



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 04-23-07

Approved

Date

7/24/07

**SUBJECT: PUBLIC HEARING ON RECYCLE PLUS RATE INCREASES AND
ADOPTION OF RESOLUTION REVISING RECYCLE PLUS RATES
EFFECTIVE JULY 1, 2007**

RECOMMENDATION

It is recommended that the City Council:

1. Conduct a public hearing on projected Recycle Plus rate increases for Fiscal Years 2007-2008, 2008-2009 and 2009-2010; and
2. Adopt a resolution increasing rates for Recycle Plus single-family services by 28% and multi-family services by 4%, effective July 1, 2007.

OUTCOME

Approval of the recommendations will increase the cost of solid waste services by \$5.65 a month for single-family households based on the rate for a standard 32-gallon garbage cart. When this 28% increase is coupled with a 4% increase for multi-family households, an additional \$18.8 million in revenues will be generated to offset a \$15.0 million increase in contractual obligations and other expenses. Cost recovery will be maintained and the minimum fund balance will be increased to its targeted level. A prudent fund balance assists in minimizing future rate increases while enabling the City to continue providing high-quality solid waste services to San José residents.

BACKGROUND

The agreements in place since the Recycle Plus Transition of 2002 were scheduled to continue through the end of FY 2012-2013. In December 2005, however, Norcal Waste Systems

informed the City that they would not seek an extension of their contracts beyond June 30, 2007.

Following an extensive competitive proposal process, the City Council on August 22, 2006, authorized the City Manager to negotiate and execute an agreement with GreenWaste Recovery, Inc. (GWR) for residential yard trimmings and street sweeping services, and adopted a resolution to negotiate agreements with two additional companies for residential garbage and recycling services. On November 21, 2006, Council authorized the City Manager to execute agreements with these companies, namely California Waste Solutions, Inc. (CWS) for single-family residential recycling services for Districts A and C, and Garden City Sanitation, Inc. (GCS) for single-family residential solid waste services for Districts A and C. All three agreements are for six-year terms commencing July 1, 2007, and new services will begin effective Monday, July 2.

As detailed in the Analysis section below, projected costs for these new contracts are \$41.5 million. This is \$15.8 million (61.6%) more than current estimates for the Norcal agreements. Consequently, the 5% rate increase projected in May 2005 as adequate through FY 2007-08 is insufficient to meet current contractual obligations. Council was apprised of this issue as part of the FY 2006-2007 rate recommendation process and directed staff on March 6, 2007, to issue a new Proposition 218 notice alerting San Jose property owners of the need for higher rate increases over the next three fiscal years.

- For Fiscal Year 2007-2008, the rate notice provided for a maximum increase of 29% for single-family services and a maximum increase of 10% for multi-family services.
- For Fiscal Years 2008-2009 and 2009-2010, the rate notice provided for maximum increases of 10% each year for both single-family and multi-family services.

The notice also informed property owners that the City Council would set the specific level of rate increases at the conclusion of a May 8 public hearing, which could be at or below the not-to-exceed percentages provided in the public notice.

As of April 13, the mid-point in the Proposition 218 process, 1,076 protest letters had been received, representing less than 1% of San José property owners. A table summarizing the protest letters received can be found in the Public Outreach section of this memorandum.

ANALYSIS

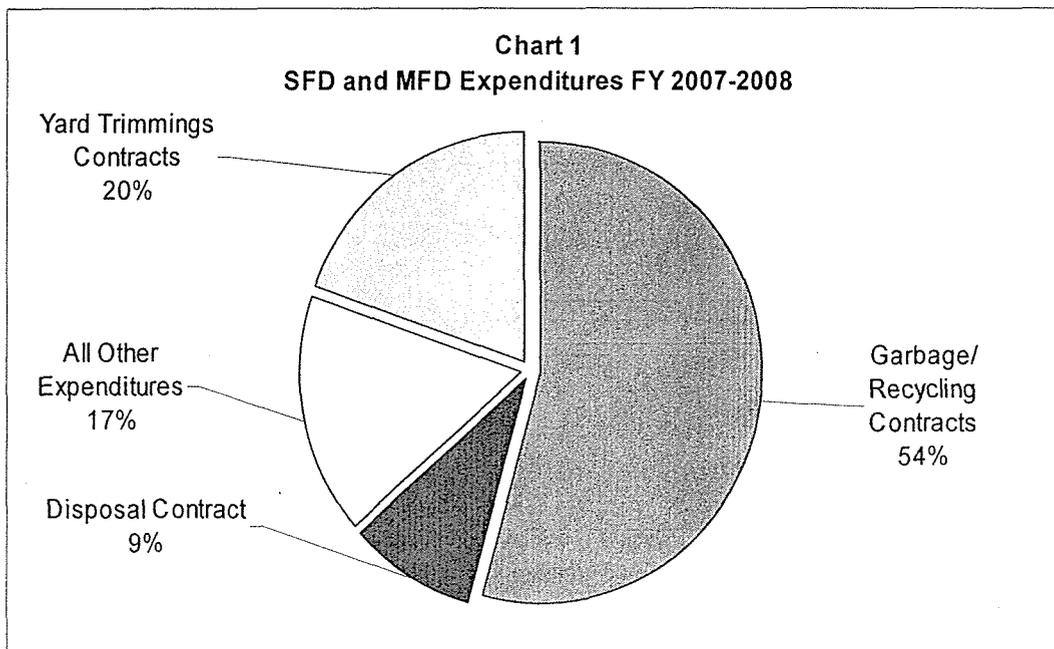
WHY A RATE INCREASE IS NEEDED

There are two key reasons that rate increases are being proposed:

First, FY 2007-2008 costs for the new contracts described above will be approximately \$41.5 million. This amount is \$15.8 million (61.6%) more than current estimates for the Norcal agreements.

