Adoption of a Resolution Setting Rates for Overall Solid Waste Services and Annual Clean-up Campaign in the Exclusive Franchise Area

Public Hearing

Item #9. – 21-1163

May 25, 2021

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Overview

1. Background
2. Residential solid waste rates
3. Garbage bin and commercial rates
4. Countywide rate analysis
5. Services billed by MTWS
6. Rate assistance program
7. Clean-up Campaign alternatives
8. Recommendations

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Background

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Solid Waste Rates

- Services
  - Garbage
  - Yard Trimmings
  - Residential Recycling
  - Clean-up Campaign (CUC)
- Rates for each service that a customer subscribes to get combined into a bundled rate

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Changes in Market Conditions

- Increased regional labor costs
- Replacement fleets for MTWS & Recology
- Compliance with SB 1383 requirements
- Decline in international recyclables commodities markets due to China's National Sword Policy

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Agreements

- New 15-year agreements approved by Council in 2019
  - –Mission Trail Waste Systems (MTWS)
  - –GreenWaste Recovery (GWR)
  - –Recology South Bay (Recology)
- Republic Services (12/31/24)

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2019 Estimates

Garbage Service Type	FY 21/22 2019 estimate	FY 21/22 rate study	$ Difference	% Difference
32-gallon single-family	$53.90	$49.05	($4.85)	(9.0%)
32-gallon townhouse	$37.40	$36.01	($1.39)	(3.7%)
3-CY bin commercial business customer (includes 96-gallons of recycling)	$384.20	$389.02	$4.82	1.3%
3-CY bin multi-family customer (20 recycle units)	$513.50	$500.62	($12.88)	(2.5%)

- Rate Study necessary to analyze and distribute costs equitably

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R3 Rate Study

- Rate study was presented to Council on March 10, 2021
- Council approved moving forward with rate increases
- Rate study performed to ensure rates are based on the true costs of service and equitable
- Each rate for service incorporates these elements:
  - Compensation paid to service providers for collection
  - Compensation for processing, composting and/or disposal
  - City program costs

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Compensation Adjustments

- Effective July 1, 2021
  - Recology increase @ 12%
  - MTWS increase @ 9%
  - GWR increase @ 2%
  - Republic increase @ 2%

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Residential Solid Waste Rates

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Individual Rate Component Increases

Service Type/% of subscribers	FY 2020/21	FY 2021/22	Change
20-gallon garbage cart (10%)	$12.50	$17.37	$4.87
32-gallon garbage cart (53%)	$20.80	$24.15	$3.35
64-gallon garbage cart (31%)	$38.60	$44.91	$6.31
96-gallon garbage cart (6%)	$56.50	$65.59	$9.09
Yard trimmings	$11.80	$13.04	$1.24
Recycling	$5.30	$5.58	$0.28
CUC	$5.90	$6.28	$0.38

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FY 21/22 Residential Cart Rates

Size	Garbage	Yard Trimmings	Recycling	CUC *	Bundled
20-gallon (SF)	$17.37	$13.04	$5.58	$6.28	$42.27
20-gallon (TH)	$17.37	$0.00	$5.58	$6.28	$29.23
32-gallon (SF)	$24.15	$13.04	$5.58	$6.28	$49.05
32-gallon (TH)	$24.15	$0.00	$5.58	$6.28	$36.01
64-gallon (SF)	$44.91	$13.04	$5.58	$6.28	$69.81
64-gallon (TH)	$44.91	$0.00	$5.58	$6.28	$56.77
96-gallon (SF)	$65.59	$13.04	$5.58	$6.28	$90.49
96-gallon (TH)	$65.59	$0.00	$5.58	$6.28	$77.45

