



City of Placentia

Public Hearing: Solid Waste Handling Services Rate Adjustment for Fiscal Year 2020-21

July 7, 2020

Presentation Overview

- Background
- Previous City Council Action
- Proposed FY 2020-21 Rates
- Agreement Amendment No. 11
- Public Hearing Notice & Process
- Staff Recommendation



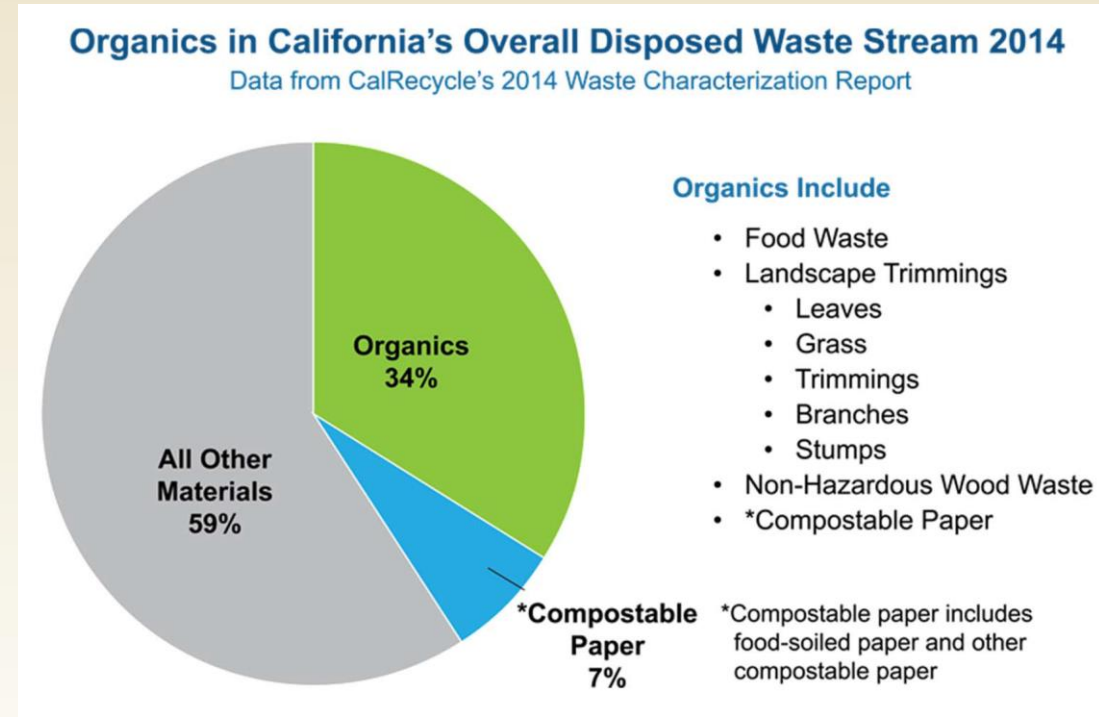
Background

- Franchise Agreement with Republic became effective on July 20, 2010
- Notice of Cancellation was issued on July 19, 2017
- Agreement will expire on November 11, 2037
- Rates are adjusted annually on July 1st based on CPI



Assembly Bill (AB) 1594

- The California Legislature has set goals to reduce organic waste sent to landfills by 50 percent from 2014 levels by 2020 and 75 percent by 2025
- In September 2014, Governor Brown signed Assembly Bill(AB) 1594 into law
- January 1, 2020: Green waste can longer be used as alternative daily cover and towards calculating the City's annual recycling/diversion rate
- As green waste decomposes in the landfill, it gives off methane, a greenhouse gas over 70 times more potent than carbon dioxide during a 20-year span



AB 1594 (continued)

- Green Waste has traditionally been used as alternative daily cover (ADC) in the Orange County Landfill system
- The Integrated Waste Management Act of 1989 (AB 939) allowed jurisdictions to claim ADC as credit towards their total diversion calculation
- Jurisdictions received diversion credit for ADC to meet the 50% diversion requirement mandated by AB 939
- OC Waste and Recycling had accepted green material at no charge (no tipping fee) since it was used as ADC



Previous City Council Action

- February 4, 2020 City Council Meeting
 - Summary of Options Discussed:
 - 1) Republic Services can compost the City's green waste by processing and transporting to their partner facility, Agromin in Chino
 - a. Diversion credit is given by CalRecycle
 - 2) Dispose green waste at landfill and have it be counted as trash
 - a. No diversion credit is given by CalRecycle