Secondly, the two continuing collection contracts (GreenTeam in District B and GreenWaste Recovery in Districts A and B) and the Newby Island Landfill disposal contract include provisions for annual cost of living adjustments (COLAs) to cover allowable cost increases (fuel, labor, etc). In FY 2007-2008, COLA increases are anticipated to increase by 3.3% or \$1.3 million.

Contracted costs for collection and disposal agreements will comprise about 83% of total single-family and multi-family expenditures in FY 2007-2008 (Chart 1). The rate increase needed to cover the increases in new contractor and existing contractor costs may have exceeded 30%. However, City staff has been able to decrease the non-contractual expenditures by 11% (\$2.1 million) partly due to the elimination of one-time costs. Non-contractual costs cover expenditures for City overhead, program management, billing and customer service, and include several modest investment proposals designed to enhance service and fund activities. These savings allow staff to recommend a 28% increase rather than an increase exceeding 30%.



A summary of all these costs is presented in Table 1.

TABLE 1 – Estimated IWM Fund Expenditures

<u>Expenditure Description</u>	<u>FY 06-07</u>	<u>FY 07-08</u>	<u>\$ Change</u>	<u>% Change</u>
New Contracts	25,714,000	41,557,000	15,843,000	61.6%
Continuing Contracts	40,235,000	41,554,000	1,319,000	3.3%
Other Expenditures	19,408,000	17,286,000	(2,122,000)	-10.9%
Total Expenditures	85,357,000	100,397,000	15,040,000	17.6%

RATE STRATEGY AND RECOMMENDED INCREASES

A projected five-year Recycle Plus rate strategy was included with the Proposition 218 public notice recommendation presented to Council on March 6. Since that time, updated budgetary information as described above has provided staff the opportunity to revisit the five-year Recycle Plus rate strategy. The revised rate strategy is included in Table 2 below.

TABLE 2 – Recommended FY 2007-2008 Rate Increases Effective July 1, 2007

	<u>Estimated</u>	<u>Projected</u>				
	<u>FY 06-07</u>	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>
Minimum Fund Balance Target (1 month operating expenses) ¹⁾	5,496,000	6,926,000	7,298,000	7,699,000	8,116,000	8,554,000
SFD Rate Increase	5%	28%	3%	6%	5%	6%
MFD Rate Increase	3%	4%	3%	3%	5%	4%
32-Gallon Cart Rate	\$20.15	\$25.80	\$26.57	\$28.17	\$29.58	\$31.35
Unrestricted Fund Balance and Contingency Reserve	4,671,000	7,637,000	8,060,000	8,218,000	8,106,000	8,631,000

¹⁾ A minimum ending fund balance is maintained equal to approximately one month's operating expenditures for the Recycle Plus and disposal contracts. This prudent balance serves as a contingency reserve in the event of service disruption or other emergencies.

An ending fund balance well below the minimum target of one month's operating expenses was projected for FY 2006-07 in the rate strategy presented to Council in March 2006. The new five-year strategy projects a healthier fund balance due in part, to newly-realized revenues resulting from more accurate customer counts in the Integrated Billing System (IBS).

Other positive fund balance impacts in FY 2006-2007 include an expenditure reduction of \$840,000 due to a settlement with Norcal over disputed contractor payments, including a revised cost-of-living adjustment for FY 2006-2007.

A Return on Investment study for the Integrated Billing System is currently under discussion and may identify additional impacts to the IWM fund that are as yet unknown. Although the benefits of IBS are many, it is difficult to provide a full assessment of the monetary benefits until a full year of actual financial information has been reported and analyzed. Benefits identified thus far are listed below. As additional IBS benefits are verified, they will be included in future rate analyses.

1) Ongoing Data Cleanup

Ongoing data cleanup activities in IBS demonstrate increased revenue capture for the City. Examples of these data cleanup items include the following: services that were not billed to customers and not paid to the haulers (e.g., existing premises not in the City's billing database), services that were not billed to customers, but paid to the haulers, and services that were inaccurately billed to customers and inaccurately paid to haulers (e.g. number and size of carts and bins at a premises).

2) Improved Data Integrity

Following Council direction to improve customer service, IBS consolidates the complex relationships related to operating the Recycle Plus Program into one centralized source of data between the customer, multiple haulers, and the City. This consolidation results in improved data integrity because the same data is being used by all Recycle Plus contracted haulers for operations in the field; calculating bills for the customers; and compensating the four haulers by the City.

3) Standardizing and Automating Business Processes, Policies, and Procedures

Standardizing and automating business processes, policies, and procedures have increased revenues as well. Examples of items that have contributed to this are: Increased late payment and delinquency management due to standardizing the billing policy for all City utilities; increased accuracy in charging for large item collections due to the automation of these field activities; more accurate customer bills due to the automation of proration adjustments; and more accurate customer bills due to the automation of customers special rates.

During the critical 2007-2008 contractor transition year, the newly-realized FY 2006-2007 expenditure reductions allow for additional reserves above the minimum target levels. These reserves are proposed to safeguard against unanticipated transition emergencies, including contractor default. This additional fund balance is also critical due to several issues that make it challenging to estimate exact FY 2007-2008 revenues and expenditures – the potential impact, for example, should a significant number of customers react to higher rates by down-sizing their garbage carts or canceling on-premises services, or the potential that other revenues in Fiscal Years 2006-2007 and 2007-2008 might not be realized as expected.

