



**CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT**

11/23/2020

SUBJECT:

2021 Recology of the Coast Rate Adjustment

RECOMMENDED ACTION:

Move to adopt a Resolution Confirming the 3.26% Rate Adjustment per Recology of the Coast's Rate Application for the Period of January 1, 2021 to December 31, 2021.

STAFF CONTACT:

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Sarah Coffey, City Clerk
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BACKGROUND/DISCUSSION:

In February 2010, the City of Pacifica entered into a franchise agreement with Recology of the Coast ("Recology") for Recyclable Materials, Organic Materials, and Solid Waste Collection Services. The City and Recology executed a First Amended Franchise Agreement on March 11, 2013 ("Agreement"). In October 2016, Council approved by resolution an extension of the term of the Agreement for an additional five years, extending the contract to December 31, 2022.

The Agreement:

The Agreement generally grants Recology the exclusive right and franchise to collect the following materials in the City service area:

1. Solid waste generated at residential premises, commercial premises and city facilities;
2. Targeted recyclable materials generated at residential premises and city facilities;
3. Organic materials generated at residential premises, commercial premises and city facilities; and
4. Construction and demolition debris generated at residential premises, commercial premises and city facilities.

The Agreement also generally grants Recology a non-exclusive right and franchise to collect the following materials in the Service Area:

1. Targeted recyclable materials generated at commercial premises; and
2. Major appliances and specialty recyclable or reusable materials generated at residential premises and commercial premises.

In November 2019, Council adopted a Resolution Confirming the 2.75% rate adjustment per Recology of the Coast's Rate Application for the Period of January 1, 2020 to December 31, 2020. As noted in the 2019 Council report, impacts related to negotiations with their

recyclables processor, Green Waste Recovery, regarding China's National Sword policy that impacted recycling markets was not factored into the 2019 index-based rate adjustment. The 2019 annual index-based operational increase combined with the recyclables related additional request at that time brought the total Rate Period from January 1, 2020 through December 31, 2020) to an average increase of 5.03%.

In recent years, and especially in recent months due to COVID-19 impacts and shelter-in-place health orders, there has been a significant increase in the amount of garbage being deposited in public trash receptacles and illegal dumping around town that Recology and the City of Pacifica Public Works have responsibility for servicing. In order to continue providing an appropriate level of service to these trash receptacles and timely removal of materials dumped throughout town, it is necessary for Recology to increase services for both existing Recology services and take on areas of City serviced cans. This will include changing from five to seven day per week route pickup for all beach related and coastal cans from Esplanade thru Pedro Point. The beach parking lot cans will be picked up twice a day Monday through Friday and once a day Saturday and Sunday. All other City cans will be picked up Monday thru Friday. The route will also address SamTrans cans with the cans near the beach on Crespi and Linda Mar Blvd being picked up seven days a week. Recology is working with SamTrans to transfer service to Recology of the Coast. Once established, SamTrans reimbursement to Recology will be reflected in next year's operational assessment that will determine any 2022 cost index change. The increased service from Recology includes assistance with illegal dumping. Recology will provide a hotline to assist residents in reporting illegal dumping within the City as well as working daily with the City Code Enforcement Officer to timely address any concerns brought directly to the City. These additional operational costs are reflected in the increase.

Annual Operational Rate Adjustment Request:

The Agreement allows Recology to submit annual rate increase adjustments for the City Council's approval. The rate adjustment for Rate Period number twelve (January 1, 2021 through December 31, 2021) requires submittals of documentation to the City by September 1, 2020. The City has received the submittal for the 2021 year and has reviewed the operational rate adjustment request of 3.26%. This is an "index-based" rate adjustment pursuant to Section 11.03 (Annual Rate Application Process) of the Franchise Agreement.

Rate Modification History:

Recology's five year (2017 to 2021) average modification is 3.54%, including this requested modification:

Year	Modification Pct. Change
2017	0%
2018	6.66%
2019	2.75%
2020	5.03%
2021	3.26%

Rate Setting Process:

In accordance with an agreement between the City of Pacifica, Recology and Lionel Emde, a public notice was sent to all customers liable for payment of the proposed fee increase informing them of a public hearing on November 23, 2020 and the process for the protest

hearing. In order to meet or exceed the 45-day noticing period, notices were mailed by October 7, 2020 to 11,267 customers with this information.

