



Agenda Item No. ____

File Code No. 630.01

CITY OF SANTA BARBARA

CITY COUNCIL AGENDA REPORT

AGENDA DATE: September 13, 2011

TO: Mayor and Councilmembers

FROM: Environmental Services Division, Finance Department

SUBJECT: Public Hearing Regarding Proposed Increase To Rates For Business Sector Recycling Services

RECOMMENDATION: That Council:

- A. Hold a Public Hearing, as required by State law, regarding a proposed increase to the rates for business sector recycling services effective October 1, 2011; and
- B. Provide direction to staff regarding any changes to the proposed rates for business sector recycling services effective October 1, 2011.

DISCUSSION:

At its June 13, 2011 meeting, the City Council approved a 3.56% increase to the rates charged for solid waste services. The rate increase applied to all customer classes, including residential, multi-unit residential and business. The purpose of the rate increase was to: (1) cover an increase in the solid waste "tipping fee" charged at the Tajiguas Landfill; (2) to cover the City's contractual obligation to increase the amounts paid to the City's contracted haulers that is tied to the increase in the Consumer Price Index; and (3) to cover costs to operate and maintain a landfill gas collection and control system at the closed Las Positas Landfill.

Despite the rate increase, the Solid Waste Fund is still expected to realize a deficit of approximately \$450,000 for Fiscal Year 2012. Council directed staff to bridge this shortfall through another rate increase to the business sector only.

One of the concerns expressed by Council is that the price of recycling services was too low relative to the price of trash services. This price differential was put into place in 2009 to encourage more recycling, particularly in the newly implemented foodscraps collection and composting program.

Consequently, Council directed staff to only increase the rates on business *recycling* services to generate the needed \$450,000, which would help narrow the price differential between trash and recycling services.

The effect of generating the additional revenues through business recycling services only is that those rates would increase by approximately 108 percent. However, this does not necessarily mean that a business' total bill would increase by this same percentage since only fees for recycling services would rise while fees for trash services would remain unchanged. The overall impact to a business would depend upon the volume of recycling containers relative to the volume of trash containers used by the business. Those that subscribe to a greater proportion of recycling services would experience a higher rate increase than those that subscribe to fewer recycling services.

Attachment 1 includes current business sector recycling and trash rates, effective July 1, 2011 and the rates under the proposed October 1, 2011 increase. With the proposed fee increase, the cost for recycling services would still only be approximately 30 percent the cost of equivalent trash services. The impact of the increase to several types of business customers with varying levels of recycling service is illustrated on Attachment 2.

Outreach to Impacted Businesses

On July 21, 2011, staff mailed the attached notice announcing the public hearing for the proposed rate increase to all business customers. In addition, between July 15 and August 31, 2011, staff conducted one-to-one outreach to 250 businesses that would experience an increase of at least \$50 per month on their total trash bill. Staff also contacted the Santa Barbara Chamber of Commerce and the Greater Santa Barbara Lodging and Restaurant Association to prepare them to address inquiries from their members regarding the proposed rate increase.

The majority of the businesses contacted were not happy about the proposed rate increase, but understood the need for it. Less than ten percent expressed a high level of dissatisfaction. For those businesses that requested assistance to further reduce their trash and recycling collection bill, staff conducted an assessment of the business' waste stream to determine whether additional recycling by the business could lower its trash bill. As of August 31, 2011, no written protests regarding the proposed rate increase had been received.

ATTACHMENTS:

1. Proposed October 1, 2011 Business Rates
2. Impact of Rate Increase on Businesses
3. Notice of Public Hearing – Proposed Increase to Rates for Business Sector Diversion Services

PREPARED BY: Matt Fore, Environmental Services Manager
SUBMITTED BY: Robert Samario, Finance Director
APPROVED BY: City Administrator's Office