Comparisons to Other Jurisdictions

An SFD increase of 28% would amount to an additional \$5.65 per month for the standard 32-gallon garbage cart, increasing the rate from \$20.15 to \$25.80. By comparison, the estimated countywide weighted average is \$23.98 per month for a 32-gallon garbage cart in 2007 (December 2006 survey). However, cities charging lower rates in the survey often do not provide the same collection frequency or range of services as San Jose or may have funding sources other than rate-payer revenue.

The proposed multi-family rates would still be far lower than the countywide average (\$164.62 per month versus \$203.80 for a 3-cubic yard bin serviced once per week, one of the most common levels).

Specific information on other jurisdictions is presented in Attachment A, Rate Comparisons.

Increases to Other Rates and Fees

It is recommended that certain rates be increased more than the general Recycle Plus recommended rate increases and these changes have been noticed to the public: (a) increases to Recycle Plus delinquency charges, (b) one-time adjustments to the yard trimmings subscription cart rate, and (c) subscription on-premises service rates. These adjustments are needed to bring these services to cost recovery. Details of these special rate changes are included in Attachment D, Recycle Plus Special Rates. Recommended increases to Recycle Plus delinquency charges will be reflected in the Schedule of Fees and Charges to be adopted in June.

ALTERNATIVES

Council may elect to increase Recycle Plus rates by amounts different from those recommended. However, because of Proposition 218 requirements, rate increases cannot exceed amounts contained in the notices sent to property owners in March (29% maximum for single-family services, 10% maximum for multi-family services, and other increases for special service rates). It is also important to note that lower rate increases may result in inadequate reserves or a need for General Fund support. These reserves are necessary to safeguard the City against service disruptions or other emergencies.

PUBLIC OUTREACH

Prop. 218 Notifications and Letters of Protest

As of April 13, the mid-point in the Proposition 218 protest process, the City Clerk's Office had received 1,076 letters protesting the proposed Recycle Plus rates and an additional 146

comments or inquiries by email and telephone. Staff is tracking these inquiries and responding to residents' concerns.

A breakdown of the official protests by category is shown below in Table 3. Proposition 218 requires that a rate increase be denied upon receipt of written protests from at least 50% of affected property owners. As of April 13, just over one-half of 1% of San Jose property owners had formally protested the proposed increases.

TABLE 3 – Proposition Protest Letters Received (as of April 13, 2007)

# Protest Letters Received	%	Protest Category
915	85%	General Protest – No specific reason given for protest
139	13%	Cite economic downturn/hardship as reason for protest
20	2%	Cite poor service as reason for protest
2	--	Cite intention to downsize cart or cancel subscription services
1,076	0.52%	% San Jose Property Owners Protesting Rate Increase

The California Apartment Association has been advised of the recommended increase to multi-family services, and staff is available to answer questions or address any concerns that they might have.

COORDINATION

This memorandum was coordinated with the City Manager's Budget Office, the City Attorney's Office, the Information Technology and Finance Departments, and the City Clerk's Office.

COST IMPLICATIONS

- A 28% single-family increase (including the recommended increases to special rates detailed in Attachment D) with an effective date of July 1, 2007, is estimated to generate \$18.1 million in additional revenue to the IWM Fund in FY 2007-2008.
- A 4% multi-family increase with an effective date of July 1, 2007, is estimated to generate \$720,000 in additional revenue to the IWM Fund in FY 2007-2008.

The recommended rate increases for FY 2007-2008 is consistent with Council Policy that programs be self-supporting whenever possible.

BUDGET REFERENCE

N/A

CEQA

Not a project.



JOHN STUFFLEBEAN
Director, Environmental Services

For questions, please contact Jo Zientek, Deputy Director, Integrated Waste Management Division, at (408) 535-8557.

Attachments:

- (A) Rate Comparisons of Other Cities
- (B) SFD Rate Charts
- (C) MFD Rate Charts
- (D) Recycle Plus Special Rates

**ATTACHMENT A
RATE COMPARISONS**

The table below compares the typical single-family dwelling garbage and recycling rates of Santa Clara County cities and agencies. This survey of other cities was conducted in December 2006, after new rates were adopted by many other jurisdictions. If known, proposed rates are included. **It is important to note that services included with these rates vary widely from city to city, and that San Jose's services generally are more robust (more frequent collections, additional services included such as street sweeping, etc.). In addition, some solid waste programs may have funding sources other than rate-payer revenue.** As shown below, San José's recommended single-family rate would rise above the countywide average for the first time since the new rate system was adopted in 1993. Multi-family rates would remain below the countywide average. With a proposed 4% multi-family increase, the rate for a 3-cubic yard bin serviced once per week (one of the most common multi-family service levels) would be \$164.62 – far lower than the countywide average of \$203.80 per month, based on a December 2006 survey.

