

RESOLUTION NO. 2007-85

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
CALLING A PUBLIC HEARING ON PROPOSED INCREASES TO THE CITY'S
SOLID WASTE SERVICE RATES**

WHEREAS, the Integrated Waste Program Manager for the City of Elk Grove has recommended that the City increase its solid waste collection and disposal service rates in order to fund (1) the increased payments that are owed to Allied Waste under its contract with the City, (2) the increased costs of the various solid waste management programs operated by the City, and (3) Phase 1 costs, which include preliminary design, environmental work, and the purchase and financing of land that could then be used to construct new solid waste service facilities;

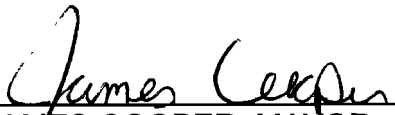
WHEREAS, Section 6(a)(2) of Article XIID of the California Constitution provides that a local agency must conduct a public hearing on any proposed increase to property-related charges, such as the City's solid waste service rates, not sooner than 45 days after mailing a notice to the owners of the parcels upon which the charge will be imposed;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Elk Grove that:

1. **Public Hearing.** The City Council hereby fixes 6:00 p.m., or as soon thereafter as practicable, on Wednesday, June 27, 2007, at the regular meeting place of the City Council, City Council Chambers, 8400 Laguna Palms Way, Elk Grove, California, as the time and place for a public hearing on proposed increases to the City's solid waste collection and disposal services rates.

2. **Notice of Hearing.** The City Council directs the City Clerk to mail a notice of the hearing, in substantially the form attached hereto as Exhibit A, which describes the proposed increases, to each solid waste service customer and each record owner of property within the City upon which the service rates would be imposed. The mailing shall be completed not later than Friday, May 11, 2007, which date is at least 45 days before the date of the public hearing.


PASSED AND ADOPTED by the City Council of the City of Elk Grove this 11th day of April 2007.



JAMES COOPER, MAYOR of the
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:



PEGGY E. JACKSON, CITY CLERK



JONATHAN P. HOBBS,
INTERIM CITY ATTORNEY

EXHIBIT A
NOTICE OF PROPOSED INCREASES TO SOLID WASTE SERVICE RATES AND
PUBLIC HEARING

This notice explains proposed increases to the City of Elk Grove's solid waste service rates. These proposed rate increases will be recommended for adoption by the City Council after the public hearing described below. This notice also provides information on the reasons for the proposed rate increases and how the additional revenue generated would be used. If approved, these rate increases would take effect on July 1, 2007.

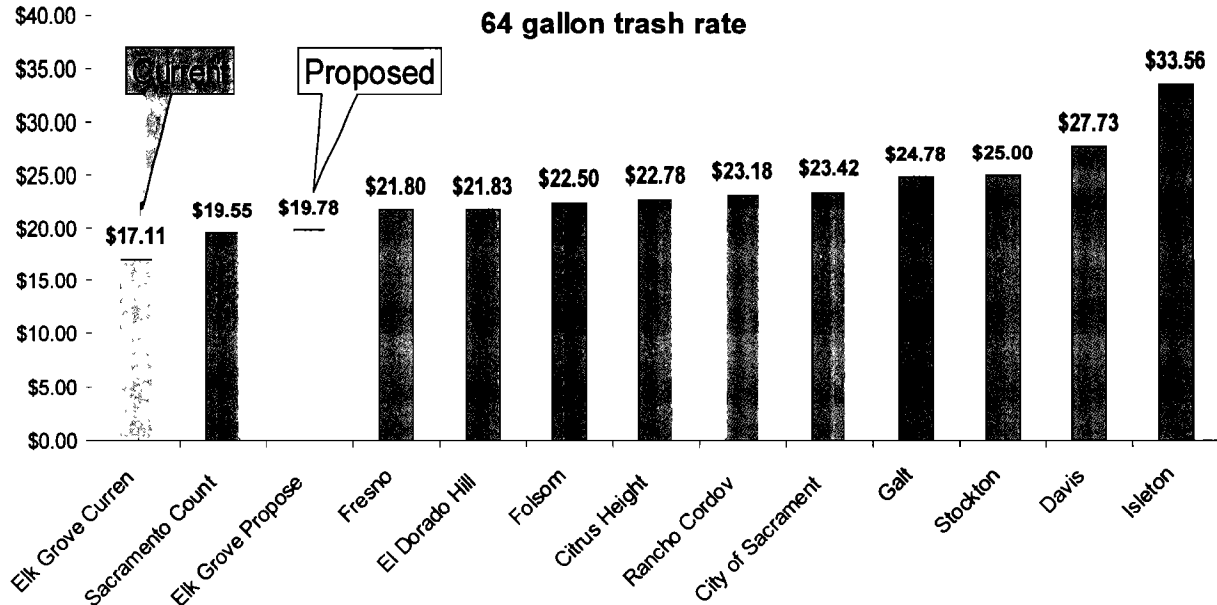
Notice of Public Hearing

A public hearing on the proposed rate increases will be held on Wednesday, June 27, 2007, at 6:00 p.m., or as soon thereafter as practicable, at the Elk Grove City Council Chambers located at 8400 Laguna Palms Way, Elk Grove. This notice describes how to file a protest against the proposed rate increases (see "Comments on and protests to the proposed rate increases" below).

