

DATE: June 9, 2005
TO: Mayor and City Council Members
FROM: Utilities and Finance Departments
SUBJECT: **RESOLUTION NO. 7607 - A RESOLUTION AMENDING RESOLUTION NO. 7236
THE SOLID WASTE RATES FOR RESIDENTIAL CUSTOMERS**

BACKGROUND/ISSUE

The City's solid waste rates for residential and non-residential customers were decreased through Resolution No. 7236 adopted on December 9, 2003. The rate reduction was a result of a review of actual and projected costs for the solid waste program, in response to changes in the solid waste program resulting from closure of the Correctional Resource Recovery Facility. As part of the approved resolution, staff was committed to develop new solid waste rates based on the Plan of Correction that had been approved by the California Integrated Waste Management Board. As part of the Plan of Correction, a Solid Waste Management Plan (Plan) was developed that outlines the implementation of expanded and new waste diversion programs for reducing the amount of the City's solid waste to the landfill. This Plan has been approved by the California Integrated Waste Management Board and has a compliance date of December 31, 2005.

As approved, the Plan calls for several new recycle programs and the expansion of many existing solid waste services. For residential customers, the new program includes a three-can system: one can for refuse, one can for recyclables, and one can for green waste disposal. There is an option in the Plan for customers not to participate in the recycling or green waste program based on a variety of factors such as available space, landscaping service, and home-owners association services, etc. In addition, residents can choose between two sizes of refuse containers: a 90-gallon or a 60-gallon container, where the 60-gallon container is the standard size. As required by Resolution No. 7236, rate charges have been developed based on the adopted Plan.

Existing revenues have been reviewed together with projected costs for the new three can system. Based on this review, staff recommends amending the solid waste rates to create a variable container rate to encourage the city's residents to recycle. The rates, if adopted by the City Council, will establish a standard residential monthly rate for a 60-gallon garbage container at \$22.50. An optional 90-gallon garbage container can be requested for \$25.50 per month. Two 90-gallon containers will be provided for green waste and recycling collections. Appropriate adjustments in other residential solid waste rates will be included as an attachment under Exhibit A with this Resolution. These rates will become effective on November 1, 2005, when the roll-out of the new residential program is expected to be completed.

POLICY/RULE

In accordance with Section 3.20.063 of the Folsom Municipal Code, municipal service charges for water, sanitary sewer and solid waste shall be set by resolution approved by the City Council.

ANALYSIS

The update to the solid waste-charges analysis was recently completed. This analysis was performed assuming a variety of different rates using the projected cost of service for the new solid waste program,

including the implementation of the new Curbside Recycling Program, known as SmartCart. Results of the various analyses were presented to the Utility Advisory Committee for their input on the appropriate amount of fund reserves for the Solid Waste Fund, the cost-of-services and the appropriate differential between the two can rates.

The recommended rates are presented in Exhibit A and provide a comparison of current rates to the proposed rates. Under the rate scenario proposed, the standard residential service includes a 60-gallon garbage container at a monthly rate of \$22.50. Residents can request an option for a 90-gallon garbage container at a monthly rate of \$25.50. These rates also provide for a 90-gallon green waste container and a 90-gallon recycling cart. There is a provision for opting out of the green waste container which reduces the monthly rate by \$1. Some of the City's customers do not have room for the recycling cart and do not want to participate in the recycling program; however, opting out of the recycling program will not reduce their monthly rate or notably impact the City's required solid waste diversion requirements.

FINANCIAL IMPACT

Adoption of the proposed rates and rate structure will provide the Solid Waste Enterprise Fund with the revenue required to implement the City's Solid Waste Management Plan with all its various elements. The rates proposed include fund reserves in accordance with financial practices reviewed with the Utility Advisory Committee.

ENVIRONMENTAL REVIEW

This activity is exempt from environmental review under the California Environmental Quality Act and the National Environmental Policy Act.