As of 5:00 P.M. on November 18, 2020, the City had received 19 protest letters indicating opposition to the proposed rate adjustment. All of these documents are included in the written record of this proceeding and are available to members of the City Council upon request to the City Clerk’s Office. A majority protest against the rate would exist if the City received written protests from greater than 50% of the customers liable for payment (50% + 1). As there are 11,267 customers liable for payment, a successful majority protest would require the receipt of protests from 5,634 customers. If every signature received on the current 19 protest documents represents a valid protest, the documents received would represent 0.18% of customers, significantly below the 50% or greater threshold needed.

At tonight’s public hearing, individuals will have the opportunity to comment on the proposed rate increase. At the conclusion of the public hearing, the City Clerk shall complete the tabulation of all protests received, including those received during the public hearing and shall report the results of the tabulation to the City Council upon completion. If review of the protests received demonstrates that the number received is manifestly less than one-half of the customers liable for payment with respect to the fee, which is the subject of the protest, then the Clerk may advise the City Council of the absence of a majority protest without determining the validity of all protests.

Recology of the Coast continues to meet the conditions of the franchise agreement including service delivery, monthly reporting and the submission of an annual financial statement. Per the franchise agreement, Recology may submit a rate application annually. The methodology for each year varies as shown in Table 1 below.

TABLE 1			
Rate Year	Commencement Date of Rate Year (which shall be the Effective Date of Rate Adjustment unless otherwise noted)	Rate Adjustment Method Used to Determine Rates for Rate Year	Rate Application Submittal Date
1	Commencement Date	No rate adjustment; Rates specified in Attachment N	Not Applicable
1	Commencement Date; Rates to be effective August 1, 2010	Rate Adjustment per Attachment N (5% increase)	Not Applicable
2	January 1, 2011; Rates to be effective March 1, 2011**	Rate adjustment to be negotiated per Section 11.02.C**	November 1, 2010
3	January 1, 2012	Index -Based	September 1, 2011
4	January 1, 2013	Cost-Based	June 1, 2012
5	January 1, 2014	Index-Based	September 1, 2013
6	January 1, 2015	Index-Based	September 1, 2014
7	January 1, 2016	Cost-Based	June 1, 2015
8	January 1, 2017	Index-Based	September 1, 2016
9	January 1, 2018	Index-Based	September 1, 2017

10	January 1, 2019	Cost-Based	June 1, 2018
11	January 1, 2020	Index-Based	September 1, 2019
12	January 1, 2021	Index-Based	September 1, 2020

FISCAL IMPACT:

As proposed by the methodology in the Agreement, the City recommends a rate increase of 3.26% for Recology's services. There are no increases or decreases to City fees as these are not subject to the rate adjustment.

Residential customers, most of whom subscribe to the 20 gallon can monthly rate would increase from \$25.31 to \$26.14 per month or an increase of \$.83 per month or \$9.96 annually.

ORIGINATED BY:

Public Works

ATTACHMENT LIST:

- Exhibit A - 2021 Recology Rate Schedule Attachment N (PDF)
- Attachment 1 - Notice of Public Hearing Regarding Refuse Collection and Rate Schedule Current and Proposed (PDF)



RESOLUTION NO. ___-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFICA CONFIRMING THE 3.26% RATE ADJUSTMENT PER RECOLOGY OF THE COAST’S APPLICATION FOR THE PERIOD OF JANUARY 1, 2021 – DECEMBER 31, 2021

WHEREAS, The City of Pacifica (“City”) entered into a Franchise Agreement (“Agreement”) with Recology of the Coast (“Recology”) pursuant to which Recology provides services regarding recyclable materials, organic materials, and solid waste collection (“Services”);

WHEREAS, pursuant to the Agreement, Recology has the right to charge and collect from customer’s rates for the Services not to exceed the amount set forth in the Agreement and the right to initiate annual rate adjustments;