How Elk Grove's rates compare to other rates in the region

The City of Elk Grove continues to offer you solid waste, recycling and greenwaste services at one of the lowest rates in the region. The charts on page 3 show how the solid waste rates for the City of Elk Grove compare to other solid waste rates in our surrounding region. For this analysis we compared the rate charged for one 64-gallon trash container serviced weekly, two greenwaste containers serviced every other week and two recycling containers serviced every other week to rates charged for that same service level in other jurisdictions. In Elk Grove you are entitled to a total of five carts for the same base rate, compared to other jurisdictions that require that the resident pay extra for the extra services.

Solid Waste Rate Comparison



| Locality | Trash 1 64 G | Recycle 2 96G | GW 2 96G | Total |
|--------------------|--------------|---------------|-----------------|---------|
| Proposed Elk Grove | \$19.78 | Included | Included | \$19.78 |
| Sacramento County | \$19.55 | Included | Included | \$19.55 |
| Fresno | \$15.88 (6) | \$2.96 | \$2.96 | \$21.80 |
| El Dorado Hills | \$21.83 (5) | Included | Included | \$21.83 |
| Folsom | \$22.50 | Included | Included | \$22.50 |
| Citrus Heights | \$20.41 | \$2.37 (1) | Included | \$22.78 |
| Rancho Cordova | \$21.11 | \$2.07 (1) | Included | \$23.18 |
| Sacramento City | \$12.66 | \$3.50 | \$7.26 (2) | \$23.42 |
| Galt | \$17.96 | \$6.82 (1) | Included | \$24.78 |
| Stockton | \$25.00 | Included | Included | \$25.00 |
| Davis | \$27.73 (3) | Included (2) | Loose in street | \$27.73 |
| Isleton | \$23.56 | \$5.00 (4) | \$5.00 (4) | \$33.56 |

- (1) Residents may have up to four carts at no extra charge, the additional recycle or greenwaste cart has a fee/month.
- (2) 90-gallon recycle serviced weekly, compared to (2) 90-gallon serviced bi-weekly
- (3) Every home charged the same rate regardless of size of garbage cart
- (4) Residents may have up to three carts, each additional recycle or greenwaste cart has a \$5.00 fee/month.
- (5) Billed \$43.66 bi-monthly. Can have up to 4 total greenwaste and recycle carts. Each additional trash cart is \$43.66 billed bi-monthly.
- (6) Weekly pick-up of all carts. Limited to two recycle carts and two greenwaste carts.
- (7) Weekly pick-up of all three carts.

Savings to our residents

As the result of a competitive selection process in 2004, the City of Elk Grove transitioned to a new service provider for residential garbage, recycling, and greenwaste. The service provider is Allied Waste, and the typical household saved \$3.50 per month or \$42 per year on garbage bills. Over the first three years of the contract, the ratepayers in Elk Grove saved a total of over \$8 million. During that same period, the City implemented a significant number of recycling programs and enhanced the services provided by Allied Waste.

Proposed Solid Waste Collection and Disposal Rate Increases

The following chart provides a summary of the proposed increases in the City of Elk Grove's solid waste service rates, which will be considered by the City Council at the public hearing noted above. The proposed increased monthly amounts shown below are for three basic residential service rates (based on the size of the customer's trash cart). (The City proposes to raise all of its residential solid waste service rates shown in the tables attached at the end of this notice) The three components of the proposed rate increases are explained below.

| Size of Cart Used by Resident | Current Rate 2006/07 | Proposed Rate 2007/08 | Component 1: Increase for Allied Waste Contract Payments | Component 2: Increase for Solid Waste Management Programs | Component 3: Increase for Phase I of Facilities | Total Proposed Increase |
|-------------------------------|----------------------|-----------------------|--|---|---|-------------------------|
| 32 gallon | \$14.63 | \$17.10 | \$0.43 | \$0.63 | \$1.41 | \$2.47 |
| 64 gallon | \$17.11 | \$19.78 | \$0.51 | \$0.75 | \$1.41 | \$2.67 |
| 96 gallon | \$22.11 | \$25.15 | \$0.66 | \$0.97 | \$1.41 | \$3.04 |

Explanation of the Proposed Rate Increases

The City proposes to increase its solid waste collection and disposal rates in order to fund (1) the increased payments that are owed to Allied Waste under its contract with the City, (2) the increased costs of the various solid waste management programs operated by the City, and (3) Phase 1 costs, which include preliminary design, environmental work, and the purchase and financing of land that could be used construction of new facilities to provide solid waste services. Each of these three components is discussed below.