Business Collection Services - Proposed Rates Effective October 1, 2011

Container Type			Number of Collections per Week							Extra Pickup (per cont.)
			1	2	3	4	5	6	7	
Trash	32 gallon	Can	\$21.00	\$42.00	\$63.00	\$84.00	\$105.00	\$126.00	\$147.00	\$5.78
Trash	32 gallon	Cart	\$21.00	\$42.00	\$63.00	\$84.00	\$105.00	\$126.00	\$147.00	\$5.78
Trash	64 gallon	Cart	\$40.95	\$81.90	\$122.85	\$163.80	\$204.75	\$245.70	\$286.65	\$11.26
Trash	96 gallon	Cart	\$60.89	\$121.78	\$182.67	\$243.56	\$304.45	\$365.34	\$426.23	\$16.74
Trash	1.5 cubic yard	Dumpster	\$111.70	\$234.57	\$357.44	\$480.31	\$603.18	\$726.05	\$848.92	\$30.72
Trash	2 cubic yard	Dumpster	\$148.72	\$312.31	\$475.90	\$639.50	\$803.09	\$966.68	\$1,130.27	\$40.90
Trash	3 cubic yard	Dumpster	\$222.78	\$467.84	\$712.90	\$957.95	\$1,203.01	\$1,448.07	\$1,693.13	\$61.26
Trash	4 cubic yard	Dumpster	\$296.83	\$623.34	\$949.86	\$1,276.37	\$1,602.88	\$1,929.40	\$2,255.91	\$81.63
Trash Compacted	1.5 cubic yard	Dumpster	\$333.86	\$701.11	\$1,068.35	\$1,435.60	\$1,802.84	\$2,170.09	\$2,537.34	\$91.81
Trash Compacted	2 cubic yard	Dumpster	\$444.94	\$934.37	\$1,423.81	\$1,913.24	\$2,402.68	\$2,892.11	\$3,381.54	\$122.36
Trash Compacted	3 cubic yard	Dumpster	\$667.10	\$1,400.91	\$2,134.72	\$2,868.53	\$3,602.34	\$4,336.15	\$5,069.96	\$183.45
Recycling	32 gallon	Can	\$3.48	\$6.96	\$10.44	\$13.92	\$17.40	\$20.88	\$24.36	\$0.96
Recycling	32 gallon	Cart	\$3.48	\$6.96	\$10.44	\$13.92	\$17.40	\$20.88	\$24.36	\$0.96
Recycling	64 gallon	Cart	\$6.96	\$13.92	\$20.88	\$27.84	\$34.80	\$41.76	\$48.72	\$1.91
Recycling	96 gallon	Cart	\$10.44	\$20.88	\$31.32	\$41.76	\$52.20	\$62.64	\$73.08	\$2.87
Recycling	1.5 cubic yard	Dumpster	\$34.23	\$71.88	\$109.54	\$147.19	\$184.84	\$222.50	\$260.15	\$9.41
Recycling	2 cubic yard	Dumpster	\$45.57	\$95.70	\$145.82	\$195.95	\$246.08	\$296.21	\$346.33	\$12.53
Recycling	3 cubic yard	Dumpster	\$68.27	\$143.37	\$218.46	\$293.56	\$368.66	\$443.76	\$518.85	\$18.77
Recycling	4 cubic yard	Dumpster	\$90.96	\$191.02	\$291.07	\$391.13	\$491.18	\$591.24	\$691.30	\$25.01
Greenwaste	32 gallon	Can	\$3.48	\$6.96	\$10.44	\$13.92	\$17.40	\$20.88	\$24.36	\$0.96
Greenwaste	32 gallon	Cart	\$3.48	\$6.96	\$10.44	\$13.92	\$17.40	\$20.88	\$24.36	\$0.96
Greenwaste	64 gallon	Cart	\$6.96	\$13.92	\$20.88	\$27.84	\$34.80	\$41.76	\$48.72	\$1.91
Greenwaste	96 gallon	Cart	\$10.44	\$20.88	\$31.32	\$41.76	\$52.20	\$62.64	\$73.08	\$2.87
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Greenwaste	4 cubic yard	Dumpster	\$90.96	\$191.02	\$291.07	\$391.13	\$491.18	\$591.24	\$691.30	\$25.01
Foodscraps	32 gallon	Cart	\$3.48	\$6.96	\$10.44	\$13.92	\$17.40	\$20.88	\$24.36	\$0.96
Foodscraps	64 gallon	Cart	\$6.96	\$13.92	\$20.88	\$27.84	\$34.80	\$41.76	\$48.72	\$1.91
Foodscraps	1.5 cubic yard	Dumpster	\$34.23	\$71.88	\$109.54	\$147.19	\$184.84	\$222.50	\$260.15	\$9.41
Foodscraps	2 cubic yard	Dumpster	\$45.57	\$95.70	\$145.82	\$195.95	\$246.08	\$296.21	\$346.33	\$12.53
Foodscraps	3 cubic yard	Dumpster	\$68.27	\$143.37	\$218.46	\$293.56	\$368.66	\$443.76	\$518.85	\$18.77
Foodscraps	4 cubic yard	Dumpster	\$90.96	\$191.02	\$291.07	\$391.13	\$491.18	\$591.24	\$691.30	\$25.01