* Customers that don't receive CUC services don't pay the $6.28/mo. charge

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Rate Changes

Garbage Cart Size	FY 20/21 Bundled Rate	FY 21/22 Bundled Rate	$ Change	%Change
20-gallon (SF)	$35.80	$42.27	$6.47	18.1%
20-gallon (TH)	$24.00	$29.23	$5.23	21.8%
32-gallon (SF)	$44.10	$49.05	$4.95	11.2%
32-gallon (TH)	$32.30	$36.01	$3.71	11.5%
64-gallon (SF)	$61.90	$69.81	$7.91	12.8%
64-gallon (TH)	$50.10	$56.77	$6.67	13.3%
96-gallon (SF)	$79.80	$90.49	$10.69	13.4%
96-gallon (TH)	$68.00	$77.45	$9.45	13.9%

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Residential Cart Rate Comparison

	20-gallon	32-gallon	64-gallon	96-gallon
FY 2020/21 countywide avg.	$30.17	$37.46	$64.89	$96.03
FY 2021/22 CSC single-family rate*	$35.99	$42.77	$63.53	$84.21
FY 2021/22 CSC townhouse rate* **	$22.95	$29.73	$50.49	$71.17

* Excludes CSC Clean-up Campaign Cost
** No other city offers reduced townhouse rates

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Garbage Bin and Commercial Rates

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Garbage Bin and Commercial Garbage Cart Rates

- R3 analyzed these rates as part of the solid waste rate study
- Rates set at cost recovery by adding:
  - Compensation paid to MTWS for collection
  - GWR mixed waste processing and Republic disposal costs
  - City program costs
- Primary reasons for increases
  - GWR mixed waste processing for 12 months instead of 6 months
  - MTWS compensation increasing 9%

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Comparison to 2019 Estimates

3 cubic yard dumpster serviced 1 time a week	FY 19/20 (baseline)	FY 20/21 (current)	FY 21/22 (proposed)
Estimated Rates Presented in 2019	$261.60	$322.00	**$384.20**
Actual Rate	$261.60	$322.03	**$389.60**

- Proposed FY 2021/22 in line with 2019 estimate
- Santa Clara's proposed FY 2021/22 bin rates are lower than FY 2020/21 countywide averages

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Garbage Bin Rate Comparison

	1-CY Bin 1 time per week	1-CY Bin 3 times per week	1-CY Bin 5 times per week	3-CY Bin 1 time per week	3-CY Bin 3 times per week	3-CY Bin 5 times per week
FY 2020/21 countywide average	$164.02	$477.40	$786.94	$389.73	$1,144.60	$1,894.12
FY 2021/22 Santa Clara rate	$149.93	$442.56	$728.04	$389.02	$1,137.97	$1,864.40

- Most jurisdictions have a separate charge for organics collection service
- Most jurisdictions anticipate rate increases in FY 2021/22

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Services Billed By MTWS

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Services Billed by MTWS

- Services covered under exclusive franchise agreement which MTWS provides billing services
  - Commercial Recycling
  - Voluntary organic waste service
  - Loose and compacted roll-off debris bin service
- Rates for collection service increasing by about 9% per agreement

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Rate Assistance Program

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Current Rate Assistance Program

- Customers qualify through the Silicon Valley Power (SVP) Rate Assistance Program (400 current customers)
- Council approved increase from $3 to $10 per month on March 10, 2021
  - $3 will continue to be funded by reduction in MTWS tariffs
  - Appropriation of $33,600 from the General Fund needed to cover the additional $7 per month

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Clean-up Campaign Alternatives

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Clean-up Campaign Alternatives

- Council expressed interest in exploring alternatives
- Consultant to develop slate of alternatives that includes costs, service level options, advantages/disadvantages
  - Customer survey
  - Report to Council in late Spring of 2022
  - $75,000 estimated consultant cost

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Recommendations

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Recommendation

1. Adopt a Resolution setting the overall rates to be charged to rate payers for the collection and disposal of garbage, refuse, yard trimmings, recycling, and annual Clean-up Campaign in the exclusive franchise area, effective for the utility bills issued for services rendered on and after July 1, 2021;

3. Authorize the City Manager to incorporate the transfer of $33,600 from the General Fund to the Solid Waste Fund into the Biennial FY 2021/22 and FY 2022/23 Operating Budget and each subsequent operating budget; and

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Recommendation

4. Direct the City Manager to bring forward an amendment to the Proposed Biennial FY 2021/22 and 2022/23 Operating Budget that allocates $75,000 from the Solid Waste Fund unrestricted ending fund balance in FY 2021/22 to hire a consultant to develop alternatives to the current Annual Clean-up Campaign format and conduct a customer survey.

