

ITEM 9.C.

MOORPARK CITY COUNCIL AGENDA REPORT

TO: The Honorable City Council

FROM: Jennifer Mellon, Senior Management Analyst 

DATE: November 5, 2009 (CC meeting of November 18, 2009)

SUBJECT: Consider Resolution Adjusting Solid Waste Collection Fees, Consider Resolutions Amending the City of Moorpark Franchise Agreements with G.I. Industries and Moorpark Rubbish

BACKGROUND

The City of Moorpark reviews and updates solid waste collection fees on an annual basis with approved rate adjustments to take effect January 1. If approved, adjustments will be made to solid waste collection fees as specified in the Franchise Agreements between the City and the waste haulers. This January the City of Moorpark would like to look at the standard solid waste rate adjustment as well as at the collected franchise fees received from the franchise haulers.

Two components are used when considering the annual solid waste rate adjustment: the Consumer Price Index (CPI) and the Simi Valley Landfill tipping fees. Per the City's Franchise Agreements, the CPI factor used in the City's annual solid waste fee calculation is based on 86% of the CPI increase for all consumers in the Los Angeles Urbanized Area during the period September-September, less housing. The adjusted CPI factor for 2010 is -1.5%. The second component is the landfill tipping fee. The County approved a landfill rate increase effective January 1, 2010 with the disposal fee for discards increasing \$1.50 per ton making the per ton cost \$49.95; yard trimming discards fees are increasing \$1.00 per ton making the per ton cost \$36.00.

The City of Moorpark collects franchise fees from both franchise waste haulers. This revenue is collected at a rate of 5% on residential accounts and 8% on commercial accounts and has not been adjusted since the original franchise agreements were approved in 1992. The City franchise agreements with both G.I. Industries and Moorpark Rubbish Disposal currently require 5% residential and 8% commercial franchise fees; however, the Moorpark Municipal code allows for a franchise fee to be collected of up to 8% for residential accounts. Franchise Fees are calculated based upon the hauler gross revenues. A survey of franchise fees collected by surrounding jurisdictions finds that the

Cities of Camarillo and Ventura collect 5% residential franchise fees, Simi Valley collects an 8% residential franchise fee, and that Thousand Oaks is in the process of raising their franchise fee from 5% to 8% as part of their adjustment for 2010.

As the discussion details, an increase in the City of Moorpark residential franchise fee from 5% to 5.5%, 6%, 7% or 8% would keep Moorpark in line with surrounding jurisdictions while increasing general fund revenue.

DISCUSSION

Based on the CPI and landfill rate, the City’s single family residential solid waste collection rate will decrease by \$0.13 per month, to \$25.71, representing a 0.5% decrease (the 2009 adjustment was an increase of \$1.35 or a 5.51% over the 2008 rate). Attachment “B” shows the calculation in detail. The senior citizen and super recycler rates would decrease by \$0.13 per month as well to \$19.01 per month, a 0.68% decrease.

By increasing the Franchise Fees (FF), rates would increase as would City general fund revenue. The table below illustrates the changes in the residential rates with percentage increases to the franchise fee. Automated Residential Service rate scenarios are below:

Proposed 2010 Rates	Standard Service FF	Standard Service Rate	+ / - over 2009 Rate	Senior / Super Recycler FF	Senior/ Super Recycler	+ / - over 2009 Rate	Limited Service FF	Limited Service Rate	+ / - over 2009 Rate	Est. Annual General Fund Revenue – FF
Current 2009 Rates	\$1.23	\$25.84	N/A	\$0.90	\$19.14	N/A	\$0.85	\$18.07	N/A	\$143,000
2010 Standard Rate Calculation – Net Reduction	\$1.23	\$25.71	(\$0.13)	\$0.90	\$19.01	(\$0.13)	\$0.84	\$17.91	(\$0.16)	\$141,000
with 5.5% FF	\$1.35	\$25.83	(\$0.01)	\$0.98	\$19.10	(\$0.04)	\$0.92	\$17.99	(\$0.08)	\$157,500
with 6% FF	\$1.47	\$25.95	\$0.11	\$1.07	\$19.19	\$0.05	\$1.01	\$18.08	\$0.01	\$172,000
with 7% FF	\$1.72	\$26.20	\$0.36	\$1.25	\$19.35	\$0.23	\$1.17	\$18.24	\$0.17	\$201,000
with 8% FF	\$1.96	\$26.44	\$0.60	\$1.43	\$19.55	\$0.41	\$1.34	\$18.41	\$0.34	\$223,000

An additional option would be to adjust Residential AB 939 Fees which are collected from residents to pay for AB 939 diversion programs including collection of Household Hazardous Waste, Batteries, Fluorescent Lights, and Electronic Waste, as well as Composting programs, sharps disposal, and most recently medication disposal. The residential AB 939 fee was enacted in 1995 and has been \$1.20 since inception. If Council directs an option to keep Franchise Fees at 5% or increase Franchise Fees to 5.5% an option would be to take the remaining negative balance from the rate reduction and direct that money to AB 939 to keep rates flat. The current estimate of AB 939 residential revenue for FY 09-10 is \$123,000. Increases to the AB 939 fee would increase AB 939 revenue for diversion programs.