Business Collection Services-Current Rates Effective July 1, 2011

			Number of Collections per Week							Extra Pickup
			1	2	3	4	5	6	7	
			\$21.00	\$42.00	\$63.00	\$84.00	\$105.00	\$126.00	\$147.00	\$5.78
			\$21.00	\$42.00	\$63.00	\$84.00	\$105.00	\$126.00	\$147.00	\$5.78
			\$40.95	\$81.90	\$122.85	\$163.80	\$204.75	\$245.70	\$286.65	\$11.26
			\$60.89	\$121.78	\$182.67	\$243.56	\$304.45	\$365.34	\$426.23	\$16.74
			\$111.70	\$234.57	\$357.44	\$480.31	\$603.18	\$726.05	\$848.92	\$30.72
			\$148.72	\$312.31	\$475.90	\$639.50	\$803.09	\$966.68	\$1,130.27	\$40.90
			\$222.78	\$467.84	\$712.90	\$957.95	\$1,203.01	\$1,448.07	\$1,693.13	\$61.26
			\$296.83	\$623.34	\$949.86	\$1,276.37	\$1,602.88	\$1,929.40	\$2,255.91	\$81.63
			\$333.86	\$701.11	\$1,068.35	\$1,435.60	\$1,802.84	\$2,170.09	\$2,537.34	\$91.81
			\$444.94	\$934.37	\$1,423.81	\$1,913.24	\$2,402.68	\$2,892.11	\$3,381.54	\$122.36
			\$667.10	\$1,400.91	\$2,134.72	\$2,868.53	\$3,602.34	\$4,336.15	\$5,069.96	\$183.45
			\$1.75	\$3.50	\$5.25	\$7.00	\$8.75	\$10.50	\$12.25	\$0.48
			\$1.75	\$3.50	\$5.25	\$7.00	\$8.75	\$10.50	\$12.25	\$0.48
			\$3.49	\$6.98	\$10.47	\$13.96	\$17.45	\$20.94	\$24.43	\$0.96
			\$5.24	\$10.48	\$15.72	\$20.96	\$26.20	\$31.44	\$36.68	\$1.44
			\$17.16	\$36.04	\$54.91	\$73.79	\$92.66	\$111.54	\$130.42	\$4.72
			\$22.85	\$47.99	\$73.12	\$98.26	\$123.39	\$148.53	\$173.66	\$6.28
			\$34.23	\$71.88	\$109.54	\$147.19	\$184.84	\$222.50	\$260.15	\$9.41
			\$45.61	\$95.78	\$145.95	\$196.12	\$246.29	\$296.47	\$346.64	\$12.54
			\$1.75	\$3.50	\$5.25	\$7.00	\$8.75	\$10.50	\$12.25	\$0.48
			\$1.75	\$3.50	\$5.25	\$7.00	\$8.75	\$10.50	\$12.25	\$0.48
			\$3.49	\$6.98	\$10.47	\$13.96	\$17.45	\$20.94	\$24.43	\$0.96
			\$5.24	\$10.48	\$15.72	\$20.96	\$26.20	\$31.44	\$36.68	\$1.44
			\$17.16	\$36.04	\$54.91	\$73.79	\$92.66	\$111.54	\$130.42	\$4.72
			\$22.85	\$47.99	\$73.12	\$98.26	\$123.39	\$148.53	\$173.66	\$6.28
			\$34.23	\$71.88	\$109.54	\$147.19	\$184.84	\$222.50	\$260.15	\$9.41
			\$45.61	\$95.78	\$145.95	\$196.12	\$246.29	\$296.47	\$346.64	\$12.54