**Single-Family Dwelling Garbage and Recycling Program
32 Gallon Rate Comparisons**

Santa Clara County Cities	Current Monthly Rate	Proposed Monthly Rate (if available)
Milpitas	\$28.59	-
Los Altos Hills	\$27.72	-
San José with 28% Increase	\$20.15	\$25.80
Gilroy	\$23.20	\$24.36
Los Altos	\$24.14	-
Countywide Weighted Average	\$21.42	\$23.98
Unincorporated County Districts	\$19.43-\$22.79	\$19.55-\$31.94
Palo Alto	\$21.38	\$23.30
Monte Sereno	\$21.71	\$22.88
Morgan Hill	\$22.31	-
Sunnyvale	\$21.71	-
Saratoga	\$18.81	\$19.83
Santa Clara	\$19.25	-
Cupertino	\$18.66	-
Campbell	\$18.05	\$18.46
Los Gatos	\$16.90	\$17.88
Mountain View	\$15.30	-

**Single-Family Dwelling Garbage and Recycling Program
32 Gallon Rate Comparisons - Continued**

Other Northern California Cities	Current Monthly Rate
San José (with 28% increase)	\$25.80
Oakland	\$25.24
Fremont	\$22.36
San Francisco	\$22.29
Sacramento	\$20.09
San José (current)	\$20.15

**ATTACHMENT B
RECYCLE PLUS SINGLE-FAMILY MONTHLY SERVICE RATES**

Effective July 1, 2007

Service Level	20-Gallon Garbage Cart	32-Gallon Garbage Cart	64-Gallon Garbage Cart	96-Gallon Garbage Cart	128-Gallon Garbage Cart (96+32)	160-Gallon Garbage Cart (96+64)	192-Gallon Garbage Cart (96+96)	224-Gallon Garbage Cart (96+96+32)	One 96-Gal. Shared Garbage Cart	Two 96-Gal. Shared Garbage Carts
Standard Service										
Current Rate	\$ 18.98	\$ 20.15	\$ 40.30	\$ 60.45	\$ 80.60	\$ 100.75	\$ 120.90	\$ 141.05	\$ 52.11	\$ 77.52
Increase	\$ 5.32	\$ 5.65	\$ 11.30	\$ 16.95	\$ 22.60	\$ 28.25	\$ 33.90	\$ 39.55	\$ 14.37	\$ 21.71
New Rate	\$ 24.30	\$ 25.80	\$ 51.60	\$ 77.40	\$ 103.20	\$ 129.00	\$ 154.80	\$ 180.60	\$ 66.48	\$ 99.23
On-Premises Collection										
Current Rate	\$ 28.47	\$ 30.23	\$ 60.45	\$ 90.68	\$ 120.90	\$ 151.13	\$ 181.35	\$ 211.58	\$ 78.17	\$ 116.28
Increase	\$ 67.83	\$ 67.58	\$ 63.15	\$ 58.73	\$ 54.30	\$ 49.88	\$ 45.45	\$ 41.03	\$ 60.32	\$ 126.95
New Rate	\$ 96.30	\$ 97.80	\$ 123.60	\$ 149.40	\$ 175.20	\$ 201.00	\$ 226.80	\$ 252.60	\$ 138.48	\$ 243.23
On-Premises Disabled (Equivalent to CR Rate)										
Current Rate	\$ 18.98	\$ 20.15	\$ 40.30	\$ 60.45	\$ 80.60	\$ 100.75	\$ 120.90	\$ 141.05	N/A	N/A
Increase	\$ 5.32	\$ 5.65	\$ 11.30	\$ 16.95	\$ 22.60	\$ 28.25	\$ 33.90	\$ 39.55	N/A	N/A
New Rate	\$ 24.30	\$ 25.80	\$ 51.60	\$ 77.40	\$ 103.20	\$ 129.00	\$ 154.80	\$ 180.60	N/A	N/A
LIRA (70%/50% of CR Rate)										
Current Rate	\$ 13.29	\$ 14.11	\$ 20.15	\$ 30.23	\$ 40.30	\$ 50.38	\$ 60.45	\$ 70.53	N/A	N/A
Increase	\$ 3.72	\$ 3.96	\$ 5.65	\$ 8.48	\$ 11.30	\$ 14.13	\$ 16.95	\$ 19.78	N/A	N/A
New Rate	\$ 17.01	\$ 18.06	\$ 25.80	\$ 38.70	\$ 51.60	\$ 64.50	\$ 77.40	\$ 90.30	N/A	N/A
LIRA - Large Family (75% of Curbside Rate)										
Current Rate	N/A	N/A	\$ 30.23	\$ 45.34	\$ 60.45	\$ 75.56	\$ 90.68	\$ 105.79	N/A	N/A
Increase	N/A	N/A	\$ 8.48	\$ 12.71	\$ 16.95	\$ 21.19	\$ 25.43	\$ 29.66	N/A	N/A
New Rate	N/A	N/A	\$ 38.70	\$ 58.05	\$ 77.40	\$ 96.75	\$ 116.10	\$ 135.45	N/A	N/A
Special Medical (CR Rate Minus 1 Svc Level)										
Current Rate	N/A	N/A	\$ 20.15	\$ 40.30	\$ 60.45	\$ 80.60	\$ 100.75	\$ 120.90	N/A	N/A
Increase	N/A	N/A	\$ 5.65	\$ 11.30	\$ 16.95	\$ 22.60	\$ 28.25	\$ 33.90	N/A	N/A
New Rate	N/A	N/A	\$ 25.80	\$ 51.60	\$ 77.40	\$ 103.20	\$ 129.00	\$ 154.80	N/A	N/A
Hardship - No Change	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A
Small Business										
Current Rate	N/A	\$ 25.04	\$ 45.22	\$ 65.37	\$ 85.55	\$ 105.71	\$ 125.88	\$ 146.07	N/A	N/A
Increase	N/A	\$ 7.01	\$ 12.66	\$ 18.30	\$ 23.95	\$ 29.60	\$ 35.25	\$ 40.90	N/A	N/A
New Rate	N/A	\$ 32.05	\$ 57.88	\$ 83.67	\$ 109.50	\$ 135.31	\$ 161.13	\$ 186.97	N/A	N/A
On-Premise Small Business										
Current Rate	N/A	\$ 37.56	\$ 67.83	\$ 98.06	\$ 128.33	\$ 158.57	\$ 188.82	\$ 219.11	N/A	N/A
Increase	N/A	\$ 66.49	\$ 62.05	\$ 57.62	\$ 53.18	\$ 48.75	\$ 44.31	\$ 39.87	N/A	N/A
New Rate	N/A	\$ 104.05	\$ 129.88	\$ 155.67	\$ 181.50	\$ 207.31	\$ 233.13	\$ 258.97	N/A	N/A