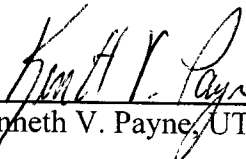
ATTACHMENT

Resolution No. 7607 - A Resolution Amending Resolution No. 7236 the Solid Waste Rates for Residential Customers.

RECOMMENDATIONS / CITY COUNCIL ACTION

The Utilities and Finance Departments recommend that the City Council pass and adopt Resolution No. 7607 - A Resolution Amending Resolution No. 7236 the Solid Waste Rates for Residential Customers.

Submitted,



Kenneth V. Payne, UTILITIES DIRECTOR



Navdeep S. Gill, FINANCE DIRECTOR

Attachment 1

RESOLUTION NO. 7607

A RESOLUTION AMENDING RESOLUTION NO. 7236 THE SOLID WASTE RATES FOR RESIDENTIAL CUSTOMERS

WHEREAS, the Solid Waste Fund of the City of Folsom is an enterprise fund, operated in a manner so that only costs of service are charged for solid waste service; and

WHEREAS, the City of Folsom seeks to establish solid waste programs to protect the community and environment; and

WHEREAS, the City of Folsom has reviewed the operational costs of the Solid Waste Division and has determined there are sufficient funds to implement all elements of the City's adopted Solid Waste Management Plan, including the three cart system for Municipal Solid Waste, green waste and recyclables; and

WHEREAS, a Solid Waste Rate and Fee Study has been completed and reviewed by the City's Utility Advisory Committee; and

WHEREAS, the Solid Waste Rate and Fee Study recommended a tiered rate for the two sizes of solid waste carts and the green waste cart:

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

1. The City Council of the City of Folsom establishes new solid waste rates for residential customers as indicated on the rate schedule attached as Exhibit A; and
2. On November 1, 2005, this resolution shall supercede Resolution No. 7236 with respect to solid waste rates for residential customers.

PASSED AND ADOPTED on this 28th day of June 2005, by the following roll-call vote:

AYES: Council Member(s)

NOES: Council Member(s)

ABSENT: Council Member(s)

ABSTAIN: Council Member(s)

ATTEST:

Stephen E. Miklos, MAYOR

Christa Schmidt, CITY CLERK

Exhibit A

City of Folsom

Proposed Residential Solid Waste Rates 2005

CUSTOMER CATEGORY	CURRENT RATE PER MONTH	SERVICE CATEGORIES & PROPOSED RATES PER MONTH
<p align="center">Single Family Homes & Duplexes</p>	<p align="center">\$22.50 (90-gallon garbage cart)</p>	<p align="center">\$22.50 (60-gallon garbage, 90-gallon green waste and 90-gallon recycling carts)</p> <p align="center">\$25.50 (90-gallon garbage, 90-gallon green waste and 90-gallon recycling carts)</p> <p><i>These households may also apply for a \$1.00 per month green waste container exemption</i></p>
<p align="center">Select* Single Family Homes with Home Owner Associations & Triplexes & Fourplexes</p> <p><i>* Applies only to homes with Home Owner Association-maintained yard service.</i></p>	<p align="center">\$22.50 (90-gallon garbage cart)</p>	<p align="center">\$21.50 (60-gallon garbage and 90-gallon recycling carts)</p> <p align="center">\$24.50 (90-gallon garbage and 90-gallon recycling carts)</p> <p><i>Both rates include a base \$1.00 per month green waste container exemption</i></p>
<p align="center">Condos & Zero Lot Line Communities</p>	<p align="center">\$22.50 (90-gallon garbage cart)</p>	<p align="center">\$21.50 (60-gallon garbage and 60-gallon recycling carts)</p> <p align="center">\$24.50 (90-gallon garbage and 60-gallon recycling carts)</p> <p><i>Both rates include a base \$1.00 per month green waste container exemption</i></p>
<p>Each household may receive one additional green waste or recycling container at no extra charge. Should a customer request a third or more green waste or recycling containers, they will be charged an additional \$1.00 per container per month for all customer categories.</p>		