Dumpster Credits and Services		Number of Collections per Week							Flat Rate
		1	2	3	4	5	6	7	
Trash	credit for customer-owned dumpster								-\$44.04
Diversion	credit for customer-owned dumpster								-\$6.61
Dumpster Push Out, more than 25'		\$6.27	\$12.54	\$18.81	\$25.08	\$31.35	\$37.62	\$43.89	

		Number of Collections per Week							Flat Rate
		1	2	3	4	5	6	7	
		\$6.05	\$12.10	\$18.14	\$24.19	\$30.24	\$36.29	\$42.34	-\$44.04
									-\$6.61

Notes

- Dumpster Rental included in price. Customers-owned dumpsters receive a credit.
- Trash services in carts/cans includes 96 gallons each of recycling and greenwaste per week.
- Extra pickups for carts/cans not on regular service day are charged as "Go Back" (See Special Services).
- Cans and carts will be serviced from regular location or enclosures

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Comparison of Rates

Customer Type	Current Rate FY-11	New Rate Oct. 1	% Change
Business Cart Service - No Diversion	\$121.78	\$121.78	3.6%
Business Cart Service - Diversion at Goal	\$60.89	\$60.89	3.6%
Business Dumpster Service - Low Diversion	\$668.95	\$714.30	6.8%
Business Dumpster Service - Diversion at Goal	\$392.61	\$487.85	24.3%
Business Dumpster Service - Very High Diversion	\$332.32	\$441.24	32.8%

NOTICE OF PUBLIC HEARING
Proposed Increase to Rates for Business
Sector Diversion Services



Date: September 13, 2011
Time: 2:00 p.m.
Place: City Council Chambers, City Hall
735 Anacapa Street, Santa Barbara

NOTICE IS HEREBY GIVEN that the City Council of the City of Santa Barbara will consider a recommendation to adopt a resolution, at the above-indicated time and place, to increase business sector recycling collection service rates charged by the City. Increases would be effective on utility bills dated October 1, 2011 or later. The proposed rate schedule is included on the reverse side of this notice. Small variations in the stated percentages may occur due to rounding.

Each year, the City Council of the City of Santa Barbara establishes fees for the routine collection of trash and recyclable materials (mixed recyclables, green waste, and food scraps) in the City. Prior to November of 2009, fees charged for recycling services were 50 percent of the fees for equivalent trash services. In November of 2009, the fee for recycling services was lowered to approximately 15 percent of the fee for equivalent trash services to further encourage businesses to recycle.

Since November of 2009, both the number of customers and the levels of trash and recycling services to which they subscribe have fallen with the worsening economy. However, the fixed costs to collect trash and recycling have remained constant. With fewer customers subscribing to service, the existing fees no longer cover the costs to provide these services. In addition, revenue from the sale of recyclable materials also plummeted over the same time period. Besides these revenue losses, the Solid Waste Fund was also required by State law to spend approximately \$1,000,000 to construct and maintain a landfill gas collection system at the closed dumpsite beneath Elings Park.

For these reasons, the City Council directed staff to increase fees for business sector recycling services in order to balance the City's Solid Waste Fund for Fiscal Year 2012. In addition, the rate increases are designed to reduce the price differential between recycling containers and equivalent trash containers. As a result, effective October 1, 2011, fees on business sector recycling containers would increase by 108 percent. This does not necessarily mean that a business' total bill would increase by this same percentage since only fees for recycling services would rise while fees for trash services would remain unchanged. The overall impact to a business would depend upon the number of recycling containers currently utilized relative to trash containers by the business. Those that subscribe to a greater proportion of recycling services would experience a higher rate increase than those that subscribe to fewer recycling services.