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Questions

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5/25/21

Item 9

GARBAGE RATE HIKES - OUR RESIDENTS DO NOT DESERVE

BY COUNCILMEMBER RAJ CHAHAL

ITEM # 9.21-1163 RESIDENTIAL RATE HIKE ANALYSIS, CITY OF SANTA CLARA

POST MEETING MATERIAL

KEY POINTS TO BE DISCUSSED

1. Steep hike in garbage rates since 2020-2021?
2. Last year's Council Policy decision – is greatly responsible for this hike
3. Opportunity for council to make amends to the policy
4. What we should do now to avoid burdening our residents?
   - Don't cancel but **re-negotiate** the Green Waste Recovery contract
   - Negotiate with Mission Trail Waste Systems for options

RATE COMPARISON: GARBAGE CARTS ONLY

Rate Comparison for Garbage Carts Only					
Garbage Cart Size	Charges 19-20	Charges 20-21	Charges 21-22 (Proj.)	*% Increase 20-21 to 21-22*	*% Increase 19-20 to 21-22*
20 Gallon	$7.43	$12.50	$17.37	***39%***	***134%***
32 Gallon	$14.98	$20.80	$24.15	***16%***	***61%***
64 Gallon	$29.49	$38.60	$44.91	***16%***	***52%***
96 Gallon	$44.00	$56.50	$65.59	***16%***	***49%***

RATE COMPARISON: TOTAL GARBAGE BILL

Rate Comparison for Total Garbage Bill (includes Yard Trimming, CUP, & Recycling fees)					
Garbage Cart Size	Charges 19-20	Charges 20-21	Charges 21-22 (Proj.)	*% Increase 20-21 to 21-22*	*% Increase 19-20 to 21-22*
20 Gallon	$28.74	$35.50	$42.27	*19%*	*47%*
32 Gallon	$36.29	$43.80	$49.05	*12%*	*35%*
64 Gallon	$50.80	$61.60	$69.81	*13%*	*37%*
96 Gallon	$65.31	$79.50	$90.49	*14%*	*39%*

GWR VS SPLIT BIN

GWR vs Split Bin				
Cost Items	Recovery rate (%)	Option with GWR	Projected with Split Bin	Comments
Mission Trail Services		$3,714,300	$3,714,300	Subject to change
Green Waste charges		$2,683,200	$0	
Landfill Disposal cost at 50% for GWR at $53/ton	50%	$413,400	$0	
Landfill Disposal cost at 83% for MTWS at $53/ton	83%	$0	$686,244	Recovery rate as given by staff last year
MTWS charges for food scraps at 17% recovery	17%	$0	$238,680	At $90 per ton of organic collected
City program Cost		$2,878,642	$3,028,642	Added $150K for Split Bin
Grand Total		**$9,689,542**	**$7,667,866**	

Annual $ Residents Pay More for GWR Option	**$2,021,676**
Residents paying % more (on average) for GWR	**26.37%**
In 14 Years residents will pay $ more	**$28,303,464**

SUMMARY AND NEXT STEPS

- Proposed residential rate hikes are too steep and unacceptable, especially during the pandemic
- **Our residents may have to pay upto $2 million more annually for the next 14 years** in garbage rates if we keep the current GWR option and do not explore alternate options
- The current GWR Services option will **cost residents upto $28 million over the next 14 years**
- Let's **re-negotiate our contract** with GWR in accordance with the "Change in Scope" section in the contract and take out residential garbage sorting from the contract
  - "11. CHANGE IN SCOPE In the event that City or Contractor request a Change in Scope to the Services provided under this Agreement, the Parties shall negotiate in good faith an appropriate adjustment to Contractor's compensation resulting from such Change in Scope and a Change in Scope shall only become effective if the Parties mutually agree on the scope of changes and adjusted or additional pricing associated with such a change…"
- **During these tough times, our residents need relief, not such successive steep rate hikes on their monthly bills**

WHAT CAN COUNCIL DO ?