**ATTACHMENT B
ADDITIONAL SFD SERVICE RATES**

Effective July 1, 2007

Service	Current Rate	New Rate
Cart Exchanges	\$15.00 for each exchange in excess of once per fiscal year	No Change
Container charge for repeated cart requests or abuse of cart	\$10.00 plus the actual container replacement cost, including delivery costs	\$ 60.00
Yard Trimmings Cart	\$ 2.50 per month	\$ 4.00
Extra Garbage Stickers	\$ 4.90 per sticker	\$ 6.25
Large Item Collection	\$25.00 for each 3 items	No Change
Missing/Stolen Carts	Free	No Change
Contaminated Recycling Cart	New Rate	\$ 15.00
Shared Cart Services:		
Contaminated Recycling Carts	\$35.00 per pick-up for one cart	\$ 44.80
	\$43.74 per pickup for two carts	\$ 55.99

ATTACHMENT C
RECYCLE PLUS MULTI-FAMILY MONTHLY SERVICE RATES
Effective July 1, 2007

Garbage Bin Size (cu yd)	Standard Recycling Bin Size (cu yd)	Rates	Number of Collections Per Week (Recycling Collection Once Per Week)					Extra PickUp
			1	2	3	4	5	
1	1	Current Rate	\$ 77.91	\$ 141.10	\$ 204.31	\$ 267.52	\$ 330.73	\$ 33.52
		Increase	\$ 3.12	\$ 5.64	\$ 8.17	\$ 10.70	\$ 13.23	\$ 1.34
		New Rate	\$ 81.03	\$ 146.74	\$ 212.48	\$ 278.22	\$ 343.96	\$ 34.86
1.5	1.5	Current Rate	\$ 97.86	\$ 179.52	\$ 261.20	\$ 342.88	\$ 424.56	\$ 38.15
		Increase	\$ 3.91	\$ 7.18	\$ 10.45	\$ 13.72	\$ 16.98	\$ 1.53
		New Rate	\$ 101.77	\$ 186.70	\$ 271.65	\$ 356.60	\$ 441.54	\$ 39.68
2	2	Current Rate	\$ 118.32	\$ 218.47	\$ 318.63	\$ 418.78	\$ 518.92	\$ 42.80
		Increase	\$ 4.73	\$ 8.74	\$ 12.75	\$ 16.75	\$ 20.76	\$ 1.71
		New Rate	\$ 123.05	\$ 227.21	\$ 331.38	\$ 435.53	\$ 539.68	\$ 44.51
3	3	Current Rate	\$ 158.29	\$ 295.39	\$ 432.49	\$ 569.58	\$ 706.66	\$ 52.09
		Increase	\$ 6.33	\$ 11.82	\$ 17.30	\$ 22.78	\$ 28.27	\$ 2.08
		New Rate	\$ 164.62	\$ 307.21	\$ 449.79	\$ 592.36	\$ 734.93	\$ 54.17
4	4	Current Rate	\$ 198.28	\$ 372.32	\$ 546.34	\$ 720.38	\$ 894.43	\$ 61.38
		Increase	\$ 7.93	\$ 14.89	\$ 21.85	\$ 28.82	\$ 35.78	\$ 2.46
		New Rate	\$ 206.21	\$ 387.21	\$ 568.19	\$ 749.20	\$ 930.21	\$ 63.84
5	5	Current Rate	\$ 238.26	\$ 449.22	\$ 660.22	\$ 871.22	\$ 1,082.20	\$ 70.17
		Increase	\$ 9.53	\$ 17.97	\$ 26.41	\$ 34.85	\$ 43.29	\$ 2.81
		New Rate	\$ 247.79	\$ 467.19	\$ 686.63	\$ 906.07	\$ 1,125.49	\$ 72.98
6	6	Current Rate	\$ 278.23	\$ 526.17	\$ 774.09	\$ 1,022.02	\$ 1,269.96	\$ 79.94
		Increase	\$ 11.13	\$ 21.05	\$ 30.96	\$ 40.88	\$ 50.80	\$ 3.20
		New Rate	\$ 289.36	\$ 547.22	\$ 805.05	\$ 1,062.90	\$ 1,320.76	\$ 83.14
8	8	Current Rate	\$ 358.18	\$ 680.01	\$ 1,001.81	\$ 1,323.63	\$ 1,645.46	\$ 98.51
		Increase	\$ 14.33	\$ 27.20	\$ 40.07	\$ 52.95	\$ 65.82	\$ 3.94
		New Rate	\$ 372.51	\$ 707.21	\$ 1,041.88	\$ 1,376.58	\$ 1,711.28	\$ 102.45

- (1) For bins without wheels, the monthly service rates set out above are reduced by \$4.00 multiplied by the number of collections per week except for 6 and 8 cubic yard bins which include the deduction
- (2) Additional recycling capacity and/or collection frequency to be considered upon request

ATTACHMENT C
RECYCLE PLUS MULTI-FAMILY MONTHLY SERVICE RATES
Effective July 1, 2007

Customer Owned Bin Deduction or Bin Rental Fee

Rate	Bin Size (cubic yards)							
	1	1.5	2	3	4	5	6	8
Current Rate	\$ (11.33)	\$ (12.46)	\$ (14.01)	\$ (16.34)	\$ (18.67)	\$ (21.00)	\$ (23.34)	\$ (28.01)
No Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Compactor Service

Rate	Per Collection,
Current Rate	\$ 37.26
Increase	\$ 1.49
New Rate	\$ 38.75

(1) Package rate includes service for recycling compactor of equal size to garbage bin.

