



DATE: July 2, 2008  
TO: Honorable Mayor and City Councilmembers  
FROM: Public Works Department  
SUBJECT: **FY 2008-2009 SOLID WASTE RATE INCREASE**

**SYNOPSIS**

Staff recommends that City Council introduce an ordinance establishing rates for the collection of waste matter within the City of Oceanside and increase the current solid waste rates by 1.5 percent (Exhibit A).

**BACKGROUND**

The City contracts with Waste Management of North County for solid waste disposal service to the City. The contract provides for an automatic fee adjustment based on the annual Consumer Price Index (CPI), effective each July. The increase that is due to Waste Management effective July 1, 2008, will be 2.3 percent. If the proposed ordinance is adopted, a fee increase of 1.5 percent to ratepayers will become effective 30 days after the second reading of the ordinance.

As a result of Proposition 218, and with direction from the City Attorney's office, notification to all rate payers was completed by sending a meeting announcement of the Public Hearing to review the proposed rate increase for FY 2008-2009 (Public Hearing Notice, Exhibit B). This notice was inserted into rate payers' utility bills, mailed between April 17 and May 15, 2008. This announcement also identified the fact that written protests regarding the proposed rate increase could be submitted to the City Clerk's office for review by the City Council (Proposition 218 Letters of Protest, Exhibit C).

The City's contract with Waste Management provides for a benchmarking process every five years. The benchmark process, completed and effective in July of 2005, resulted in a 4.5 percent decrease of rates payable to Waste Management in 2005. The decrease in rates 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 ongoing automatic CPI increases that are due to Waste Management without additional revenues. The Rate Stabilization Fund was established in 2005 to offset regular rate increases to the contracts. In the past the City Council and the Integrated Waste Commission both have directed staff to consider smaller yearly rate increases for ratepayers using the balance of the Rate Stabilization Fund.

Table 1 below is a summary of the City's projected FY 2008-2009 Solid Waste budget showing projected revenues both with and without the proposed rate increase of 1.5 percent. The expenses reflect the 2.3 percent increase in fees payable to Waste Management, which is due to Waste Management whether or not the rates are increased to the Oceanside ratepayers. The shortfall will be paid by the Rate Stabilization Fund.

Table 1:

<u>Projected Revenues FY 08-09</u>	<u>No Rate Increase</u>	<u>1.5% Rate Increase</u>
Waste Disposal	\$18,210,609	\$18,483,768
City Services	\$2,741,728	\$2,782,854
Total Revenues:	\$20,952,337	\$21,266,622
<u>Projected Expenses FY 08-09</u>		
Waste Management Contract	\$17,014,327	\$17,014,327
Recycle Program	\$119,947	\$119,947
Contract Administration	\$828,998	\$828,998
City Services	\$3,278,144	\$3,278,144
Clean Water Program	\$85,500	\$85,500
Transfer to Code Enforcement	\$378,311	\$378,311
Storm Drain Cleaning	\$300,000	\$300,000
Total Expenses:	\$22,005,227	\$22,005,227
Shortfall:	\$1,052,890	\$738,605

Table 2 below shows the effects of the proposed 1.5 percent increase on the typical household.

Table 2:

	<u>Current Rate</u>	<u>With 1.5% increase</u>	<u>Amount of Increase</u>
Waste Disposal	\$19.15	\$19.44	\$.29
City Services	\$ 3.71	\$ 3.77	\$.06
Total	\$22.86	\$23.21	\$.35

## **FISCAL IMPACT**

The solid waste contract with Waste Management and the City of Oceanside for waste disposal will be increased by 2.3 percent on July 1, 2008, per the contract terms based on the CPI. Contract funds are located in the Solid Waste budget (731.416160.5232) Without a fee increase to the residents and businesses in the City, the expenses will exceed the revenues by more than \$1 million in FY 08-09. With a 1.5 percent increase in monthly fees to Oceanside ratepayers, the City's projected loss for FY 08-09 will be \$738,605, which will be paid with an appropriation from the Rate Stabilization Fund (731.3140) and transferred to the Solid Waste budget.

Currently, the amount in the reserved Rate Stabilization account is \$2,503,176. If the proposed rate increase is not approved, the Rate Stabilization account will be reduced to \$1,469,076. If the 1.5 percent rate increase is approved, the Rate Stabilization account will only be reduced to \$1,836,420.

The analysis shows that after the proposed 1.5 percent increase, the City will be paying approximately 96.8 percent of billed charges to Waste Management. The 3.2 percent difference will be retained to support the Solid Waste Fund.