Component One: Allied Waste Contract Payments:

The first component of the proposed increases will fund the increased payments that the City owes to the service provider, Allied Waste. Under the City's agreement with Allied Waste, the

City is required to make annual adjustments in the rates that the City pays to Allied Waste for the services it provides.

Component Two: Solid Waste Management Programs:

The City currently uses a portion of the revenue generated from service charges to pay for various solid waste management programs costs; such as printing of utility bill inserts, disposal of household hazardous waste and universal wastes, and numerous recycling programs. The current rates also include an amount used by the City to compensate for uncollectible accounts. These portions of the rates are collectively referred to in the City’s contract with Allied Waste as a “franchise fee,” which is currently set at six percent (6%) of gross revenues. Most jurisdictions in California assess some form of a franchise fee (franchise, licensing or permit fee), with some franchise fees as high as 20% or more. Fees in the range of ten percent (10%) are very common. The following table provides a survey of franchise fee data from various jurisdictions in Sacramento and surrounding counties.

| FRANCHISE FEE SURVEY | | | |
|----------------------|---------------|--------------|--|
| Jurisdiction | Franchise Fee | Total Fees | Notes |
| Stockton | 20.0% | 23.5% | Franchise fee of 20% plus an additional AB939 fee of 3.5% |
| Isleton | 16.7% | 16.7% | |
| Dublin | 13.0% | 15.6% | An administrative fee of 2.6% is charged to the hauler in addition to the 13% Franchise Fee. |
| San Ramon | 12.0% | 12.0% | Franchise Fee will increase 1% per year, up to a maximum 15% |
| Livermore | 10.0% | 10.0% | 10% Franchise Fee plus \$100k annually from hauler as a franchise and enforcement fee. |
| Rancho Cordova | 10.0% | 10.0% | |
| Auburn | 10.0% | 14.7% | Charges 4.71% in additional pass through fees for operational and closed landfills. |
| Rocklin | 10.0% | 10.0% | |
| Dixon | 10.0% | 10.0% | |
| Tracy | 10.0% | 10.0% | Franchise Fee is not to exceed 10.0% |
| West Sacramento | 9.2% | 9.2% | West Sacramento charges a 12% franchise fee on C&D loads. |
| Woodland | 8.0% | 8.0% | Franchise Fee will increase to 10% in 2008 and 12% in 2010 if contract is extended. |
| City of Sacramento | 8.0% | 8.0% | |
| County of Sacramento | 8.0% | 8.0% | |
| Citrus Heights | 8.0% | 8.0% | |
| Average | 10.9% | 11.6% | |
| Elk Grove | 6.0% | 6.0% | |

During the first two years of the contract with Allied Waste, the City's residential programs expenses have exceeded the amount generated by the current six percent (6%) franchise fee funding. The shortfalls amounted to \$219,000 in Fiscal Year 04/05 and \$275,000 in Fiscal Year 05/06. The City has used revenue generated from fees imposed on commercial trash haulers to cover the shortfalls. In order to avoid cutting funding for several current programs (school recycling, battery recycling, e-waste recycling), the City proposes to increase the franchise fee amount to ten percent (10%).

Component Three: Phase 1 of New Solid Waste Service Facilities:

City staff has been developing a long-range solid waste plan for the City with the goals of enhancing customer service, stabilizing solid waste service rates, and reducing traffic-related issues. City staff has been working to identify a location within Elk Grove to construct solid waste facilities that could include a Permanent Household Hazardous Waste Collection (PHHWC) Facility and Household Hazardous Waste Reuse Location, a solid waste Transfer Station, Materials Recovery Facility (MRF), and a residential Drop Off/Reuse Area/Buyback Center.

These new facilities would provide a convenient location for residents to use instead of the facilities of the County of Sacramento or the City of Sacramento and would provide long-term capacity to accommodate the City's population growth. The reuse component that would be co-located at the PHHWC Facility would help encourage residents to minimize the amount of Household Hazardous Waste (HHW) material delivered for disposal. Currently, the City of Elk Grove compensates the City of Sacramento or the County of Sacramento a flat rate of \$70.00 for each single visit by an Elk Grove resident who utilizes their facilities to dispose of HHW.

The construction of a Transfer Station would provide long-term benefits by allowing the City to direct its residential and commercial waste stream handled by Allied Waste to a location closer to the collection routes, thereby minimizing collection costs and preventing rate spikes (due to increased energy costs). Integrating a MRF and residential recycling/reuse components at the Transfer Station site would provide additional waste diversion benefits to the City by recovering materials from the commercial waste stream for recycling and providing residential self-haulers an incentive and options to minimize the materials they deliver for disposal.