Costs for commercial accounts are projected to decrease slightly in most collection scenarios. With schedules varying between 1 and 6 pick ups of discards per week, of both solid waste and recyclables, most commercial accounts are predicted to remain flat. There are no proposed increases to commercial fees.

Staff recommends that Council Consider a franchise fee increase to be effective January 1, 2010 as part of the annual rate adjustment and would propose Council give authorization for staff to proceed with the 6% option at this time. This increase would cause the residential standard service rate to increase by 0.43%, senior/super recycler rate to increase 0.26%, and the limited service (without yard waste) rate to increase 0.06% over 2009 rates. The residential and commercial rate adjustments are calculated in accordance with the Franchise Agreements. The new rates will become effective January 1, 2010. Attachment "A" is the rate resolution and proposed rate sheet.

Staff has begun the negotiation discussions with both Solid Waste Franchise Haulers regarding their franchise agreements which expire on December 31, 2010. During these negotiations staff will discuss options for future adjustments to franchise and other fees, adding street sweeping scope of work, and additional service enhancements.

FISCAL IMPACT

The Solid Waste Rate adjustment, with an increase to the Franchise Fee from 5% to 6%, will have a positive impact on the General Fund of about \$29,000 annually. During the remainder of Fiscal Year 2009/10 staff estimates an additional \$14,500 in revenue.

STAFF RECOMMENDATION (ROLL CALL VOTE)

1. Adopt Resolution No. 2009- _____ (2010 Solid Waste Collection Rate Resolution, which includes an increase in the Residential Franchise Fee from 5% to 6%), and
2. Adopt Resolution No. 2009- _____ Amendment to City of Moorpark Solid Waste Franchise Agreement with G.I. Industries and Resolution No. 2009- _____ Amendment to City of Moorpark Solid Waste Franchise Agreement with Moorpark Rubbish Disposal
3. Authorize the City Manager to execute the amendments to the Agreements

Attachment "A" – 2010 Solid Waste Collection Rate Resolution and Schedule of Rates to take effect January 1, 2010

Attachment "B" – Solid Waste Fee Adjustment Worksheet

Attachment "C" – Resolution Amending the G.I. Industries Solid Waste Franchise Agreement

Attachment "D" – Resolution Amending the Moorpark Rubbish Disposal Solid Waste Franchise Agreement

ATTACHMENT "A"

RESOLUTION NO. 2009-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, UPDATING THE SOLID WASTE COLLECTION SERVICE FEE SCHEDULE AND RESCINDING RESOLUTION NO. 2008-2768

WHEREAS, the City provides residential and commercial solid waste and recycling collection services; and

WHEREAS, on September 18, 2002, the City Council granted exclusive franchise agreements with G.I. Industries and Moorpark Rubbish Disposal for the collection, transportation, recycling, and disposal of solid waste in residential and commercial – industrial areas within City limits; and

WHEREAS, the Franchise Agreements provide for adjustments to the service fee schedule pursuant to a specified formula; and

WHEREAS, the City Council declares its intention of maintaining reasonable rates for collection, management, and disposal of solid waste and recyclables within the City limits.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Effective January 1, 2010, the monthly residential solid waste, recycling, and green waste collection rate shall be as shown in Exhibit "1".

SECTION 2. Effective January 1, 2010, the commercial, industrial, and multi-family solid waste, recycling, and composting bin collection rates shall be as shown in Exhibit "1".

SECTION 3. Effective January 1, 2010, the temporary bins and roll-off/drop box rates for solid waste, recycling, and composting bin services shall be as shown in Exhibit "1".

SECTION 4. Effective January 1, 2010, the annual Solid Waste Management Fee for exemption to the required solid waste collection service shall be \$24.40.

SECTION 5. The City's Residential Franchise Agreements Service Fee Schedules (Exhibit "F" of Residential Franchise Agreements) are hereby replaced with the attached Service Fee Schedule upon the effective date of this resolution.