WHEREAS, Recology has submitted materials for a rate adjustment for the period January 1, 2021 through December 31, 2021; and

WHEREAS, there was no majority protest received by interested persons with respect to the proposed rate increase;

WHEREAS, on November 23, 2020, the City Council held a full and fair public hearing, properly noticed via a written notice of the hearing through the United States Postal Service, postage prepaid, forty-five (45) days before the date set for the public hearing, at which all persons interested, were given an opportunity to provide oral and written testimony with respect to a proposed adjustment of Recology’s rates;

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

Section 1. The City Council approves Recology’s rate application for the period of January 1, 2021 to December 31, 2021 and Recology’s solid waste rates as set forth in Exhibit A attached to this Resolution and confirms that it complies with the terms of the Agreement.

Section 2. The City Council finds that this Resolution and the approved rate adjustment are not a project for purposes of the California Environmental Quality Act (“CEQA”) under Public Resources Code section 21065 and CEQA Guidelines, 14 Cal. Code of Regs. Sections 15378, and are exempt from CEQA because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

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PASSED AND ADOPTED at a regular meeting of the City Council of the City of Pacifica, California, held on this 23rd day of November 2020, by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

Deirdre Martin, Mayor

ATTEST:

APPROVED AS TO FORM:

Sarah Coffey, City Clerk

Michelle Marchetta Kenyon, City Attorney

City of Pacifica Notice of Public Hearing

PROPOSED REFUSE COLLECTION CHARGES

Notice is hereby given that the City Council of the City of Pacifica will conduct a public hearing on Monday, November 23, 2020 at 7:00 p.m. to consider the revision of Recology of the Coast's refuse collection charges that will be effective beginning January 1, 2021.

If approved, you will see the refuse collection charges appear at this new rate on Recology's bills issued for 2021. This public hearing will be held as a teleconference meeting (no physical meeting location) due to the COVID-19 emergency and State and County Orders relating to COVID-19. Anyone interested in observing the meeting or providing public comments should refer to the meeting agenda for further details.

The City of Pacifica will publish the meeting agenda not less than 72 hours prior to the meeting. The agenda will be available online at <https://pacificacityca.igm2.com> and will also be posted in the City Hall window at 170 Santa Maria Avenue in Pacifica.

	Current	Proposed
<u>Single-Family Residential Service</u>		
One time additional 32 gallon bag	\$8.82	\$9.11
Each additional gallon over 32 per pick up	\$1.54	\$1.59
Mini can 20 gallons or less (20 gallon can)	\$25.31	\$26.14
32 gallon Cart	\$39.08	\$40.35
48 gallon Cart	\$58.10	\$59.99
64 gallon Cart	\$77.16	\$79.68
96 gallon Cart (acknowledged by City)	\$115.24	\$119.00
Extra Recycling Cart	\$3.60	\$3.72
Extra Organic Materials Cart	\$3.60	\$3.72

Residential service rates are for solid waste container sizes and include costs for recyclables and organics materials collection service.

Commercial Solid Waste Bin Collection Service

Commercial container rentals

1 cubic yard	\$66.22	\$68.38
2 cubic yards	\$77.22	\$79.74

Commercial container pick up for Solid Waste

1 cubic yard	\$60.71	\$62.69
2 cubic yards	\$88.30	\$91.18

Compacted commercial container pick up for Solid Waste

1 cubic yard	\$89.37	\$92.28
2 cubic yards	\$153.65	\$158.66

Commercial container pick up for Organics

1 cubic yard	\$99.30	\$102.54
2 cubic yards	\$170.70	\$176.26

Commercial Can/Cart Solid Waste Pick Up

Each additional gallon over 32	\$2.25	\$2.32
32 gallon Cart	\$44.13	\$45.57
48 gallon Cart	\$66.17	\$68.33
64 gallon Cart	\$83.57	\$86.29
96 gallon Cart	\$132.36	\$136.67

Commercial Can/Cart Organics Pick Up

32 gallon Cart	\$39.72	\$41.01
48 gallon Cart	\$59.57	\$61.51
64 gallon Cart	\$79.42	\$82.01
96 gallon Cart	\$119.13	\$123.01