With the proposed fee increase, the cost for recycling services would still only be approximately 30 percent of equivalent trash services. Therefore, businesses can still control their disposal costs by recycling. The proposed rates for business sector trash and recycling services is printed on the other side of this letter for your reference.

A public hearing on the proposed fee adjustment is scheduled for Tuesday, September 13, 2011 at the City Council meeting. For more information on the date and time of this meeting, please visit <http://www.santabarbaraca.gov/Government/Council/CAP/> or contact the City Clerk at (805) 564-5309. For more information and assistance to establish or improve a recycling program at your business, feel free to contact Environmental Services at (805) 564-5631.

If you oppose any of the above increases, please deliver your protest in writing, including your name and service address, to the City Clerk of the City of Santa Barbara at 735 Anacapa Street, Santa Barbara, CA, 93101, prior to or during the City Council's consideration of this item on September 13, 2011. If you wish to submit your protest during the public hearing, please deliver it to City Staff in the Council Chamber.

**CITY OF SANTA BARBARA
MONTHLY FRANCHISE SOLID WASTE COLLECTION RATES
PROPOSED EFFECTIVE DATE October 1, 2011
Business Collection Services-Monthly Rates**

Container Type	Number of Collections per Week							Extra Pickup (per cont.)
	1	2	3	4	5	6	7	
Trash	\$21.00	\$42.00	\$63.00	\$84.00	\$105.00	\$126.00	\$147.00	\$5.78
Trash	\$21.00	\$42.00	\$63.00	\$84.00	\$105.00	\$126.00	\$147.00	\$5.78
Trash	\$40.95	\$81.90	\$122.85	\$163.80	\$204.75	\$245.70	\$286.65	\$11.26
Trash	\$60.89	\$121.78	\$182.67	\$243.56	\$304.45	\$365.34	\$426.23	\$16.74
Trash	\$111.70	\$223.40	\$335.10	\$446.80	\$558.50	\$670.20	\$781.90	\$30.72
Trash	\$148.72	\$297.44	\$446.16	\$594.88	\$743.60	\$892.32	\$1,041.04	\$40.90
Trash	\$222.78	\$445.56	\$668.34	\$891.12	\$1,113.90	\$1,336.68	\$1,559.46	\$61.26
Trash	\$296.83	\$593.66	\$890.49	\$1,187.32	\$1,484.15	\$1,780.98	\$2,077.81	\$81.63
Trash Compacted	\$333.86	\$667.72	\$1,001.58	\$1,335.44	\$1,669.30	\$2,003.16	\$2,337.02	\$91.81
Trash Compacted	\$444.94	\$889.88	\$1,334.82	\$1,779.76	\$2,224.70	\$2,669.64	\$3,114.58	\$122.36
Trash Compacted	\$667.10	\$1,334.20	\$2,001.30	\$2,668.40	\$3,335.50	\$4,002.60	\$4,669.70	\$183.45
Recycling	\$3.48	\$6.96	\$10.44	\$13.92	\$17.40	\$20.88	\$24.36	\$0.96
Recycling	\$3.48	\$6.96	\$10.44	\$13.92	\$17.40	\$20.88	\$24.36	\$0.96
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Recycling	\$10.44	\$20.88	\$31.32	\$41.76	\$52.20	\$62.64	\$73.08	\$2.87
Recycling	\$34.23	\$68.46	\$102.69	\$136.92	\$171.15	\$205.38	\$239.61	\$9.41
Recycling	\$45.57	\$91.14	\$136.71	\$182.28	\$227.85	\$273.42	\$318.99	\$12.53
Recycling	\$68.27	\$136.54	\$204.81	\$273.08	\$341.36	\$409.84	\$478.32	\$18.77
Recycling	\$90.96	\$181.92	\$272.88	\$361.84	\$450.80	\$539.76	\$628.72	\$25.01
Greenwaste	\$3.48	\$6.96	\$10.44	\$13.92	\$17.40	\$20.88	\$24.36	\$0.96
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