

SOLID WASTE COLLECTION AND RECYCLING FEES

SOLID WASTE COLLECTION AND RECYCLING FEES FOR THE COLLECTION OF GARBAGE, RUBBISH, WASTE MATTER AND RECYCLABLES BY SOLID WASTE COLLECTORS WITHIN THE CITY OF CHICO

AUTHORITY: Section 5.16.130 Chico Municipal Code; Resolution No. 57 79-80 adopted 11/06/79

AMENDMENTS: Resolution Nos. 64 79-80 adopted 11/20/79; 24 81-82 adopted 09/01/81; 101 88-89 adopted 02/07/89; 126 90-91 adopted 03/19/91; 96 91-92 adopted 02/04/92; 2 93-94 adopted 07/06/93; 91 93-94 adopted 12/21/93; 48 94-95 adopted 09/06/94; 119 94-95 adopted 03/07/95; 158 96-97 adopted 06/17/97; 125 98-99 adopted 04/06/99; 38 99-00 adopted 09/21/99; 14 01-02 adopted 07/10/01; 71 03-04 adopted 01/27/04; 32 04-05 adopted 08/17/04, 97 04-05 adopted 02/15/05; 01/01/06 per Section VI below and Council action on 02/15/05; 07/01/06; 07/01/07; 08/01/08; 07/01/09; 10/01/10 per Section VI below; 7/01/11 per Section VI below.

I. GENERAL PROVISIONS

A. Receptacle Size

1. Solid waste collector customers shall have the right, in their sole discretion, to determine the size of receptacle(s) they desire to use in accordance with the provisions set forth herein.
2. In the event a receptacle of 32 gallon maximum capacity or less is selected, the rates set forth in Section II. below shall apply.
3. In the event a wheeled container type of receptacle with capacity between 60 gallons and 96 gallons is selected, the rates set forth in Section II. below shall apply.
4. If a receptacle in excess of 32 gallon capacity other than a wheeled container with capacity between 60 gallons and 96 gallons is selected, the rates set forth in Section III. below shall apply for single-family and two-family residential units.

B. Service Type and Frequency

1. Solid waste collector customers shall have the right, in their sole discretion, to determine the type (front yard or backyard) and frequency of service they desire to use in accordance with the provisions set forth herein. Alley pickup service shall be considered to be front yard service.
2. Solid waste collectors shall offer front yard or rear yard recycling service to solid waste collector customers. Rear yard recycling service shall be provided at the request of the customer in accordance with the rates set forth herein for front yard service.

C. Customer Billing

All customer billings shall state the date the amount billed is due and payable. In the event a solid waste collector bills on a quarterly basis, the statement shall include notification of when the amount is due and payable. Recycling fees shall not be listed separately and shall be included in the total maximum monthly charge.

II. RATES FOR WHEELED CONTAINERS WITH CAPACITY BETWEEN 60 GALLONS AND 96 GALLONS - COLLECTION ONCE PER WEEK ONLY

A. Front Yard and Alley Service

| <u>Container Size</u> | <u>Total Maximum Monthly Front Yard and Alley Charge</u> |
|-----------------------|--|
| 0-32 gallons | \$11.80 |
| 60-89 gallons | \$18.90 |
| 90-96 gallons | \$23.85 |

B. Backyard Service

| <u>Container Size</u> | <u>Total Maximum Monthly Front Yard and Alley Charge</u> |
|-----------------------|--|
| 0-32 gallons | \$14.35 |
| 60-89 gallons | \$21.45 |
| 90-96 gallons | \$30.10 |

C. Multiple Wheeled Container Rates

The maximum monthly charge for multiple wheeled container service shall be equal to the Maximum Monthly Charge multiplied by the number of containers.

D. Provision of Wheeled Containers by Collector

Wheeled containers shall be supplied by solid waste collectors without charge to or deposit from solid waste collector customers.

E. Fuel Surcharge

Beginning on January 1, 2005, a fuel surcharge, which will be adjusted monthly by the relative change in the National Fuel Index from the Department of Energy compared to 1997, will be assessed either as a credit or debit directly on customers' bills.

