



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: November 15, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Jovan D. Grogan, City Manager

PREPARED BY: Bobby Magee, Finance Director

SUBJECT: Hold Public Hearing and Adopt Resolution Approving Rates for Solid Waste Collection Services

BACKGROUND:

The City's new franchise agreement with Recology San Bruno will become effective on January 1, 2023. According to this agreement, Recology is entitled to annual rate adjustments based on a Detailed Rate Year analysis every three years, beginning with Year Four, and an Interim Rate Year analysis for the other years, beginning with Year Three.

In addition, the new agreement establishes the rates for services through July 1, 2024 as follows:

Sector	Effective Date		
	January 1, 2023	July 1, 2023	July 1, 2024
Residential	6.03%	3.23%	7.65%
Commercial & Debris Box	16.81%	3.23%	7.65%

The requested garbage service rate adjustments are reflective of new and enhanced services and SB 1383 compliance. The City engaged consultant R3 Consulting Group Inc. (R3) to review Recology's rate application for FY2022-23 and assess the need of the rate increase, and R3 has confirmed that the application is in compliance with the franchise agreement. As part of Section 4.5 of the Solid Waste Collection Services Agreement, the new rates do not exceed the cost of providing service.

On September 27, 2022, the City Council set a Public Hearing Date for November 15, 2022, to consider the proposed rates to be effective January 1, 2023 and directed staff to cause notice of the hearing to be sent in accordance with Proposition 218. A public hearing is being held at tonight's City Council meeting to consider all protests against the proposed rates. If written protests against the proposed fee or charge are presented by a majority of owners of the properties subject to the increase, the City Council cannot adopt the proposed rates.

DISCUSSION:

Table 1 below shows examples of the proposed 6.03% residential and 16.81% commercial and debris box rate increases for typical residential and commercial services that would be effective for bills produced after January 1, 2023.

Table 1: Sample Monthly Waste Service Fees

Type	Current Rate FY 2021-22	Proposed Rate 2023	Change
<i>Residential</i>			
16-gallon cart		\$21.81	N/A
20-gallon cart	\$25.22	\$26.74	\$1.52
32-gallon cart	\$32.53	\$34.49	\$1.96
64-gallon cart	\$65.06	\$68.98	\$3.92
96-gallon cart	\$97.59	\$103.47	\$5.88
<i>Commercial</i>			
64-gallon cart, 1 per week	\$82.65	\$96.54	\$13.89
1-yard container, 1 per week	\$173.50	\$202.67	\$29.17

Proposition 218 requires the City to provide mailed notice at least 45 days before the hearing to the record owners of each identified parcel upon which the rates are proposed for imposition. Notices were mailed on September 30, 2022. If written protests against the proposed rates are presented by a majority of owners of the identified parcels, the City cannot impose the proposed rates. As of November 1, 2022, the City Clerk received 10 written responses.

The following schedule outlines the City's implementation of the proposed process for considering the proposed rate adjustment effective January 1, 2023.

Date	Item
September 27, 2022	City Council directs staff to provide 45-day notice.
September 30, 2022	Notices mailed on or before to start 45-day period.
November 15, 2022	City Council holds public hearing, considers any protests, takes action to adopt resolution setting new rates.
January 1, 2023	New rates take effect

FISCAL IMPACT:

The amount and explanation of the proposed rate adjustment is outlined in the Discussion section of this report. The proposed rate increase does not have a direct effect on City operations.

RECOMMENDATION:

Adopt Resolution of the City Council of the City of San Bruno Approving Rates for Solid Waste Collection Services.

ALTERNATIVES:

1. Recology San Bruno was entitled to an Interim Rate Year adjustment on July 1, 2022, per the current Franchise Agreement. The City Council may direct that the originally proposed adjustment be implemented, retroactively. The City Council may also request additional information before proceeding with the rate increase.

2. Do not proceed with the process to adopt new rates. As part of Section 4.5.6 of the Solid Waste Collection Services Agreement, if rates are not adjusted, Recology San Bruno can negotiate with the City of San Bruno on collection service reductions or may terminate the Franchise Agreement.

ATTACHMENTS:

1. Resolution with Exhibit A, Solid Waste Collection Services Rates
2. Amended and Restated Solid Waste Collection Services Agreement Between the City of San Bruno and Recology San Bruno

DATE PREPARED:

October 27, 2022