- Despite, mostly positive data from the lower-cost split bin program, the previous City Council opted to award an expensive multi-million dollar contract to GreenWaste Recovery
- City Council in December 2019 in a 4-3 vote awards the contract:
  - Mayor Gillmor and Councilmembers Watanabe, Davis, and O'Neill **vote for contract**
  - Councilmembers Hardy, Chahal, and Mahan **vote against contract**
- **Opportunity for this council to save millions for our residents**
  - **Pause the rate hike as proposed**
  - **Ask staff to negotiate with GWR and MTWS for options and bring back the findings**

05-25-21

ITEM# 9
RTC# 21-1163

Melissa Meslo

From: Public Comment
Sent: Tuesday, May 25, 2021 9:23 PM
To: Melissa Meslo
Subject: FW: Against garbage rate hike

PMM

From: Qian Huang <qhuang18@gmail.com>
Sent: Tuesday, May 25, 2021 8:06 PM
To: Public Comment <PublicComment@santaclaraca.gov>
Subject: Against garbage rate hike

Honorable Santa Clara City Mayor and Council members,

I noticed that there are big garbage rate hikes, especially for the 20 Gallon garbage bin. I do not think it is appropriate to have such a huge rate hike. The city should encourage our residents to reduce the garbage generation. If the rate needs to be increased, increase the rate on the bigger garbage bin, not the smallest garbage bin.

Thanks,

Qian

167 Claremont Ave

POST MEETING MATERIAL

05-25-21

ITEM #9
RTC #21-1163

Melissa Meslo

From: Public Comment
Sent: Tuesday, May 25, 2021 9:24 PM
To: Melissa Meslo
Subject: FW: Reference agenda Item # 9. 21-1163 Public Hearing: Adoption of a Resolution Setting Rates for Overall Solid Waste Services and Annual Clean-up Campaign in the Exclusive Franchise Area

PMM

From: Ross Barrons <ross.e.barrons@gmail.com>
Sent: Tuesday, May 25, 2021 11:20 AM
To: Public Comment <PublicComment@santaclaraca.gov>
Subject: Reference agenda Item # 9. 21-1163 Public Hearing: Adoption of a Resolution Setting Rates for Overall Solid Waste Services and Annual Clean-up Campaign in the Exclusive Franchise Area

Counsel,

I am very concern about the size of this rate increase and the poor justification for it in the brochure that the City sent out. The brochure stated that the increase was due to cost of living provisions in the contract. There is no possible calculation that would support this increase as cost of living. So, there must be other explanations in the contract. This is the second year in a row that there has been a significate increase in these rates and the second year in a row that the explanation in the brochure was inadequate and possible deceptive. I am very concern about the quality of the work and the integrity of the work being done by the City based on reading this brochure.

I think the residence of Santa Clara deserve to know:

- how the contract is calculating this increase and what provisions are driving the increase
- who negotiated a contract with this cost of living provisions that could have huge increases two years in a row and if they are still allowed to negotiate contracts on behalf of the citizens
- if we should expect another huge increase next year if the contract is not renegotiated.

I would appreciate that these questions be answered in public and then widely distributed.