Previous City Council Action (cont'd)

- February 4, 2020 City Council Meeting
 - Approved a Memorandum of Understanding (MOU) with Republic Services
- April 21, 2020 City Council Meeting
 - Directed staff to:
 - Set Public Hearing for June 16, 2020
 - Mail notices to residential property owners
- June 16, 2020 City Council Meeting
 - Continued Public Hearing to July 7, 2020



Proposed Rate Changes for Fiscal Year (FY) 2020-21

1. Unfunded State mandate related to Assembly Bill (AB) 1594 relative to recycling green waste material and additional landfill costs; Program Costs per Section 24.6 of the Agreement
2. Annual Rate Adjustment per CPI per Section 24.3 of the Agreement
3. Increase in the Orange County Landfill Tipping Fees per Section 24.5 of the Agreement



Summary of Single-Family Residential Rate

| Proposed Monthly Rate Effective July 1, 2020 | Proposed Annual Assessment | FY 19-20 Monthly Rate | FY 19-20 Annual Assessment | Rate Change per Month/Year |
|--|----------------------------|-----------------------|----------------------------|----------------------------|
| \$29.63** | \$349.02 | \$25.54 | \$306.48 | \$4.09/\$3.00/\$42.54 |

Calculation for Proposed Rate

| <u>Rate Component</u> | <u>Amount</u> |
|--|-----------------|
| FY 2019-20 Monthly Rate | \$25.54 |
| CPI Adjustment of 3.1% (January 2020 over January 2019) | \$0.75 |
| Green Waste Composting Fee (July 2020 - June 2021) | \$2.18 |
| Green Waste Composting Fee (January 2020 - June 2020) | \$1.09* |
| Landfill Disposal Fee Adjustment of 1.76% | \$0.06 |
| Proposed FY 2020-21 Rate | \$29.63* |

*Note: Per Section 8.8 of Agreement as reflected In Amendment No. 11, the Green Waste Processing Fee for the "January-June Period" will be charged from will be charged from July 1, 2020 through December 31, 2020. After December 31, 2020, this fee will not be charged.

**Note: After December 31, 2020, the monthly rate charged to a single-family residence will be \$28.54



Summary of Commercial Waste Rates

| Waste Rate | Proposed Monthly Rate Effective July 1, 2020 | FY 19-20 Rate | Rate Change per Month |
|-----------------------------|--|------------------|--------------------------|
| 3-Yard Trash Container | \$182.51 | \$177.18 | \$5.33 |
| 3-Yard Recycle Container | \$156.02 | \$151.18 | \$4.65 |

| Calculation for Proposed Rate | | |
|--|------------------------|----------------|
| Rate Component | 3-Yard Trash Container | 3-Yard Recycle |
| FY 2019-20 Rate | \$177.18 | \$151.18 |
| CPI Adjustment of 3.1% (January 2020 over January 2019) | \$4.65 | \$4.65 |
| Landfill Disposal Fee Adjustment of 1.76% | \$0.46 | N/A |
| Organics Recycling Component Adjustment of 0.12% | \$0.22 | N/A |
| Proposed Rate | \$182.51 | \$156.02 |



Agreement Amendment No. 11

- Implementation of Residential Green Waste Composting per AB 1594
- Flow Control Options
 - Section 26.1 of the Agreement for Solid Waste Handling Services
 - Placentia has the ability to choose the location and delivery of solid waste and green material
- ‘Most Favored Nations ’ clause
 - Requires Placentia’s cost per ton to compost green material be equal to or lower than the amount paid for organics recycling by any other cities served by Republic’s Anaheim Division
- Approves rates for FY 2020-21



Public Hearing Notice & Process

- Process to conform to Prop 218 requirements
 - 45 day hearing notice
 - Majority protest (50% + 1) by ratepayers precludes adoption of proposed rate increase
 - May 1, 2020: mailed out public hearing notices to residential property owners (ratepayers)
 - City Clerk received 9 protest letters. Final tally at conclusion of public hearing.



Staff Recommendation

1. Open the Public Hearing; and
2. Receive Staff Report & Public Testimony;
3. Close the Public Hearing and direct the City Clerk to tabulate the written protests and report the results of the tabulation to the City Council;
4. If no majority protest exists, Adopt Resolutions and Amendment No. 11.



Questions & Comments