**Debris Box Solid Waste and Construction and Demolition
Debris Collection**

14 yard container (7 days)	\$560.50	\$578.77
Each additional day	\$46.03	\$47.53
20 yard container (7 days)	\$722.11	\$745.65
Each additional day	\$64.63	\$66.74

Miscellaneous Single-Family Services

Service from side or rear of house	\$6.43	\$6.64
Return pick up charge	\$11.14	\$11.50
Special call for large items	charge by volume	charge by volume

Extra charge for collection private driveways:

1 to 30 feet	no charge	no charge
Over 30 feet (for every 10 feet or part thereof)	\$6.43	\$6.64
Life line rates (available only for 20 gallon Cart Customers)	\$23.77	\$24.54
Single Family return trip charge (i.e. provision of collection service after the regularly scheduled collection day) per event	\$18.01	\$18.60

Miscellaneous Commercial and Multi-Family Services

Recycling services provided to commercial and multi-family customers	no charge	no charge
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Distance charge for MFD and commercial accounts for container size of 3 cubic yards or less:

Within fifty (50) feet of access by Contractor's collection	no charge	no charge
51 feet or more from access by Contractor's collection vehicle	no charge	no charge

Distance charge for MFD and commercial accounts for container size larger than 3 cubic yards or less:

0 to fifty (50) feet of access by Contractor's collection vehicle	no charge	no charge
51 feet or more from access by Contractor's collection vehicle	no charge	no charge
Extra pick up charge for MFD and commercial customers (charge per collection event)	charge by volume	charge by volume
Lock purchase fee (one time charge; replacement at no additional charge)	\$20.42	\$21.09
Key service (unlock and relock bin). Monthly charge based on once per week service	\$11.41	\$11.78
Container steam cleaning (or clean container exchange) Bin or debris box	\$102.09	\$105.42
Fee to collect contaminated Targeted Recyclable Materials or Organic Materials (per container)	\$25.67	\$26.51

Franchise Fee (annual cumulative amount collected – flat amount)	Rate \$ 805,000
Frontierland Park Remediation Fee (annual cumulative amount collected – no increase – flat amount)	\$ 75,000
AB 939 Fee (annual cumulative amount collected – no increase – flat amount)	\$ 30,000

The proposed increase of 3.26% in refuse collection rates and fees for each customer are calculated using the procedure set forth in Sections 11.02.C and Attachments P, K and M of the Franchise Agreement between the City and Recology.

City of Pacifica
170 Santa Maria Avenue
Pacifica, CA 94044

**PLEASE READ –
PROPOSED GARBAGE
RATE INCREASE
RATE HEARING
November 23, 2020 – 7PM**



Your Opportunity to Get Involved

You are invited to present oral or written testimony to the City Council at the public hearing on **November 23, 2020 at 7:00 p.m.** You may also present the City Clerk with a written protest against the proposed charges at or prior to the public hearing. The protest must be signed by the customer liable for payment of the fee and must include the service address(es) of the property(ies). Before the hearing, protests may be delivered to the City Clerk's office. The mailing address is City Clerk, 170 Santa Maria Avenue; Pacifica, CA 94044. If written protests against the proposed charges are presented by a majority of customers liable for payment of the fees, then Recology will not impose the proposed charges.

If you have any questions about the proposed charges, please feel free to contact City Hall at (650) 738-7300 or view the material on the City's website: www.cityofpacifica.org.

EXHIBIT A

ATTACHMENT N RATE SCHEDULE

**Maximum Rates shall be those presented in this Exhibit for the period
January 1, 2021 to December 31, 2021**

	<u>2020</u>	<u>2021</u>
<u>Single-Family Residential Service</u>		
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<u>Distance charge for MFD and commercial accounts for container size larger than 3 cubic yards or less:</u>	<u>2020</u>	<u>2021</u>
0 to fifty (50) feet of access by Contractor's collection vehicle	no charge	no charge
51 feet or more from access by Contractor's collection vehicle	no charge	no charge
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