



CITY COUNCIL AGENDA STATEMENT



September 24, 2019

File ID: 19-0371

TITLE

CONSIDERATION OF PROPOSED INCREASES IN GENERAL SERVICE RATES, AND ANNUAL INFLATIONARY INCREASES FOR SMALL QUANTITY AND LARGE QUANTITY GENERATORS, FOR SOLID WASTE AND RECYCLING COLLECTION SERVICES BY THE CITY'S FRANCHISED PROVIDER, REPUBLIC SERVICES, AND OF WRITTEN PROTESTS AGAINST THE PROPOSED INCREASES

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA ACCEPTING THE RESULTS OF THE PUBLIC PROTEST PROCESS REGARDING PROPOSED INCREASES IN GENERAL SERVICE RATES, AND ANNUAL INFLATIONARY RATE INCREASES FOR SMALL QUANTITY AND LARGE QUANTITY GENERATORS, FOR SOLID WASTE AND RECYCLING COLLECTION SERVICES BY THE CITY'S FRANCHISED PROVIDER, REPUBLIC SERVICES; AND APPROVING THE PROPOSED RATE INCREASES IF THERE IS NOT A MAJORITY PROTEST

RECOMMENDED ACTION

Council conduct the public hearing, receive the results of the public protest process, and if written protests have not been submitted with respect to a majority of the parcels, adopt the resolution accepting the results and approving the rate adjustments.

SUMMARY

In conformance with Article XIID of the California State Constitution and the Proposition 218 Omnibus Implementation Act, the purpose of the hearing is to consider all written protests against proposed increase in rates for solid waste and recycling services provided by the City's franchised provider, Republic Services. Chula Vista property owners and Chula Vista Republic Services customers of record can submit their protest in writing to the City Clerk prior to the close of the public hearing. Oral comments at the public hearing will not qualify as formal protest unless accompanied by a written protest as described. If a majority protest is not received, the proposed increases will be implemented.

ENVIRONMENTAL REVIEW

The proposed activity has been reviewed for compliance with the California Environmental Quality Act (CEQA) and it has been determined that the activity is not a "Project" as defined under Section 15378 of the state CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Notwithstanding the foregoing, it has also been determined that the activity qualifies for an Exemption

pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

The Sustainability Commission heard a report and voted to recommend that City Council hold hearing proceedings prior to implementing the proposed rate adjustment.

DISCUSSION

The City has received a request for a special rate increase from the City's franchise solid waste collection services provider Republic Services to alleviate financial losses. The losses are due to a significant shift on export recycling markets. Republic Services is requesting a rate increase of 6.1%. however, this increase is subject to the 20% franchise fee and 5% AB939 fee that Republic is required to pay to the City under contract (approved by Resolution no. 2014-129). The total percentage increase is 7.6% to be applied on all residential, commercial and industrial service accounts. In accordance with Section 7.7 of the agreement, Republic Services reserves the right to request a rate relief at any time due to extraordinary circumstances that are beyond Republic Services reasonable control such as the recycling material current commodity downturn and increased materials processing costs. On June 18, 2019 Chula Vista City Council approved Republic Services request and directed staff to proceed with conducting the proceedings necessary prior to the implementation of the proposed rate increase (Resolution no. 2019-128).

In addition, pursuant to the approved franchise agreement with Republic Services, annual inflationary adjustments may be implemented. The annual adjustment amount for general service rates does not exceed 100 percent of the increase in the San Diego Area Consumer Price Index for all Urban Consumers published by the U.S. Department of Labor, Bureau of Labor Statistics for the previous twelve-month period (calendar Year) for which statistics are available. At no time shall the Small Quantity Generator Rates exceed ninety percent (90%) of the average for the County of San Diego for the same level of service after subtracting any pass-through fees or local subsidies. This limitation is to be applied only to determine whether the Contractor is entitled to the full CPI adjustment on Small Quantity Generator rates, as described with the following formula:

$$\text{Mean County Average Rate} \times 90\% = \text{Maximum rate for Small Quantity Generator.}$$

Public Hearing Process:

On August 9, 2019, 101,221 Chula Vista property owners and Chula Vista Republic Services customers of record were notified of a public hearing to consider a trash rate increase and the rate adjustment formula for solid waste services with a direct mail pamphlet. (Attachment 1). The public notice serves as communication of the proposed rate increase and maximum annual rate adjustments pursuant to the approved contract. The notice contained some of the most common service levels projected rates and their expected increase along with information on how to access the entire rate schedule on the City's website or by contacting the Office of Sustainability via phone or email or though the City Clerk's Office.

The mailing started a 45-day comment period for property owners to protest the proposed 7.6% rate increase and maximum annual rate adjustments pursuant to the approved contract. All written protests are

required to be signed by the Chula Vista property owners and Chula Vista Republic Services customers of record and describe the property either by address or Assessor's Parcel Number. All written protests must be received by the City Clerk before the close of the majority protest public hearing on September 24, 2019.

After the close of the hearing, the Chula Vista City Council will receive final tabulations of the written protests received by the City Clerk. If written protests are not received on behalf of a majority of the parcels subject to the rate increases is not received (50,610+1= 50,611) the proposed rate increases, beginning in 2019, and maximum annual inflationary rate adjustments for a five-year period beginning 2020, shall be approved.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

Approval of this item will have a positive net impact of \$270,000 to the General Fund and a positive net impact of \$40,500 to the Environmental Services Fund. These amounts are pro-rated because the adjustments would not be implemented until October.

ONGOING FISCAL IMPACT

A positive net impact of \$360,000 to the General Fund and a positive \$90,000 for the Environmental Services Fund per fiscal year.

ATTACHMENTS

Attachment 1: Public Hearing Notice mailer

Staff Contact: Manuel Medrano