



City Manager's Report
May 28, 2019 City Council Meeting
Prepared By: M. Cleve Morris
Item#: 11.2

Subject: Adopt a Resolution of the City Council of the City of Placerville Adopting Rates for the Collection of Solid Waste and Recycling within the City of Placerville Franchise Area.

Purpose: In accordance with City ordinance and the City's agreement with El Dorado Disposal, to consider a rate increase based on company performance and allowable increases.

Background: In July of 2009, the Council adopted an ordinance regarding mandatory garbage service. Rates were set at that time based on mandatory service. Included in the ordinance is an inflator provision for rate increases based on two components, fuel surcharge and consumer price index. Staff meets with El Dorado Disposal monthly to review the two indexes and determine the amount of increase, if any. The attached documents outline the proposed adjustment based on the indexes.

Discussion: The rate increase is based on two factors, the Producer Price Index for #2 Diesel Fuel, and the Consumer Price Index for California. Attached to this report are the data sheets showing the calculation of these two indexes as outlined in the ordinance. The CPI increase is 3.7%, and the fuel adjustment is -0.54%, for a total net adjustment of 3.16%. For residential customers with a 35-gallon container, this amounts to a \$.67 per-month increase. The current rate is \$20.90, increasing to \$21.57 for the new rate as outlined below.

	<u>EDH</u>	<u>CP</u>	<u>Pville 2018</u>	<u>Pville 2019</u>	<u>County</u>
35G Cart Weekly	\$27.50	\$25.23	\$20.90	\$21.57	\$25.87
35G Cart Weekly Senior	\$20.63	\$19.17	\$16.24	\$16.24	\$23.29
64G Cart Weekly	\$29.48	\$28.35	\$32.51	\$33.54	\$33.36
96G Cart Weekly	\$40.60	\$36.19	\$39.01	\$40.24	\$39.10

-EDH rates include Recycle Bank for all customers @\$1.50/ea; majority in 64G carts.

-CP includes 2 extra GW curbside pickups per customer per year (unlimited); Senior rate held flat last 4 years for 35-gallon size; bulk of customers in 64G carts.

-It should be noted that each jurisdiction has different needs and while main services are similar, programs and extra services vary.

-All jurisdictions with the exception of the unincorporated area of El Dorado County are "mandatory service" areas.

At the City Council Meeting on May 14, 2019, the Council received a presentation from Susan VanDelinder regarding the state of recycling. The report shows that due to changes in the industry, El Dorado Disposal is now paying for recycling materials approximately \$68 per ton. In 2015, the Company was receiving approximately \$48 per ton. This is a dramatic change that has affected their ability to collect and process recyclable materials. For this reason, in accordance with their Contract, El Dorado Disposal is requesting an increase as an Extraordinary Circumstance. The request is for a recycling fee in

the amount of \$1.13 per customer. This will enable them to continue to provide the service as currently outlined. With the addition of the recycling fee, the total fee will be as shown below:

	<u>EDH</u>	<u>CP</u>	<u>Pville 2018</u>	<u>Pville 2019</u>	<u>County</u>
35G Cart Weekly	\$27.50	\$25.23	\$22.70	\$21.57	\$25.87
35G Cart Weekly Senior	\$20.63	\$19.17	\$17.37	\$16.24	\$23.29
64G Cart Weekly	\$29.48	\$28.35	\$34.67	\$33.54	\$33.36
96G Cart Weekly	\$40.60	\$36.19	\$41.37	\$40.24	\$39.10

-EDH rates include Recycle Bank for all customers @\$1.50/ea; majority in 64G carts.

-CP includes 2 extra GW curbside pickups per customer per year (unlimited); Senior rate held flat last 4 years for 35-gallon size; bulk of customers in 64G carts.

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With these increases, the total increase for all components for a 35G customer is \$1.80 per month.

Also attached to this report is a resolution adopting the new rates. The resolution includes an attachment outlining all rates for all customers.

Notice of this meeting to consider a rate increase was provided as required by ordinance in the last bill for disposal service.

A review of the status of the disposal service and El Dorado Disposal's compliance with the ordinance was also reviewed at the meeting on May 14. El Dorado disposal was found to be in compliance with all performance standards. Susan VanDelinder and Jeff England of El Dorado Disposal will review the proposed rate increase and answer any questions.

Option:

1. Adopt the resolution and rates as proposed
2. Adopt the rate increase but not the extra ordinary circumstance increase
3. Do not adopt the rate increase and provide staff further direction

Cost: There is no cost to the City at this time.

Budget Impact: No budget impact is anticipated.

Recommendation: Adopt a Resolution of the City Council of the City of Placerville Adopting Rates for the Collection of Solid Waste and Recycling within the City of Placerville Franchise Area.



M. Cleve Morris, City Manager

Attachments:

1. *Letter from El Dorado Disposal Requesting Rate Increase*
2. *Letter from El Dorado Disposal Requesting Extraordinary Circumstance Increase*
3. *CPI and Fuel Data Sheets*
4. *Rate Comparison Sheet*
5. *Resolution Adopting Rates*