ATTACHMENT C
RECYCLE PLUS MULTI-FAMILY MONTHLY SERVICE RATES
Effective July 1, 2007

Bin Push Service

Rates include push of equal distance for recycling bin.

Distance (in feet)	Rates	Number of Pushes Per Week					Extra Pick-Up
		1	2	3	4	5	
Up to 25	Current Rate	\$ 17.46	\$ 34.92	\$ 52.38	\$ 69.84	\$ 87.30	\$ 10.83
	Increase	\$ 0.70	\$ 1.40	\$ 2.10	\$ 2.80	\$ 3.50	\$ 0.43
	New Rate	\$ 18.16	\$ 36.32	\$ 54.48	\$ 72.64	\$ 90.80	\$ 11.26
50	Current Rate	\$ 34.92	\$ 69.84	\$ 104.76	\$ 139.68	\$ 174.60	\$ 21.66
	Increase	\$ 1.40	\$ 2.80	\$ 4.20	\$ 5.60	\$ 7.00	\$ 0.86
	New Rate	\$ 36.32	\$ 72.64	\$ 108.96	\$ 145.28	\$ 181.60	\$ 22.52
75	Current Rate	\$ 52.38	\$ 104.76	\$ 157.14	\$ 209.52	\$ 261.90	\$ 32.49
	Increase	\$ 2.10	\$ 4.20	\$ 6.30	\$ 8.40	\$ 10.50	\$ 1.29
	New Rate	\$ 54.48	\$ 108.96	\$ 163.44	\$ 217.92	\$ 272.40	\$ 33.78
100	Current Rate	\$ 69.84	\$ 139.68	\$ 209.52	\$ 279.36	\$ 349.20	\$ 43.32
	Increase	\$ 2.80	\$ 5.60	\$ 8.40	\$ 11.20	\$ 14.00	\$ 1.72
	New Rate	\$ 72.64	\$ 145.28	\$ 217.92	\$ 290.56	\$ 363.20	\$ 45.04
125	Current Rate	\$ 87.30	\$ 174.60	\$ 261.90	\$ 349.20	\$ 436.50	\$ 54.15
	Increase	\$ 3.50	\$ 7.00	\$ 10.50	\$ 14.00	\$ 17.50	\$ 2.15
	New Rate	\$ 90.80	\$ 181.60	\$ 272.40	\$ 363.20	\$ 454.00	\$ 56.30
150	Current Rate	\$ 104.76	\$ 209.52	\$ 314.28	\$ 419.04	\$ 523.80	\$ 64.98
	Increase	\$ 4.20	\$ 8.40	\$ 12.60	\$ 16.80	\$ 21.00	\$ 2.58
	New Rate	\$ 108.96	\$ 217.92	\$ 326.88	\$ 435.84	\$ 544.80	\$ 67.56
175	Current Rate	\$ 122.22	\$ 244.44	\$ 366.66	\$ 488.88	\$ 611.10	\$ 75.81
	Increase	\$ 4.90	\$ 9.80	\$ 14.70	\$ 19.60	\$ 24.50	\$ 3.01
	New Rate	\$ 127.12	\$ 254.24	\$ 381.36	\$ 508.48	\$ 635.60	\$ 78.82
200	Current Rate	\$ 139.68	\$ 279.36	\$ 419.04	\$ 558.72	\$ 698.40	\$ 86.64
	Increase	\$ 5.60	\$ 11.20	\$ 16.80	\$ 22.40	\$ 28.00	\$ 3.44
	New Rate	\$ 145.28	\$ 290.56	\$ 435.84	\$ 581.12	\$ 726.40	\$ 90.08

- (1) For regular pushes greater than 200 feet, the monthly charge is \$18.16 multiplied by the number of 25 foot increments multiplied by the number of collections per week. Example: The monthly rate for a 276 foot push for a bin collected 3/week is figured as $12 * \$18.16 * 3 = \653.76
- (2) For extra pushes greater than 200 feet, the push charge is 0.62 times \$18.16 multiplied by the number of 25 foot increments

ATTACHMENT C
RECYCLE PLUS MULTI-FAMILY MONTHLY SERVICE RATES
Effective July 1, 2007

Cart Push Service

Distance (in feet)	Rates	Regular Push	Extra Push
up to 25	Current Rate	\$ -	\$ -
	Increase	\$ -	\$ -
	New Rate	\$ -	\$ -
26-50	Current Rate	\$ 17.46	\$ 10.83
	Increase	\$ 0.70	\$ 0.43
	New Rate	\$ 18.16	\$ 11.26
51-75	Current Rate	\$ 34.92	\$ 21.66
	Increase	\$ 1.40	\$ 0.86
	New Rate	\$ 36.32	\$ 22.52
76-100	Current Rate	\$ 52.38	\$ 32.49
	Increase	\$ 2.10	\$ 1.29
	New Rate	\$ 54.48	\$ 33.78
101-125	Current Rate	\$ 69.84	\$ 43.32
	Increase	\$ 2.80	\$ 1.72
	New Rate	\$ 72.64	\$ 45.04
126-150	Current Rate	\$ 87.30	\$ 54.15
	Increase	\$ 3.50	\$ 2.15
	New Rate	\$ 90.80	\$ 56.30
151-175	Current Rate	\$ 104.76	\$ 64.98
	Increase	\$ 4.20	\$ 2.58
	New Rate	\$ 108.96	\$ 67.56
176-200	Current Rate	\$ 122.22	\$ 75.81
	Increase	\$ 4.90	\$ 3.01
	New Rate	\$ 127.12	\$ 78.82

- (1) Push rates above apply to either 1 cart or to a set of 2 carts
- (2) For regular pushes greater than 200 feet, the monthly charge is \$18.16 multiplied by the number of 25 foot increments minus 1.
- (3) For extra pushes greater than 200 feet, the charge is 0.62 times \$18.16 multiplied by the number of 25 foot increments minus 1.