## **CITY ATTORNEY'S ANALYSIS**

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

## **COMMITTEE OR COMMISSION REPORT**

The Integrated Waste Commission (IWC) acknowledged the 2.3 percent CPI rate increase due to Waste Management at its April 22, 2008, meeting and recommended the use of the Rate Stabilization Fund to offset the full rate increase due to ratepayers.

**RECOMMENDATION**

Staff recommends that the City Council introduce an ordinance establishing rates for the collection of waste matter within the City of Oceanside and increase the current solid waste rates by 1.5 percent.

PREPARED BY:

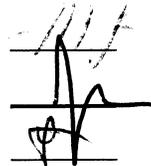
  
Colleen Foster  
Management Analyst

SUBMITTED BY:

  
Peter A. Weiss  
City Manager

REVIEWED BY:

Michelle Skaggs-Lawrence, Deputy City Manager  
Joseph Arranaga, Deputy Public Works Director  
Teri Ferro, Financial Services Director



- Exhibit A: Ordinance
- Exhibit B: Proposition 218 Public Hearing Notice
- Exhibit C: Proposition 218 Letters of Protest

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 rate increases for the collection of solid waste are necessary to compensate for increased operating expenses, and that rate modifications that are for the purpose of meeting operating expenses are exempt from the California Environmental Quality Act pursuant to Public Resources Code Section 21080(b)(8).

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

SECTION 1. Ordinance 07-OR0398-1, 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 collection of waste matter as defined in Chapter 13 of said Code are hereby determined and fixed in accordance with the schedule attached hereto and incorporated herein by reference.

SECTION 3. This ordinance and the attached rate schedule shall take effect and be in force on the thirtieth (30<sup>th</sup>) day from and after its final passage.

SECTION 4. If there is any conflict between the terms set forth in this ordinance and the terms set forth in the City's 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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INTRODUCED at a regular meeting of the City Council of the City of Oceanside, California, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2008, and, thereafter,

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Oceanside, California, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2008, by the following vote:

- AYES:
- NAYS:
- ABSENT:
- ABSTAIN:

MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY CLERK

*Andrew Samuelson, ASST.*  
\_\_\_\_\_  
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 OCEANSIDE

Service	Rate Code	Current Publishe Rate	1.5% Increase	Rate with 1.5% Increase
Residential 1 time per week with greenwaste	M170	19.15	0.29	19.44
Residential 1 time per week without greenwaste	X170	16.06	0.24	16.30
Residential 2 times per week with greenwaste	M171	37.42	0.56	37.98
Residential 1 time per week/1 extra greenwaste	M172	20.31	0.30	20.61
Residential 1 time per week/2 extra greenwaste	M173	21.47	0.32	21.79
Residential 1 time per week/3 extra greenwaste	M174	22.62	0.34	22.96
Greenwaste only	M175	3.09	0.05	3.14
Residential 1 time per week/4 extra greenwaste	M176	23.79	0.36	24.15
Multi-family Recycling	M180	1.14	0.02	1.16
Commercial can 1 time per week	M270	25.96	0.39	26.35
Commercial can 2 times per week	M271	47.20	0.71	47.91
Commercial pickup 1 time per week	M274	93.36	1.40	94.76
Commercial pickup 2 times per week	M275	169.01	2.54	171.55
Commercial pickup 3 times per week	M276	244.67	3.67	248.34
Commercial pickup 4 times per week	M277	320.31	4.80	325.11
Commercial pickup 5 times per week	M278	395.98	5.94	401.92
Commercial pickup 6 times per week	M279	471.63	7.07	478.70
Commercial pickup cardboard/mixed paper	M181	46.25	0.69	46.94
Commercial 3 yard greenwaste bin	M182	76.44	1.15	77.59
Commercial 96 gallon green waste toter	M183	16.52	0.25	16.77
Commercial 96 gallon glass/commingled toter	M184	14.63	0.22	14.85
			0.00	
Pullout Fee	M281	3.70	0.06	3.76
Initial Lock	M285	3.76	0.06	3.82
Additional Lock	M286	1.88	0.03	1.91
			0.00	
4 yard bin Commercial pickup 1 times per week	M374	122.78	1.84	124.62
4 yard bin Commercial pickup 2 times per week	M375	221.97	3.33	225.30
4 yard bin Commercial pickup 3 times per week	M376	321.17	4.82	325.99
4 yard bin Commercial pickup 4 times per week	M377	420.36	6.31	426.67
4 yard bin Commercial pickup 5 times per week	M378	519.58	7.79	527.37
4 yard bin Commercial pickup 6 times per week	M379	618.77	9.28	628.05

# CITY OF OCEANSIDE

## Notice of Public Hearing on Annual Solid Waste Rate Increase

July 2, 2008  
at 6:00 pm

City of Oceanside  
Civic Center  
300 N. Coast Hwy.  
Oceanside, CA 92054

### Whom Should I Call With Questions?

If you have questions about the  
proposed Solid Waste Rate Increase  
or future increases, please call 760-  
435-5015.

