



# Cathedral City

## Legislation Text

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***City Council***

**MEETING DATE: 6/26/2017**

**TITLE:**

**Burrtec Waste & Recycling Services Request for a Rate Increase on Commercial, Residential, Roll-off and Multi Family Services**

**FROM:**

Deanna Pressgrove, Environmental Conservation & Public Works Manager

**RECOMMENDATION:**

Staff recommends the City Council approve a rate increase on the service rates charged to all roll-off, residential, multi-family and commercial customers for cost of living increase based on the Consumer Price Index ("CPI") and Riverside County's gate fee increase.

**BACKGROUND:**

In May 2017, Burrtec Waste & Recycling Services requested an annual rate increase for residential, commercial and roll-off services, in accordance with Article 6, Section 6.3 of the Municipal Franchise Agreement. Pursuant to the franchise agreement, Burrtec is eligible each year to request a rate increase based on the Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area. The change in the CPI for 12 months ending January 2017 was 2.11%. Attached to this report is a copy of Burrtec's request along with information from the U.S. Department of Labor.

On March 21, 2017, the Riverside County Board of Supervisors approved an Edom Hill gate fee increase of 1.97%. The disposal rate will increase from \$45.11 to \$45.96 per ton effective July 1, 2017.

**DISCUSSION:**

Burrtec is requesting a rate increase that incorporates two factors. The CPI increase which is in accordance with the franchise agreement as well as the County's decision to increase the cost per ton of disposal at County landfills. The following identifies how the commercial, residential, roll-off and multi-family customer will be impacted.

Commercial Customer

The total monthly commercial fee is composed of several elements with varying increases. The rate breakdown below represents a three-yard container serviced once a week. This is an average service level for most customers.

Service and Franchise Fee Component                      \$ 1.82 increase (CPI)

Riverside County Disposal Fee                                \$ 0.74 increase

If approved the rate increase would be effective July 1, 2017 and the increase to the average commercial customer will be \$3.00 per month.

#### Residential Customer

The current residential rate is \$16.19 a month. If approved the new residential rate will be \$16.80 a 3.8% increase. The residential rate incorporates an increase to the disposal component for greenwaste disposal. The gate fee for greenwaste disposal has increased from \$31 a ton to \$36 a ton.

#### Multi-Family Customers

The total monthly multi-family fee is composed of several elements with varying increases. The rate breakdown below represents the average service level for multi-family housing.

Service and Franchise Fee Component                      \$ 0.27 increase (CPI)

Riverside County Disposal Fee                                \$ 0.29 increase

If approved the rate increase would be effective July 1, 2017 and the increase to the average multi-family customer will be \$0.56.

#### Multi-Family Customers and Commercial Organic Waste Recycling Laws

The State of California approved AB 341 mandating commercial recycling to begin July 1, 2012. The new law mandates all businesses that have four yards or more of commercial solid waste per week shall have recycling services. The recycling mandate also requires multifamily residential dwellings of five or more units to have recycling services.

The State of California approved AB 1826 in 2014 requiring businesses to recycle their organic waste on or after April 2016. The law requires that on or before January 2016, local jurisdictions must implement an organic waste recycling program to divert organic waste generated by businesses.

The City and Burrtec have worked together to create and implement AB 341 and 1826 programs. We contact the commercial and multifamily customers to provide detailed information on the programs and how in most cases implementing recycling diversion programs can reduce their trash bill. We will continue to work with the customers to make sure they have the service level that works best for them.

**FISCAL IMPACT:**

This rate increase will have no negative impact on City funds. There will be a slight increase in revenue to the general fund because of the rate increase to customers per the franchise agreement.

**ATTACHMENTS:**

Burrtec Rate Adjustment Letter and Proposed Burrtec Rate Sheets

Riverside County Staff Report

Consumer Price Index Chart