ATTACHMENT C
RECYCLE PLUS MULTI-FAMILY CONTAMINATED RECYCLING RATES
Effective July 1, 2007

Contaminated Recycling Collection

Bins		
Bin Size (cu. yd.)	Rates	Pick-Up Charge
1	Current Rate	\$ 33.52
	Increase	\$ 1.34
	New Rate	\$ 34.86
1.5	Current Rate	\$ 38.16
	Increase	\$ 1.53
	New Rate	\$ 39.69
2	Current Rate	\$ 42.80
	Increase	\$ 1.71
	New Rate	\$ 44.51
3	Current Rate	\$ 52.10
	Increase	\$ 2.08
	New Rate	\$ 54.18
4	Current Rate	\$ 61.38
	Increase	\$ 2.46
	New Rate	\$ 63.84
5	Current Rate	\$ 70.16
	Increase	\$ 2.81
	New Rate	\$ 72.97
6	Current Rate	\$ 79.93
	Increase	\$ 3.20
	New Rate	\$ 83.13
8	Current Rate	\$ 98.51
	Increase	\$ 3.94
	New Rate	\$ 102.45

Carts		
Number of Carts	Rates	Pick-Up Charge
1	Current Rate	\$ 33.68
	Increase	\$ 1.35
	New Rate	\$ 35.03
2	Current Rate	\$ 42.10
	Increase	\$ 1.68
	New Rate	\$ 43.78
3	Current Rate	\$ 75.78
	Increase	\$ 3.03
	New Rate	\$ 78.81
4	Current Rate	\$ 84.18
	Increase	\$ 3.37
	New Rate	\$ 87.55
5	Current Rate	\$ 117.87
	Increase	\$ 4.71
	New Rate	\$ 122.58
6	Current Rate	\$ 126.30
	Increase	\$ 5.05
	New Rate	\$ 131.35
7	Current Rate	\$ 160.00
	Increase	\$ 6.40
	New Rate	\$ 166.40
8	Current Rate	\$ 168.42
	Increase	\$ 6.74
	New Rate	\$ 175.16
9+	Current Rate	\$ 21.05
	Increase	\$ 0.84/cart
	New Rate	\$21.89/cart

(1) Extra Pick-Up rates apply to the collection of recycling bins or carts which are contaminated with garbage

ATTACHMENT C
ADDITIONAL RECYCLE PLUS MULTI-FAMILY SERVICE RATES
Effective July 1, 2007

Service	Current Rate		New Rate	
<u>Large Item Collection</u>				
Per-Item Charge (1-3):	\$	55.50	No Change	
Each additional item:	\$	18.50	No Change	
<u>Garbage Overflow</u>				
Delivery and Pick-Up of Bin	\$	34.39	\$	35.77
Rental Rate	Regular monthly charge for bin service prorated to the number of weeks the overflow bin is requested			
<u>Lock Services</u>				
	<u>Bins</u>		<u>Carts</u>	
Lock Installed, Plus Key	\$	154.48	\$	93.46
Lock 3 Carts Together		NA	\$	93.46 /three
Repaired, Including Lock	\$	99.95	\$	71.40
Repaired, Excluding Lock	\$	84.38	\$	57.11
Removed (damaged by customer)	\$	114.23	\$	93.46
Removed (requested by customer)	\$	57.11	\$	57.11
Special Services, Welding or Retrofit	\$	56.59	\$	56.59 /hour
<u>Other Services</u>				
Service Level Changes (bin or 2 carts) (in excess of once per year)	\$	25.00	\$	25.00
Container Cleaning (bin or 2 carts) (in excess of once per year)	\$	25.00	\$	25.00
Yard Trimmings Cart		NA	\$	8.58
Hardship Rate (for uninhabitable properties)		\$0.00	No Change	

ATTACHMENT D RECYCLE PLUS SPECIAL RATES

In addition to the general Recycle Plus rate increases, it is recommended that certain rates be increased more than the general recommended increases. These additional rate changes include increases to Recycle Plus delinquency charges, and one-time adjustments to the yard trimmings subscription cart rate and subscription on-premises service rates needed to bring these services to cost recovery.

Yard Trimmings Cart Subscription Increase

The yard trimmings cart subscription rate (and the on-premises collection rates discussed below) must be brought to cost recovery. Proposition 218 legislation prohibits charging one property owner for services provided to another property owner. Therefore, rates charged for regular curbside service cannot include the costs for premium services provided to another customer. The yard trimmings cart option and on-premises collection are premium services, and their costs must be borne by those who benefit from the service.

Despite general increases to Recycle Plus rates, the yard trimmings subscription rate has remained unchanged since the last increase in Fiscal Year 2004-2005. Approximately 42,000 SFD households subscribe to this optional service Citywide. Increasing yard trimmings cart rates from \$2.50 per month to \$4.00 per month (a 60% increase) will achieve cost recovery for this service, will resolve equity issues by recovering the additional expenditure for yard trimmings cart collection only from those who benefit from the service, and will help control rate increases needed to keep the IWM Fund balance at appropriate levels.