Thank you for your consideration,
Ross Barrons
2025 Canary Island Court
Santa Clara, CA 95050

Sent from Mail for Windows 10

POST MEETING MATERIAL

05-25-21

ITEM #9
RTC #21-1163

Melissa Meslo

From: Public Comment
Sent: Tuesday, May 25, 2021 9:24 PM
To: Melissa Meslo
Subject: FW: In regards to agenda item # 9 21-1163 rate increase opposition

PMM

-----Original Message-----
From: Dave Haney <Dave@serranoelectric.com>
Sent: Tuesday, May 25, 2021 8:05 AM
To: Public Comment <PublicComment@santaclaraca.gov>
Subject: In regards to agenda item # 9 21-1163 rate increase opposition

Dear committee members,
I am writing you in opposition of the adoption to set new rate increases for solid waste services and the annual clean-up campaign. In a time where we are trying to get through a world wide pandemic, with many families still struggling to feed there families and still out of work trying to survive, I do not understand why this would be the time to increase monthly rate of this magnitude on your neighbors and neighborhoods. I thought as council members, you would be looking out for the city and all of it's residence. There is no way Green Waste Recovery can justify these kind of increase hikes in one lump sum. Please reach out to other companies to see about other options before making a final vote.
As 20+ year residents of Santa Clara my wife and I love this city and all it stands for, but over the years I am sad to say, we have seen many aspects of this city change and it truly has lost many of it qualities that drew us here.

Thank you,
David and Kristian Haney
2288 Bray Ave.
408 204-8906

Sent from outside source

POST MEETING MATERIAL

05-25-21

ITEM #9
RTC # 21-1163

Melissa Meslo

From: Public Comment
Sent: Tuesday, May 25, 2021 9:24 PM
To: Melissa Meslo
Subject: FW: Opposing garbage rate hike

PMM

-----Original Message-----
From: DAvinder <davegill13@hotmail.com>
Sent: Tuesday, May 25, 2021 5:43 PM
To: Public Comment <PublicComment@santaclaraca.gov>
Subject: Opposing garbage rate hike

Hi
We are opposing these garbage rate increase because it is too high. Medium class families cannot afford this increase .

Harjeet and davinder gill
1634 roll st
Santa Clara ca
95050

Sent from my iPhone

POST MEETING MATERIAL

05-25-21

ITEM #9
RTC# 21-1163

Melissa Meslo

From: Public Comment
Sent: Tuesday, May 25, 2021 9:33 PM
To: Melissa Meslo
Subject: FW: Santa Clara City Council 5/25/21 Agenda Item #9 21-1163 Questions

PMM

From: Adolfo A. Garcia <adolfo.garcia@att.net>
Sent: Tuesday, May 25, 2021 7:13 PM
To: Public Comment <PublicComment@santaclaraca.gov>
Cc: Raj Chahal <RChahal@SantaClaraCA.gov>
Subject: Santa Clara City Council 5/25/21 Agenda Item #9 21-1163 Questions

Good evening, City Council -

In addition to my letter delivered to the City Clerk on 19 May 21 and after reviewing carefully the letter to Mr. David Staub dated 8 Feb 2021 by R3 Consulting Group, I request that the following questions be entered into the public record regarding the proposed increase in solid-waste rates for CY2021/22:

a) What is the current balance of the solid-waste rate stabilization reserve fund? How are the funds in this account invested?

b) Please provide detailed breakdown of programmatic costs.

c) Increases in fees charged by MWTS are contractually-owed at 9%. Is this a per-annum rate? What can be done to renegotiate this rate as it is many multiples of the current annual inflation rate?

d) Increases in fees charged by GWR appear to be contractually-owed at 4%. Is this a per-annum rate? What can be done to renegotiate this rate as it is at least 2.4 times the current annual inflation rate?

e) Increases in fees charged by Newby Island appear to be contractually-owed at 4%. Is this a per-annum rate? What can be done to renegotiate this rate as it is at least 2.4 times the current annual inflation rate?

Thank you for entering these questions into the public record and I look forward to receiving answers promptly to my questions.

Sincerely yours,

Adolfo A. Garcia
1667 Long Street, 95050

POST MEETING MATERIAL