The proposed rate increase includes Phase 1 costs, which include preliminary design, environmental work, and the purchase and financing of land that could be used construction of new facilities to provide solid waste services. No site has been selected at this time. The costs of Phase 2 work, which includes facility design and new facility construction costs, are not included in this request.

Facility related questions and answers

What is a Transfer Station?

A Transfer Station is a facility designed to process and transfer waste materials from collection vehicles, such as garbage trucks. These materials, which include everything thrown away, such as solid waste, recyclables and compost materials, are then sorted and transported to a disposal site.

What is a Material Recovery Facility?

A Materials Recovery Facility (MRF) manually and mechanically sorts and classifies recyclable materials for reuse. A MRF prevents recyclable materials from ending up in landfills.

What is a Household Hazardous Waste Facility?

A household hazardous waste facility processes hazardous waste resulting from products purchased by the general public for household use.

Due to their quantity, concentration, physical, chemical, or infectious characteristics, these wastes may pose a substantial known or potential hazard to human health or the environment when improperly treated, disposed or otherwise managed.

Examples of household hazardous waste are paint, oil, pesticides, pool chemicals, solvents and batteries.

What is a Drop-Off Recycling Center?

A drop-off recycling center is a facility that accepts source-separated materials (bottles/cans) for the purpose of recycling or composting, without paying the person a fee. Donation of materials to collection organizations, such as charitable groups, is included in this definition.

What is a Buy Back Center?

Buy-back facilities pay the resident for a wide range of materials. Examples include aluminum (cans, foil, trays), glass, plastics (PETE#1, HDPE #2), cardboard, scrap metal, phone books, newspapers, paper bags, chipboard, auto batteries, used oil, anti freeze and other plastics.

Comments on and protests to the proposed rate increases

The City Council invites you to comment on the proposed increases to the City's solid waste service rates. Please submit your comments in writing, even if you plan to attend the public hearing.

Under Proposition 218, any owner of a parcel that is subject to the proposed rate increases may protest them by filing a **written protest** with the City Clerk at or before the close of the public hearing on June 27, 2007. If you submit a protest, please include an identification of the affected parcel by street address or assessor's parcel number (APN). If written protests are filed by a majority of the affected parcel owners, the proposed rate increases will not be imposed.

Comments and protests regarding the proposed rate increases may be mailed to: **City of Elk Grove, City Clerk, re: Rates Proposal, 8380 Laguna Palms Way, Elk Grove, CA 95758.** Comments and protests may also be personally delivered to the City Clerk.

Proposed Fiscal Year 2007-08 Residential Solid Waste Service Rates

Residential Basic Monthly Service Rates

| Size and number of Cart(s) (gallons) | Proposed Rate Fiscal Year 2007/08 | Size and number of Cart(s) (gallons) | Proposed Rate Fiscal Year 2007/08 |
|--|--------------------------------------|--|--------------------------------------|
| one 32 | \$17.10 | one 64 & one 32 | \$27.85 |
| one 64 | \$19.78 | one 96 & one 32 | \$30.51 |
| one 96 | \$25.15 | one 64 & one 96 | \$35.89 |
| two 32 | \$22.49 | | |
| two 64 | \$30.51 | | |
| two 96 | \$41.24 | | |

Residential Miscellaneous Service Rates

| Service | Proposed Fiscal Year 2007-08 Rate |
|---|--------------------------------------|
| CRT's Collected During Bulky Waste Pickup (Per Call) | \$42.28 |
| On-Call Bulky Waste Collection 5 Cubic Yards, no CRT's (Per Call) | \$30.10 |
| Each Additional 5 Cubic Yards On-Call Bulky Waste no CRT's (Per Call) | \$18.12 |
| Bulky Waste & CRT Combination (Per Call) | \$66.33 |
| Cart Exchanges More Than one time per Year (Per Exchange) | \$21.14 |
| CRT Drop Off at Elder Creek Transfer Station (Per CRT) | \$36.24 |
| Destroyed Cart Replacement (Per Cart) | \$50.00 |
| Excess Refuse Collection (Per Call) | \$9.07 |
| Additional Recycling or Green Waste Cart Rental (Per Month) | \$1.81 |
| Drive-in Service (Per Month) | \$7.47 |
| Walk-in Service (Per Month) | \$12.92 |

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2007-85

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)


I, Peggy E. Jackson, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on April 11, 2007 by the following vote:

AYES : **COUNCILMEMBERS:** *Cooper, Hume, Scherman, Davis*

NOES: **COUNCILMEMBERS:** *None*

ABSTAIN : **COUNCILMEMBERS:** *None*

ABSENT: **COUNCILMEMBERS:** *Leary*


Peggy E. Jackson, City Clerk
City of Elk Grove, California