III. RATES FOR RECEPTACLES IN EXCESS OF 32 GALLON CAPACITY OTHER THAN THOSE SET FORTH IN III. ABOVE

Charges for the collection of garbage, rubbish and/or waste matter from single-family and two-family residential units, for receptacles in excess of 32 gallon capacity other than those set forth in II. above, shall be established through negotiation by the solid waste collector and the person concerned. In addition, a maximum monthly recycling fee of \$2.00 per unit may be charged by the solid waste collector.

IV. RATES FOR SOLID WASTE COLLECTION SERVICES - MULTI-FAMILY RESIDENTIAL UNITS (THREE OR MORE UNITS)

Charges for the collection of garbage, rubbish and/or waste matter from multi-family residential units shall be established through negotiation between the solid waste collector and the owner of the multi-family residential complex. A maximum monthly recycling fee of \$1.25 per unit may be charged by the solid waste collector, provided, however, that in determining the total monthly recycling fee for the complex, 8% of the units will be assumed to be vacant and not subject to the per unit recycling fee. (Example: for a 100 unit apartment complex, the maximum monthly recycling fee would be: 92 units x \$1.25 per unit = \$115.00.) A minimum recycling fee of \$3.00 per month shall be charged by the solid waste collector for each recycling container placed in the multi-family residential complex.

V. RATES FOR SPECIAL CONDITIONS

| | <u>Special Condition</u> | <u>Rate</u> |
|----|--|--|
| A. | Bag Collection Service | \$2.55/bag |
| B. | Special Can Pickup (one-time) | \$4.05 |
| C. | Brush Bundles (2' x 4') | \$4.05 |
| D. | Inaccessible locations (multiple flights of stairs, similar conditions) | 25% surcharge on appropriate base rate |
| E. | Pickup of Recyclables Only - Single and Two-Family Residential Units (no weekly garbage service) | \$1.00 per month minimum fee and \$2.05 per month maximum fee |
| F. | Pickup of Recyclables Only - Multi-Family Residential Units (no garbage service) | \$1.25 per unit per month maximum fee (8% vacancy factor applies). |

VI. ANNUAL RATE REVIEW (Section 5.16.135 CMC)

The rates established above shall be reviewed and may be adjusted annually based on the Solid Waste Collection and Recycling Rate Review Methodology set forth in the attached Exhibit "1." Such adjustments shall be approved by the City Manager.

**CITY OF CHICO
SOLID WASTE COLLECTION AND RECYCLING
RATE REVIEW METHODOLOGY**

Purpose:

The purpose of this rate review process or methodology is to allow the solid waste collectors an opportunity to recover certain increased expenses for collection of solid waste and recyclables from residential customers within the City of Chico and to provide the City Council a comprehensive and objective process by which to review rate increase requests from the collectors.

ANNUAL RATE REVIEW PROCEDURE:

A. Allowable Costs and Base Rate Determination:

The annual rate review will adjust, if necessary, the residential solid waste collection rates to provide for cost of living adjustments and compensation on allowable costs and for any changes in pass-through costs incurred by the collectors during the previous twelve months. This process will involve establishing an agreed-upon maximum base rate on which to apply future annual rate adjustments and escalating factors. For the purposes of this methodology, the base rates will be the current solid waste collection rates pursuant to the City of Chico Solid Waste Collection and Recycling Fees Schedule 10.040 effective on January 1, 2005.

To facilitate this annual rate review process, the collectors must identify the company's allowable, non-allowable, fuel, and pass-through costs and allocate the appropriate monetary portion of these costs to the base rates. Allowable, non-allowable, and pass-through costs are defined as follows:

1. Allowable Costs - Allowable costs will mean the collector's annual costs associated with providing residential service for those categories. Allowable costs are those costs that are integral to the operation, including direct labor and benefits, trucking and hauling costs, recycling program costs, disposal, and depreciation of equipment.
2. Pass-Through Costs - Pass-through costs are those costs that are reimbursable, but not costs for which the collector should receive a profit. These costs include the solid waste collector permits fees and landfill disposal fees.
3. Non-Allowable Costs - Non-allowable Expenses are those costs for which the collector will not receive compensation, which may include:
 - a. Political and charitable contributions or donations.
 - b. Fines and penalties as a result of violations of or failure of the collector to comply with Federal, State, or local laws and regulations.
 - c. Legislative Lobbying Costs.
 - d. State and Federal income taxes.