City of Oceanside  
300 N. Coast Hwy.  
Oceanside, CA 92054

**Notice of Public Hearing**

1 compliance with Article XIID of the California State Constitution and the Proposition 218 Omnibus Implementation Act, notice is hereby given that the Oceanside City Council will hold a public hearing regarding a proposed solid waste rate increase.

**Public Hearing Information**

The public hearing regarding the proposed solid waste rate increase will be held on July 2, 2008, at 10:00 p.m. in the City Council Chambers located at 300 N. Coast Hwy., Oceanside, CA 92054. At the public hearing the City Council will hear and consider oral testimony and written materials submitted regarding the proposed rate increase. Written protests may be submitted to the Office of the City Clerk at the address below or in the City Council Chambers on the day of the public hearing so long as they are received prior to the close of the public hearing. Any written protest must include your name, signature and a description of the property address and/or Assessor Parcel Number). One written protest per parcel will be counted in calculating a majority protest to proposed increase. At the close of the public hearing, the City Council will consider and may approve the rate increase. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. If, by the close of the public hearing, written protests against the rate increase are not presented by a majority of property owners, the City Council will be authorized to adopt an ordinance to increase the solid waste disposal fee rate. If adopted, the rate increase will become effective thirty (30) days following the second reading of the ordinance.

City of Oceanside  
Office of the City Clerk  
300 N. Coast Hwy.  
Oceanside, CA 92054  
FAX: 760-967-3922

**Explanation of Annual Solid Waste Rate Increase**

Solid waste disposal and recycling rates and fees are established annually. These services are provided by a private contractor (Waste Management of North County) with an exclusive franchise agreement with the City of Oceanside. The contract is for the collection, transfer, transport, process and disposal of all solid waste and designated recyclable materials, yard waste and other green waste that is generated or accumulated by Oceanside residents, and upon all property located within Oceanside boundaries.

The franchise agreement with the contractor allows for an annual increase based on the San Diego area Consumer Price Index (CPI), not to exceed 5%, effective July 1st of each year. The CPI is calculated by the percentage change in the San Diego area CPI for all urban consumers, all items, base period of 1982-84=100, published by the United States Department of Labor, Bureau of Labor Statistics for the last 12-month period for which statistics are available. The formula used to calculate the percentage is: Current Period CPI-Previous Period CPI=the index point change; divided by the previous period CPI, multiplied by 100=percent change. The contractor's right to increase the rate is contingent upon the contractor providing written notice to the City Manager or his or her designee. Rate service increases are reviewed and approved by the City Manager, his or her designee, and the Integrated Waste Commission (a citizen advisory group). The contractor is requesting a CPI-based increase of 2.3% for Fiscal Year 2008-09 based on the current Consumer Price Index. The City proposes that 1.5% of the increase be passed along to the rate payers with the balance of the proposed increase (.8%), to be subsidized by the Solid Waste Rate Stabilization Fund.

**Consumer Price Index Calculation**

The last 12-month period for which statistics are available is the calendar year 2007 for the San Diego area. All Urban Consumers (all items) base period of 1982-84=100

Current CPI	233.3 (Calendar 2007)
Previous CPI	228.1 (Calendar 2006)
Change	5.20 = 5.2 / 228.1 = 2.2797
Percentage change	2.3%

**Basic Residential Rate Proposed Residential Rate Increase**

	<i>Current Rate</i>	<i>with 1.5% increase</i>	<i>Increase</i>
Trash	\$19.15	\$19.44	\$ .29
City Service	\$3.71	\$3.77	\$ .06
TOTAL	\$22.86	\$23.21	\$ .35

The proposed increase includes all rate payer classes. The proposed rate increase illustrated above will result in an increase of \$.29 or 1.5% to the Basic Residential Solid Waste and Recycling Rate. The increase in monthly rates will provide revenue to provide services to cover the Solid Waste Contractor for the collection, transfer, recycling, processing and disposal of all solid waste and designated recyclable materials, yard waste and other green waste; and offset the cost of providing a permanent Household Hazardous Waste and Electronics Waste Collection process and facility for Oceanside Rate Payers for waste generated within the physical boundaries of the City of Oceanside. The City Service fee pays for the removal of refuse from public property, operations of two closed landfills, storm drain cleaning, bi-monthly street sweeping for public streets and enforcement (private streets are not swept and therefore the fee is lower for properties on private streets).