Some residents may choose to cancel their cart subscriptions so as not to incur the rate increase. Residents who cancel their subscriptions will continue to have access to unlimited loose-in-the-street yard trimmings collection service. In areas where parking congestion prevents on-street collection of yard trimmings, residents receive one yard trimmings cart per household at no charge. The proposed yard trimmings cart rate increase will not affect this no-charge service.

On-Premises Collection Rate Increase

On-premises collection is the collection of solid waste carts from areas other than at the curb (such as backyard collection). This service is offered to residents with a qualifying disability at no additional cost to the resident, and at no additional cost to the City, from the Recycle Plus haulers. However, some residents without disabilities choose to subscribe to this premium service, at an additional cost. The current subscription on-premises rate is 1.5 times the regular garbage rate. As an example, for a typical 32-gallon garbage cart, the on-premise monthly rate is \$30.23.

The Recycle Plus haulers are paid an additional amount for providing subscription on-premises service. With the new Recycle Plus contracts beginning in July 2007, the average contractor payment for subscription on-premises service will increase by 115%. Following Council direction that programs operate at cost recovery, the on-premises rates were evaluated and a new rate structure with significantly higher customer rates is recommended. The new rate structure for this premium service will be based on a \$72.00 on-premises charge added to the customer's base rate. Projected on-premises rates for Small Commercial Businesses (SCBs) will increase similarly. Approximately 129 SFD and 5 SCBs subscribe to this premium service Citywide. Table 1 below highlights the more common on-premises rate adjustments.

TABLE 1 – Recommended On-Premises Rate Increases

On-Premise Service	Current Rate	Recommended FY 2007-2008 Rate	% Increase
20-gallon	\$28.47	\$96.30	238%
32-gallon	\$30.23	\$97.80	224%
64-gallon	\$60.45	\$123.60	104%
96-gallon	\$90.68	\$149.40	65%
SCB 32-gallon	\$37.56	\$104.05	177%
SCB 64-gallon	\$67.83	\$129.88	91%
SCB 96-gallon	\$98.06	\$155.67	59%

Although hauler costs will increase significantly under the new Recycle Plus contracts, on-premises collection for residents with disabilities will continue to be provided at no cost to the City. Such qualifying residents will continue to receive on-premises service at no additional charge.

Additionally, a small number (approximately 52) of multi-family complexes that utilize carts to collect garbage have been receiving on-premises service at no charge. This no-charge rate was carried-over from the multi-family contract in 2002 when these properties were transitioned into the SFD contract and was limited to complexes where the driver had to walk less than 25 feet to service the cart. Although under the previous multi-family Recycle Plus contract the hauler was not paid for providing this service, current single-family contract parameters dictate that the contractor is compensated. Because there is a cost to the City, the customer will now be charged accordingly for this service. The Proposition 218 notice included information about the elimination of this no-charge service beginning July 1, 2007, including the recommended rate increases shown in Table 2 below. Because shared-cart service is provided by the single-family contractors, and these costs have increased significantly, it is subject to the maximum single-family rate increases of the Proposition 218 rate increase notice. Per San Jose Municipal Code, shared carts are only allowed at multi-family complexes, not single-family homes.

TABLE 2 – Recommended On-Premises Shared Cart Rate Increases

On-Premise Service	Current Rates	Recommended FY 2007-2008 Rate
1 96-gallon cart	\$52.11* / \$78.17	\$138.48
2 96-gallon carts	\$77.52* / \$116.28	\$243.23

*Current rates include rate for customers that receive qualifying on-premises service at no-charge.

Recycle Plus Delinquency Charge Increases

The Proposition 218 notice included information on potential increases to the late charges for Recycle Plus payment delinquencies. The charges subject to increases are listed in Table 3 below, along with current rates and recommended rates for FY 2007-2008. Similar to the general Recycle Plus rate increases, the notice included a maximum 29% increase in Fiscal Year 2007-2008, and 10% in both Fiscal Years 2008-2009 and 2009-2010 to cover increased costs for delinquency processing. The Finance Department will present final recommendations for increases to these fees and charges as part of the FY 2007-2008 budget process. Recommended increases to Recycle Plus delinquency charges will be reflected in the Schedule of Fees and Charges to be adopted in June.

TABLE 3 – Recommended FY 2007-2008 Delinquency Charge Increases

Delinquency Charge	Current Rate	Recommended FY 2007-2008 Rate
Administrative charges for collection procedure	\$58.00	\$69.00
Minimum Late Payment Charge	\$5.00	\$6.00
Notice of Intent to Lien	\$15.00 per notice	\$16.00 per notice
Special Assessment Charge	\$5.00 per parcel	\$5.00 per parcel

New Rates for Contaminated Recycling Cart Collection and Excessive Lost or Stolen Cart Replacement Requests

As reported to Council on November 21, 2006, staff is recommending a fee to be charged to a resident if the contents of a recycling cart have to be collected as garbage. This recommended rate of \$15.00 will cover the cost for Garden City Sanitation to collect a contaminated recycling cart plus administrative costs.

The current Rate Resolution includes a category to establish a customer rate for repeated unwarranted cart replacement requests. This rate may be applied when the City determines that a resident is using the carts for unintended purposes and/or has been making repeated requests for free replacements. The Rate Resolution allows a charge of \$10.00 plus the actual container replacement cost, including delivery costs. For consistency in the application of this rate, it is recommended that this rate be set at \$60.00 in FY 2007-2008. This will cover the City's costs to deliver these replacement carts, plus a \$10.00 administrative charge.