▶ New rates still 7 to 68 percent lower than comparable rates in neighboring communities

# Prop 218 Initiation: Adjustment to Curbside Collection Rates (cont)

## Ukiah Waste Solutions, Inc.

### Rate Comparison

Effective Date January 1, 2018

Jurisdiction	Monthly Rate	
	32-Gal Cart	2 Yard Bin
<b>City of Ukiah - Proposed</b>	<b>\$18.63</b>	<b>\$207.67</b>
City of Willits	\$22.45	\$261.66
Brooktrails	\$31.31	\$268.62
City of Clearlake	\$19.99	\$239.96
City of Lakeport	\$21.98	\$300.86
City of Fort Bragg	\$23.92	\$284.06
Ukiah Valley WM	\$23.62	\$286.24
City of St. Helena	\$25.01	\$278.98
City of Calistoga	\$25.89	\$336.90
Armanino Llp Rate Survey - Average	\$31.86	\$285.66
46 participants in Central & Northern CA		
<b>Proposed 2018 City of Ukiah Rate</b>	<b>\$18.63</b>	<b>\$207.67</b>

**Note:** rates of neighboring communities are for 2017 and may be subject to increases in 2018



# City Rate-Setting Requirements: Ukiah City Code Sections 3950-3957

- ▶ Process
  - ▶ City Manager written report (ASR)
  - ▶ 10 day notice in paper of general circulation
  - ▶ Hold public hearing on December 6, 2017
    - ▶ 6:15 PM
    - ▶ Ukiah Civic Center

An orange arrow points to the right, and several thin, curved green lines sweep upwards from the bottom left corner. The background is a light beige gradient.

# Questions