SECTION 6. The City's Commercial Franchise Agreements Service Fee Schedules (Exhibit "F" of the Commercial Franchise Agreements) are hereby replaced with the attached Service Fee Schedule upon the effective date of this resolution.

SECTION 7. This resolution shall be effective January 1, 2010.

SECTION 8. This Resolution hereby rescinds Resolution 2008-2768 in its entirety upon the effective date of this resolution.

SECTION 9. The City Clerk shall certify to the adoption of the resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED AND ADOPTED this 18th day of November 2009.

Janice S. Parvin, Mayor

ATTEST:

Deborah S. Traffenstedt, City Clerk

Exhibit 1 – Schedule of Rates

ATTACHMENT "A"

Exhibit 1
MOORPARK SOLID WASTE SERVICE FEE
Schedule of Rates - 6% Franchise Fee
January 1, 2010

RESIDENTIAL (Single Family) Automated Service

**1. Discards Collection and Disposal and
Recycling and Yard Trimmings Collection**

- | | | | |
|----|--|--------------------|-----------------------------|
| A. | Regular Full Service Rate: | \$25.95 | |
| | Trash - 64-gallon cart | | |
| | Recyclables - 64-gallon cart | | |
| | Yard Trimmings - 96-gallon cart | | |
| B. | Senior Monthly Rate: | \$19.19 | |
| | Trash - 32-gallon cart | | |
| | Recyclables - 64-gallon cart | | |
| | Yard Trimmings – 64-gallon cart | | |
| C. | Super Recycler Rate | \$19.19 | |
| | Trash - 32-gallon cart | | |
| | Recyclables - 64-gallon cart | | |
| | Yard Trimmings – 64-gallon cart | | |
| D. | Service Options | | Available to: |
| | 1. Trash cart change from 32 to 64, or 64 to 96 | \$3.00/mo | Service Level A or E |
| | 2. Additional 64 gallon trash cart | \$5.00/mo | Service Level A |
| | 3. Additional 96 gallon trash cart | \$8.00/mo | Service Level A |
| | 4. Additional 96 gallon yard trimmings cart | \$3.00/mo | Service Level A |
| | 5. Recycle cart exchange from 64 to 96 | \$1.00/mo | Service Level A, B, C, or E |
| | 6. Yard Trimmings cart exchange from 64 to 96 | \$2.00/mo | Service Level B or C |
| | 7. Additional 64 gallon recycle cart | \$2.50/mo | Service Level A |
| | 8. Additional 96 gallon recycle cart | \$3.00/mo | Service Level A |
| | 9. Recycle Cart change from 64 to 32, no rate change | | Service Level A, B, C, or E |
| E. | Limited Service w/o Yard Trimmings | \$18.08 /mo | |
| | Trash - 32-gallon cart | | |
| | Recyclables - 64-gallon cart | | |
| | No yard trimmings service | | |
| F. | Service Changes | | |
| | Customer service level changes: | \$5.00 per request | |
| G. | Additional Charges | | |
| | Move In / Move Out Service Rate: | \$15.00 | |
| | Additional Bulky Item Pickup: | \$25.00 per item | |

ATTACHMENT "A"

MOORPARK SOLID WASTE SERVICE FEE
Schedule of Rates - Continued
January 1, 2010

COMMERCIAL (Dumpster Bin Service)**2. Discard Bin Rates**

A. Monthly Rates for one (1) 1.5 cubic yard bin with following pickups per week:

1 time a week	\$120.45		
2 times a week	\$210.57		
3 times a week	\$300.75		
Non contracted 1.5 cubic yard pickup:		\$45.96	
Compacted 1.5 cubic yard pickup:			2 X weekly pickup rate

B. Monthly Rates for one (1) 3.0 cubic yard bin with following pickups per week:

1 time a week	\$139.48	4 times a week	\$467.05
2 times a week	\$248.67	5 times a week	\$576.21
3 times a week	\$357.86	6 times a week	\$685.39
Non contracted 3 cubic yard pickup:		\$54.23	
Compacted 3 cubic yard pickup:			2 X weekly pickup rate

C. Monthly Rates for one (1) 4.0 cubic yard bin with following pickups per week:

1 time a week	\$156.92	4 times a week	\$536.77
2 times a week	\$283.52	5 times a week	\$663.36
3 times a week	\$410.13	6 times a week	\$789.95
Non contracted 4 cubic yard pickup:		\$62.63	
Compacted 4 cubic yard pickup:			2 X weekly pickup rate

