TO: Mayor and City Council

FROM: Public Works Department

SUBJECT: PUBLIC HEARING: PROPOSED SOLID WASTE RATE SCHEDULE AMENDMENTS

RECOMMENDATION

Following the public hearing, adopt a resolution approving an amended solid waste collection rate schedule. The amended schedule, effective August 1, 2004, adds rates for extra green waste collection services and a 5% rate discount for disabled residential customers under age 65 with income below Stockton's median income.

DISCUSSION

Background

On April 29, 2003, the Council approved new, 15-year contracts with Sunrise Sanitation and Stockton Scavengers that include three-cart residential collection of garbage, recycling, and mixed green and food waste. The contracts became effective June 1, 2004.

On May 27, 2003, the Council approved new solid waste rates. The new base residential rate provides weekly cart collection of garbage, recycling, and green/food waste, free extra green waste carts, and 12 stickers/year for free extra garbage, recycling, or green waste collection, fall leaf collection, and street sweeping. The rate schedule continues the 10% discount for seniors age 65 and over and adds an additional 10% discount (20% total) for seniors with income below Stockton's median income. The cost of the additional 10% discount for below median income seniors will be covered by residential franchise fee revenues to the General Fund.

At the March 18, 2004 Council meeting, the Mayor asked staff to negotiate rates for special pick up of tree trimmings and prunings since the new rate schedule did not include these services and residents had expressed interest in them. The Mayor also asked staff to look into a rate discount for disabled residents under 65 with below median incomes, and to report back to the Council on both issues.

In response to the Mayor's request, staff asked the two garbage companies to propose rates for the following green waste services to be provided upon request:

1. 90-gallon green waste carts (picked up on day other than regular pick up day).

2. 4-cubic yard green waste bin (dropped off and removed within three days).
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3. 20-cubic yard debris box (dropped off and removed within three days).

4. Clean up of illegally dumped green waste (provided at request of City).

Staff also asked the companies if they would be willing to absorb all or part of the cost of providing a rate discount for disabled residents under 65 with below median incomes.

On May 25, 2004, the Council scheduled a public hearing for tonight on the proposed rate schedule amendments.

Present Situation

Rate Proposals

Both garbage companies submitted rate proposals. The lowest proposed rate for each service is as follows:

1. 90-gallon green waste cart: $22 plus $10 for each additional cart.

2. 4-cubic yard green waste bin: $125.

3. 20-cubic yard roll-off box: $175.

4. Pickup of illegally dumped green waste: $125/hour + processing fee.

If the Council approves the above rates, the garbage companies will pay the City a 20% franchise fee and 3.5% AB fee on the rate revenue.

Adding the above services to the solid waste rate schedule would offer another disposal option to residents who don't want to self-haul their tree trimmings and prunings to the landfill or pay a tree service to trim their tree(s) and haul away the trimmings.

Rate for Disabled, Below Median Income Customers

Offering disabled residential customers under age 65 with below median incomes a 5% rate discount would cost approximately $50,000/year in lost garbage rate revenue (based on an estimated 4,000 qualifying households). There would also be costs to modify the City and Cal Water billing systems to implement the rate change and to administer the program.

The two garbage companies have declined to forego any loss of rate revenue. That leaves two options for covering costs. The City can either increase residential garbage rates or use residential franchise fee revenue to the General Fund to compensate the garbage companies for the lost revenue, pay for billing system changes, and absorb additional administrative costs.
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garbage companies for the lost revenue, pay for billing system changes, and absorb additional administrative costs.

Increasing residential garbage rates would force non-disabled customers to subsidize the disabled discount and may raise Proposition 218 legal issues. It is, therefore, recommended that franchise fee revenue to the General Fund be used to cover the costs associated with this discount.

Public Hearing Notification

The City Clerk gave notice of the public hearing in accordance with law.

FINANCIAL SUMMARY

Residential franchise fee revenue to the General Fund will be used to cover the cost of the 5% disabled rate discount.

PREPARED BY: Gilbert Garcia and Mike Miller

Respectfully submitted,

JAMES B. GIOTTONINI
PUBLIC WORKS DIRECTOR

APPROVED BY CITY MANAGER