



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 13

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TO: City Council
FROM: Drew Corbett, City Manager
PREPARED BY: Public Works Department
MEETING DATE: November 21, 2022
SUBJECT:
2023 Solid Waste Collection Rates – Increase

RECOMMENDATION:

Adopt a Resolution to establish maximum rates for solid waste, recycling, and organic collection for Rate Year 2023.

BACKGROUND:

The City's Solid Waste Program (Program) includes waste diversion and trash reduction efforts, litter and illegal dumping abatement, and ensures compliance with all county, regional, state, and federal regulations. Solid waste, recycling, and compost collection services are available to all residents and commercial businesses in the City.

Each year, Council approves the solid waste, recycling, and compost collection rates to cover the cost of these services. These costs include collection services provided by Recology San Mateo County; disposal and processing fees by South Bay Recycling, LLC; and City fees, which include the City's Program, street sweeping, trash capture capital, and landfill closure costs.

Historically, the City followed a progressive rate structure that was directly correlated to the amount of waste generated (i.e., the more waste generated, the greater the per-gallon cost). However, solid waste rates are required by law to be proportional to the cost of providing the service attributable to the parcel. Currently, single-family residential rates do not cover their cost-of-service, while larger container commercial and multifamily rates do cover their cost-of-service.

In 2021, the City began a transition to realign rates to reflect true cost-of-service and will gradually increase rates to ensure each customer class pays for its true cost-of-service. The rates proposed for 2023 reflect larger increases for smaller containers because their difference between current rates and true cost of service is much larger. For example, the current rate for a residential 20-gallon cart is \$19.59 and the cost-of-service is \$49.39, a 152% difference. The current rate for a 96-gallon cart is \$87.08 and the cost-of-service is \$98.79, a 13% difference.

Rate Setting Procedure - Council reviews service rates for solid waste, recycling, compost collection and disposal services, and City fees annually; and establishes the maximum rates to be charged by the City's franchisee, Recology San Mateo County (Recology).

The City follows the "majority protest" proceedings for increasing property-related fees and charges set forth in Article XIID of the California Constitution (Proposition 218). These requirements include a mailed notice sent at least 45 days prior to the public hearing at which the Council considers whether to adopt or increase the proposed rates.

Statements of protest will be accepted through the end of the public hearing on November 21, 2022. At the end of the public hearing, the City Clerk will tally and report the qualifying written protests and the Council will certify whether the

written protests in opposition to the increase meet or do not meet the 50 percent protest threshold. In accordance with Proposition 218, a "majority protest" exists if written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels. If a majority protest is not received, the Council may then approve adoption of the increased rates. If a majority protest is received, the City cannot increase the rates and the rates will remain unchanged.

During the October 3, 2022, Council meeting, staff recommended the following rate increases effective January 1, 2023: (1) a not-to exceed \$4.00 per month increase for 20- and 32-gallon residential garbage cart rates; and (2) a not-to-exceed \$2.00 increase for 64- and 96-gallon residential garbage cart rates and 20-and 32-gallon commercial garbage cart rates. The new maximum rates to be charged by the franchisee for the residential and commercial solid waste program are detailed in Exhibit A of Attachment 1 – Resolution. On October 7, 2022, notice (Attachment 2) of the proposed increases and the public hearing was mailed to all property owners and Recology solid waste customers in the City.

2023 Rate Impact for Residential and Commercial Ratepayers - Residential solid waste rates for all three collection services (recycling, organic, and garbage) are based upon the size of the resident's garbage cart. Approximately 80 percent of the City's residents have a 20- or a 32-gallon garbage cart. Commercial rates vary greatly depending on the level of service requested. Table A below summarizes the current and proposed 2023 monthly rates for residential and the most common service level (one collection per week) rates for commercial collection services.

Table A - 2022-2023 Residential and Commercial Solid Waste Rate Changes

Size of Collection Cart/Bin	2022 Current Monthly Rate	Proposed 2023 Monthly Rate	Monthly Difference
Residential Cart Rates			
20 Gallon Cart	\$19.59	\$23.59	\$4.00
32 Gallon Cart	\$28.93	\$32.93	\$4.00
64 Gallon Cart	\$56.93	\$58.93	\$2.00
96 Gallon Cart	\$87.08	\$89.08	\$2.00
Commercial Cart Rates			
20 Gallon Cart	\$23.49	\$25.49	\$2.00
32 Gallon Cart	\$35.18	\$37.18	\$2.00
64 Gallon Cart	\$64.26	\$64.26	\$0.00
96 Gallon Cart	\$94.47	\$94.47	\$0.00
Commercial Rates (1 collection per week)			
1 Yard	\$170.18	\$170.18	\$0.00
2 Yard	\$340.45	\$340.45	\$0.00
3 Yard	\$510.65	\$510.65	\$0.00
6 Yard	\$1,021.31	\$1,021.31	\$0.00

BUDGET IMPACT:

If the proposed rate adjustments are approved, the Solid Waste Program's revenues will increase in alignment with the costs of service and implementation of the Program.

ENVIRONMENTAL DETERMINATION:

This action by the City in setting the maximum rates to be charged by Recology San Mateo County relates to funding an on-going solid waste collection service and is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (CEQA Guidelines Section 15378(b)(4).)

NOTICE PROVIDED

Notice of the proposed maximum increase in solid waste rates and the November 21, 2022 public hearing was mailed to all property owners and Recology customers on October 7, 2022. This meets the 45-day notification requirement.

ATTACHMENTS

Att 1 – Proposed Resolution

Att 2 – Notice of Public Hearing

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