3. Recycling / Composting Bin Rates

A. Monthly Rates for one (1) 1.5 cubic yard bin with following pickups per week:

1 time a week	\$57.46	4 times a week	\$229.89
2 times a week	\$114.96	5 times a week	\$287.39
3 times a week	\$172.42	6 times a week	\$344.83
Non contracted 1.5 cubic yard pickup:		\$18.89	

ATTACHMENT "A"

MOORPARK SOLID WASTE SERVICE FEE

Schedule of Rates - Continued

January 1, 2010

B. Monthly Rates for one (1) 3.0 cubic yard bin with following pickups per week:

1 time a week	\$72.25	4 times a week	\$289.13
2 times a week	\$144.58	5 times a week	\$361.37
3 times a week	\$216.82	6 times a week	\$433.70
Non contracted 3 cubic yard pickup:	\$23.74		

C. Monthly Rates for one (1) 4.0 cubic yard bin with following pickups per week:

1 time a week	\$88.21	4 times a week	\$347.54
2 times a week	\$173.77	5 times a week	\$434.48
3 times a week	\$260.64	6 times a week	\$521.33
Non contracted 4 cubic yard pickup:	\$28.96		

4. Temporary Bins / Roll-Off Drop Boxes

A. Temporary 3 Cubic Yard Bin Rate:	\$99.56	
B. Redelivery and Reinstatement Rate:	\$30.19	
C. Roll-Off Disposal Rate:	\$190.60	+ Landfill/Recycling Fee
D. Roll-Off Recycling Rate:	\$190.60	market value negotiable
E. Roll-Off Compactor Rate:	\$381.18	+ Landfill/Recycling Fee
F. Roll-Off Recycling Compactor Rate:	\$381.18	market value negotiable

5. Miscellaneous

A. "Hard to Service" Vehicle Usage Rate:	No Charge
B. "Hard to Service" Bin Moving Rate:	No Charge
C. Special Bin Lids (Locking/CBL) Rate:	\$30.00 (One-Time Fee)
D. Deodorizing/Replacing Bin Rate:	No Charge Once Per Year
E. Additional Deodorize/Replace Bins:	\$30.00
F. Charge For Returned Checks:	\$15.00
G. Charge For Delinquent Payments:	\$5.00
H. Franchise Transfer Fee	\$54,423.51
I. Credit Card Payment Convenience Fee (by phone):	\$5.00
J. Extra Bag Pick up:	\$3.00/bag or, \$5.00/cart
K. Extra Collection on Non-Scheduled Pick Up Day:	\$25.00
L. Residential Cart Re-delivery Fee:	\$15.00
M. Temporary Roll-off Extra Day Fee (post 7 days, trash only):	\$10.00/day
N. Temporary 3 Cubic Yard Bin Rate (post 7 days, trash only):	\$5.00/day
O. Permanent Customer Roll-off Extra Day Fee (post 30 days, trash only):	\$10.00/day
P. Solid Waste Bin Locking/Unlocking Fee:	\$20.00/month

Attachment "B"

SOLID WASTE SERVICE FEE ADJUSTMENT WORKSHEET

DATED January 1, 2010

Automated Service Residential Rate Calculation	2009 Total Rate	2009 Franchise Fee	2009 AB 939 Fee	2009 Hauler Rate	2010 CPI Increase	2010 Landfill Increase		2010 Hauler Rate	2010 Franchise Fee (6%)	2010 AB 939	2010 Total Rate	Change	
						Yard Waste	Discards					\$	%
A. Single Family Service	\$25.84	\$1.23	\$1.20	\$23.41	(\$0.30)	\$0.05	\$0.12	\$23.28	\$1.47	\$1.20	\$25.95	\$0.11	0.43%
B. Senior Citizen Rate	\$19.14	\$0.90	\$1.14	\$17.10	(\$0.22)	\$0.04	\$0.06	\$16.98	\$1.07	\$1.14	\$19.19	\$0.05	0.26%
C. Super Recycler Rate	\$19.14	\$0.90	\$1.14	\$17.10	(\$0.22)	\$0.04	\$0.06	\$16.98	\$1.07	\$1.14	\$19.19	\$0.05	0.26%
D. Limited Service (w/o yard) approval required	\$18.07	\$0.85	\$1.14	\$16.08	(\$0.21)		\$0.06	\$15.93	\$1.01	\$1.14	\$18.08	\$0.01	0.06%