**Memorandum**  
**PUBLIC WORKS DEPARTMENT**  
**Solid Waste & Recycling**

**TO:** Honorable Mayor and City Councilmembers

**THROUGH:** Peter Weiss, City Manager

**FROM:** Colleen Foster, Management Analyst

**DATE:** June 17, 2008

**SUBJECT:** **FY 2008-2009 Solid Waste Rate Increase**  
***Proposition 218 Letters of Protest***

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Listed below are the Letters of Protest which were sent to the Public Works Department of the City of Oceanside, in response to a Notice of Public Hearing for July 2, 2008, regarding the proposed FY 2008-2009 solid waste rate increase. Copies of the letters are attached. Originals are kept at the City Clerk's Office.

Protest Letter

1. Helga B. Freitag May 28, 2008  
1536 Highridge Dr., Oceanside, CA 92056
  
2. Virginia M. Suda June 3, 2008  
2280 View Street  
Oceanside, CA 92054
  
3. Irene Rennhack June 3, 2008  
3920 Posada Ct.  
Oceanside, CA 92058

cc: Joseph Arranaga, Deputy Public Works Director

MAY 28 2008

**Helga B. Freitag**  
**1536 Highridge Dr., Oceanside, CA 92056**  
**760.630.7058 – h.freitag@cox.net**

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**May 5, 2008**

**City of Oceanside**  
**Office of the City Clerk**  
**300 N. Coast Hwy.**  
**Oceanside, CA 92054**

**Re: Hearing on Annual Solid Waste Rate Increase**

***I can appreciate your institution wanting more money.  
My income in turn is very small and I am against any increase.***

***As a single person household my trash is little. I set out trash only every 14 days I just do not have enough. I feel that I should be billed accordingly.***

***Plus I could do without the Wednesday morning truck noise, which I have to endure nine times. 3 trucks down at the street below and six times in front of my house. The time and gasoline spend on this must be enormous. Not to mention the air-polution.***

***I am looking forward in hearing from you***

***Sincerely,***

***Helga B. Freitag***  
**Helga B. Freitag**

Virginia M. Suda  
2280 View Street  
Oceanside, CA 92054-6124

RECEIVED  
JUN 03 2008  
CITY CLERK OFFICE

May 29, 2008

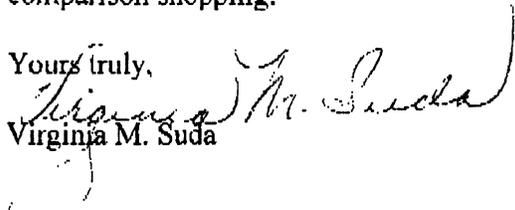
City of Oceanside  
Office of the City Clerk  
300 North Coast Highway  
Oceanside, California 92054

Gentlemen:

This is in response to your Notice of Public Hearing on Annual Solid Waste Rate Increase proposed for consideration by the City Council on July 2, 2008.

I am vehemently opposed to any proposed solid waste rate increase. Waste Management of North County has had an exclusive contract with the city of Oceanside for many years and consistently been granted rate increases. Perhaps it's time the City put the contract out for bids and do a little comparison shopping.

Yours truly,

  
Virginia M. Suda

3920 Posada Ct.  
Oceanside, CA 92058  
May 31, 2008

RECEIVED  
JUN 02 2008  
CITY CLERK

Office of the City Clerk  
City of Oceanside  
300 N. Coast Hwy.  
Oceanside, CA 92054

re: Public Hearing regarding the proposed solid waste rate increase

The current method of calculating solid waste and recycling pickup rates does not reflect the consumer usage of these services. For example: our household routinely puts out 1 garbage can of solid waste (often not even 1/2 full) , 1 can of yard waste (also not full) plus recycling materials while our neighbor across the street and one further down the block has 5-7 cans of solid waste each and no recycling materials.

I understand the request for a rate increase, however, I think the rate should be based on the number of garbage receptacles in use per household i.e., one rate for 2 cans, a higher rate for 4 cans, still higher for 6 cans, etc. It does not seem fair that we are billed at the same residential rate (\$22.86) for using 1 can as someone using 7.

Sincerely,



Irene Rennhack