

# STAFF REPORT



# ITEM NO. 12

## CITY OF OCEANSIDE

DATE: May 17, 2006

TO: Honorable Mayor and City Council Members

FROM: Public Works Department

**SUBJECT: FY 2006-2007 SOLID WASTE RATE INCREASE**

### **SYNOPSIS**

Staff recommends that the City Council introduce an ordinance fixing rates for the collection of waste matter within the City of Oceanside and adjust the current Solid Waste rates by 2.25 percent.

### **BACKGROUND**

The City's contract with Waste Management provides for an automatic fee increase due to growth in the CPI, effective each July. The increase due to Waste Management effective July 1, 2006 will be 3.67 percent. The City portion of the Solid Waste budget has also increased approximately \$400,000 as a result of pay increases and a significant increase in the Solid Waste Program's insurance payment to the City. An additional \$50,000 is being recommended to offset the increasing Clean Water Administrative costs being provided by the Water Utilities Department.

The City's contract with Waste Management provides for a benchmarking process every five years. The benchmarking process was completed last year and became effective on July 1, 2005. The benchmarking process resulted in a 4.5 percent decrease to the Waste Management rates. The decrease resulted in the City establishing a "Rate Stabilization Fund" to offset the future rate increases automatically due to Waste Management.

### **ANALYSIS**

The Solid Waste Fund cannot sustain the on-going automatic increases that are due Waste Management without additional revenues. By establishing the Rate Stabilization Fund, the City would not necessarily need to raise Solid Waste rates this year. However, both the Integrated Waste Commission and the City Council directed staff to consider smaller yearly rate increases rather than larger increases once the Rate Stabilization Fund becomes exhausted.

Table 1 below is a summary of the proposed 2006-07 City's Solid Waste Budget:

**Table 1:**

Waste Management Contract	\$15,845,400
City Contract Administration	783,900
City Services	3,477,700
Transfer to Code Enforcement	311,000
Storm Drain Cleaning	300,000
Clean Water Program	65,000
Expenditures	\$20,783,000
Current revenue	\$20,619,000
Revenue with 2.25 percent increase	\$21,082,900

The following table shows the cost to a typical single-family residence with the proposed 2.25 percent increase:

**Table 2:**

	Current rate	with 2.25% increase	Increase
Trash	\$18.40	\$18.81	\$ .41
City Services	\$ 3.56	\$ 3.64	\$0.08
Total	\$21.96	\$22.45	\$0.49

**FISCAL IMPACT**

The increase due to Waste Management effective July 1, 2006 is 3.67 percent or approximately \$408,000. In the absence of a rate increase, the City would have to drawdown the Rate Stabilization Fund with a larger rate increase next year.

**CITY ATTORNEY'S ANALYSIS**

The referenced documents have been reviewed by the City Attorney and approved as to form.

**COMMITTEE OR COMMISSION REPORT**

At the April 25, 2006 meeting, the Integrated Waste Commission recommended approval of the 2.25 percent rate increase. The proposed Solid Waste Budget includes \$65,000 for a new position to address increasing requirements for the City's Clean Water Program. The position will be primarily responsible for additional testing at storm drain outlets and to provide additional education and outreach programs. The position will be in the Water Utilities Department. Although recognizing the need for the new position, the Solid Waste Committee, after much discussion is recommending that there be a cost share of a 50 percent split of \$32,500 each between Public Works and Water Utilities to fund a new proposed permanent position in the Water Utilities Department Clean Water Program.

**RECOMMENDATION**

Staff recommends that the City Council introduce an ordinance fixing rates for the collection of waste matter within the City of Oceanside and adjust the current Solid Waste rates by 2.25 percent.

PREPARED BY:



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Peter Weiss  
Public Works Director

SUBMITTED BY:



\_\_\_\_\_  
Steven R. Jepsen  
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Assistant to the City Manager



ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE FIXING RATES FOR THE COLLECTION OF WASTE MATTER WITHIN THE CITY OF OCEANSIDE

WHEREAS, it has been determined that waste matter rate increases are necessary to compensate for increased operating expenses, and that rate modifications which are for the purpose of meeting operating expenses are exempt from the California Environmental Quality Act.

NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

SECTION 1. Ordinance 04-0R482-1 previously fixing rates for the collection of waste matter within the city of Oceanside is repealed automatically at the time this ordinance takes effect.

SECTION 2: Pursuant to the authority set forth in the Oceanside City Code, Chapter 13, the monthly rates for the collection of waste matter as defined in Chapter 13 of said Code are hereby determined and fixed in accordance with the schedules set forth in Exhibit A attached hereto and incorporated herein by reference.

SECTION 3: This ordinance and the rate schedules set forth in Exhibit A shall become effective after the first billing period of August 7, 2006 and billed on the first regular billing date for each customer starting August 7, 2006.

SECTION 4: If there is any conflict between the terms set forth in this ordinance and the terms set forth in the contract with the authorized collector of solid waste, the terms of this ordinance shall govern. All terms of the City's contract with the collector shall remain in full force and effect.

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1 INTRODUCED at a regular meeting of the City Council of the City of Oceanside, California,  
2 held on the \_\_\_\_\_ of \_\_\_\_\_, 2006 and thereafter.

3 PASSED AND ADOPTED at a regular meeting of the City Council of the City of Oceanside,  
4 California, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2006 by the following vote:

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AYES:

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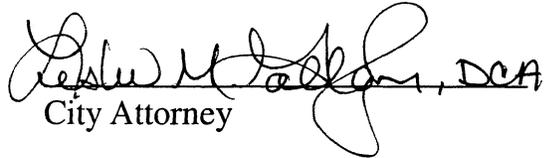
ABSTAIN:

MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
City Clerk

  
City Attorney

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE FIXING  
RATES FOR THE COLLECTION OF WASTE MATTER WITHIN THE CITY OF  
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