Commercial Discards

B. One (1) 3.0 cubic yard bin with following pickups per week:

	2009 Total Rate	FF (16%)	2009 Hauler Rate	2010 CPI Increase	LF	2010 Hauler Rate	Franchise Fee (16%)	2010 Total Rate	\$	%
1 x week	\$140.13	\$22.42	\$117.71	(\$1.52)	\$0.97	\$117.16	\$22.32	\$139.48	-\$0.65	-0.46%
2 x week	\$249.56	\$39.93	\$209.63	(\$2.70)	\$1.95	\$208.88	\$39.79	\$248.67	-\$0.89	-0.36%
3 x week	\$359.01	\$57.44	\$301.57	(\$3.89)	\$2.92	\$300.60	\$57.26	\$357.86	-\$1.15	-0.32%
4 x week	\$468.45	\$74.95	\$393.50	(\$5.08)	\$3.90	\$392.32	\$74.73	\$467.05	-\$1.40	-0.30%
5 x week	\$577.87	\$92.46	\$485.41	(\$6.26)	\$4.87	\$484.02	\$92.19	\$576.21	-\$1.66	-0.29%
6 x week	\$687.30	\$109.97	\$577.33	(\$7.45)	\$5.85	\$575.73	\$109.66	\$685.39	-\$1.91	-0.28%

Moorpark	Rate	Difference	
1994	\$ 17.22	%	\$
1995	\$ 17.40	1.0%	\$ 0.18
1996*	\$ 16.30	-6.3%	\$ (1.10)
1997	\$ 17.12	5.0%	\$ 0.82
1998	\$ 17.33	1.2%	\$ 0.21
1999	\$ 17.51	1.0%	\$ 0.18
2000	\$ 17.87	2.1%	\$ 0.36
2001	\$ 18.49	3.5%	\$ 0.62
2002	\$ 19.06	3.1%	\$ 0.57
2003**	\$ 21.05	10.4%	\$ 1.99
2003	\$ 21.41	1.7%	\$ 0.36
2004	\$ 21.84	2.0%	\$ 0.79
2005	\$ 22.47	2.9%	\$ 1.06
2006	\$ 23.66	5.3%	\$ 1.19
2007	\$ 24.23	2.4%	\$ 0.57
2008	\$ 25.84	6.6%	\$ 1.61
2009	\$ 25.95	0.4%	\$ 0.11

* franchise agreement adjustment

** automated service implementation

ATTACHMENT "C"

RESOLUTION NO. 2009-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, AMENDING THE FRANCHISE AGREEMENT BETWEEN THE CITY OF MOORPARK AND G.I. INDUSTRIES FOR PROVIDING RESIDENTIAL SOLID WASTE SERVICES

WHEREAS, the City provides residential solid waste and recycling collection services; and

WHEREAS, on September 18, 2002, the City Council granted exclusive franchise agreements with G.I. Industries and Moorpark Rubbish Disposal for the collection, transportation, recycling, and disposal of solid waste in residential and commercial – industrial areas within City limits; and

WHEREAS, the Franchise Agreements provide for a residential franchise fee to be paid by franchisee to City; and

WHEREAS, the City Council declares its intention to increase said franchise fees.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK, DOES HEREBY RESOLVE TO AMEND THE AGREEMENT AS FOLLOWS:

SECTION 15. Franchise Area – Compensation. B-1 Residential. This paragraph shall be amended in its entirety, replacing the current language with the following language: "In consideration of the granting of an exclusive Residential Solid Waste Franchise, which provides for CITY contract administration and the use of and extraordinary wear and tear on CITY rights-of-way for the operation of Solid Waste collection, transportation, disposal, and Recycling vehicles, GRANTEE shall pay to CITY a Franchise Fee of six percent (6%) of GRANTEE's Residential Gross Revenues effective January 1, 2010."

With the exception of the change to the above noted document, all other provisions contained in the Franchise Agreement for Residential Solid Waste Services shall remain in full force and effect.

Resolution No. 2009-
Page 2

PASSED AND ADOPTED this 18th day of November 2009.

Janice S. Parvin, Mayor

ATTEST:

Deborah S. Traffenstedt, City Clerk

ATTACHMENT "D"

RESOLUTION NO. 2009-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, AMENDING THE FRANCHISE AGREEMENT BETWEEN THE CITY OF MOORPARK AND SEASUE INCORPORATED dba MOORPARK RUBBISH FOR PROVIDING RESIDENTIAL SOLID WASTE SERVICES

WHEREAS, the City provides residential solid waste and recycling collection services; and

WHEREAS, on September 18, 2002, the City Council granted exclusive franchise agreements with G.I. Industries and Moorpark Rubbish Disposal for the collection, transportation, recycling, and disposal of solid waste in residential and commercial – industrial areas within City limits; and

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Janice S. Parvin, Mayor

ATTEST:

Deborah S. Traffenstedt, City Clerk