The purpose of this cost segregation and allocation is to determine the “cost per unit” on which to apply the rate methodology and thereby determine the appropriate monthly rate for residential services.

B. Fuel Surcharge:

The collector’s fuel costs will be compensated through a fuel surcharge that will be adjusted monthly by the relative change in the National Fuel Index from the Department of Energy compared to 1997. This fuel surcharge will be assessed either as a debit or credit directly to the customer on the customers’ quarterly bills and will not be adjusted as part of the annual rate review process.

C. Rate Review Application Process:

On or before March 15 of each year, the solid waste collectors may submit to the City a Rate Adjustment Request to be effective the following July 1. The Rate Adjustment Request shall include the following:

1. A cover letter requesting an annual rate review and indicating any major events or significant trends that may have occurred to increase the collector’s costs during the previous year.
2. Supporting documentation and a breakdown of the current base rate proportionately charged per household for residential service into the following allowable cost categories:
 - a. Fuel
 - b. Pass-through costs
 - c. City of Chico Solid Waste Collection Permit Fee.
 - d. Landfill disposal costs, including any increases in the disposal fees approved by the County of Butte.
 - e. Non-allowable costs
 - f. All other allowable costs including labor (i.e., wages and benefits, general administration, vehicle replacement and maintenance, and recycling processing costs).
3. Documentation of the September-to-September change in the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics for all Urban Consumers - U.S. Cities Average (CPI-U-all items, less food and energy).
4. Documentation of the monthly change from September to September in the National Fuel Index from the Department of Energy compared to 1997 for reconciliation with the monthly surcharge placed on customers’ bills.

D. Annual Rate Review Adjustment:

Staff will review and evaluate the collector’s Rate Adjustment Request to determine whether an adjustment to the solid waste collection rates will be necessary to compensate the collectors for increased costs during the previous year. If applicable, the adjustment may include additional compensation as follows:

1. Compensation for any increases in pass-through costs incurred during the previous year as a direct payment of these costs.
2. Compensation for increases in the collector’s remaining allowable costs will be accomplished by applying an annual escalating factor or index equal to the September to September change in the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics for all Urban Consumers - U.S. Cities Average (CPI-U - all items, less food and energy).

Following is an example of an annual rate adjustment calculation:

| Collector’s Cost Per Category | Monthly Base Rate | Index used for adjustment | % Change | Dollar Change | New Rate |
|--|--------------------------|---|------------------------------------|----------------------|-----------------|
| Fuel | \$2.82 | National Fuel Index adjusted monthly on customer’s quarterly bill | N/A- not included in annual review | N/A | \$2.82 |
| Landfill Disposal | \$2.50 | Pass-through of actual increased costs | 13% | \$0.33 | \$2.83 |
| City Permit Fees | \$0.50 | Pass-through of actual increased costs | no increase this year | \$0 | \$0.50 |
| All other allowable expenses (i.e. labor, vehicle maintenance) | \$13.88 | CPI | 2.2% | \$0.31 | \$14.19 |
| TOTAL | \$19.70 | | | | \$20.34 |

E. Extraordinary Rate Review and Adjustment:

A collector may request an Extraordinary Rate Review to adjust the rates outside of the annual rate review process to account for increased or decreased costs resulting from extraordinary events, provided, however, that the collector demonstrated and exercised its best business efforts to avoid the occurrence of and to mitigate such extraordinary costs.

Examples of events that may facilitate an extraordinary rate review may include the following:

1. Increased costs that have incurred in connection with providing residential service due to changes in State, Federal, or local laws, rules, or regulations not within the control of the collectors.
2. Changes in service or operations required or mandated by the City.
3. Increased costs due to natural disasters.

F. City Manager Consideration of Rate Adjustments

After clarification of any questions or discrepancies in the Rate Adjustment Request, staff will notify the solid waste collectors of its rate review and forward a recommendation to the City Manager for final determination.