

PROPOSED MAXIMUM RATES

SINGLE-FAMILY RESIDENTIAL

Table 1 shows the proposed maximum monthly rates for single-family residential customers for each year by cart size.

TABLE 1:
(g=Gallon)

	20g	30-35g	60-65g	90-96g
CURRENT RATES (VALID THROUGH 01/31/20)	\$11.00	\$19.47	\$36.92	\$60.91
PROPOSED RATES (EFFECTIVE 02/01/21)	\$11.79	\$20.87	\$39.58	\$65.30
PROPOSED RATES (EFFECTIVE 07/01/21)	\$12.83	\$22.71	\$43.06	\$71.04
ALT. 1: PROPOSED RATES (EFFECTIVE 07/01/22)	\$13.70	\$24.25	\$45.99	\$75.87
ALT 2: PROPOSED RATES* (EFFECTIVE 07/01/22)	\$14.11	\$24.98	\$47.37	\$78.15

*Alt 2: includes SB1383

The maximum base monthly rates include the following solid waste services:

- Weekly pick-up of Garbage, Recyclables, and Organic Material.
- Residential Recycling program (blue cart) for items such as clean glass, clean metal cans, clean aluminum, clean cartons, clean paper and cardboard, small scrap metal, and clean plastics.
- Residential Organics program (green cart) for items such as meat, cheese, fruits and vegetables, and food soiled paper products, such as pizza boxes, paper drink cups, paper plates, and paper napkins.

COMMERCIAL & MULTI-FAMILY RESIDENTIAL

Table 2 shows the proposed maximum monthly rates for commercial and multi-family residential customers for 2021 and 2022 by container size for once weekly collection of landfilled, recyclable, and compostable materials. The maximum rates for these services are determined not only by the type of service, but also the service frequency.

TABLE 2:
(g=Gallon) (cy=Cubic Yards)

		35g	68g	95g	1.5cy	2cy	3cy	4cy	6cy
GARBAGE	CURRENT RATES (VALID THROUGH 01/31/21)	\$34.16	\$59.39	\$84.67	\$289.22	\$339.76	\$454.60	\$499.46	\$683.55
	PROPOSED RATES (EFFECTIVE 02/01/21)	\$36.62	\$63.67	\$90.77	\$310.04	\$364.22	\$487.33	\$535.42	\$732.77
	PROPOSED RATES (EFFECTIVE 07/01/21)	\$39.84	\$69.27	\$98.75	\$337.33	\$396.27	\$530.22	\$582.54	\$797.25
	ALT. 1: PROPOSED RATES (EFFECTIVE 07/01/22)	\$42.55	\$73.98	\$105.47	\$360.27	\$423.22	\$566.27	\$622.15	\$851.46
	ALT 2: PROPOSED RATES (EFFECTIVE 07/01/22)	\$43.83	\$76.20	\$108.63	\$371.06	\$435.90	\$583.24	\$640.79	\$876.97
ORGANIC WASTE	CURRENT RATES (VALID THROUGH 01/31/21)	\$25.62	\$44.56	\$63.51	\$216.90	\$254.82	\$340.93	\$374.60	\$512.66
	PROPOSED RATES (EFFECTIVE 02/01/21)	\$27.46	\$47.77	\$68.08	\$232.52	\$273.17	\$365.48	\$401.57	\$549.57
	PROPOSED RATES (EFFECTIVE 07/01/21)	\$29.88	\$51.97	\$74.07	\$252.98	\$297.21	\$397.64	\$436.91	\$597.93
	ALT. 1: PROPOSED RATES (EFFECTIVE 07/01/22)	\$31.91	\$55.51	\$79.11	\$270.18	\$317.42	\$424.68	\$466.62	\$638.59
	ALT 2: PROPOSED RATES (EFFECTIVE 07/01/22)	\$32.87	\$57.17	\$81.48	\$278.28	\$326.93	\$437.40	\$480.60	\$657.73

*Alt 2: includes SB1383

Complete rate sheets and a detailed listing of the proposed new maximum monthly base rates, including all rates for multi-family residential and commercial customers for each year and all supplemental services can be found online at www.recology.com/recology-sonoma-marin/petaluma

MAXIMUM ALLOWABLE RATES

The City sets limits to the maximum allowable rates that Recology can charge customers within the City's service area for the garbage, recycling, and organics collection services that they provide under an exclusive franchise agreement with the City. Recology sets the actual rates for their collection services and can charge up to the maximum allowable rate established by the City Council. The charged rate can be lower than the maximum allowable rate, depending on the cost of providing collection service to the City of Petaluma; however, it cannot be any higher. As the operating costs increase, the maximum allowable rates also increase to assure that revenues for these services can cover the costs of operation at the standards of services defined in the franchise agreement. The process for adjusting fees due to a Detailed Rate Review and annual maximum rate adjustments using a refuse rate index are addressed below and defined in detail in the franchise agreement.

A DETAILED RATE REVIEW DETERMINED THAT COSTS EXCEEDED INCOME

A Detailed Rate Review or DRR is a process in which the City's franchisee's audited operating expenses are compared to their revenue. Based on an independent audit, Recology was operating its Petaluma franchise at an annual loss of approximately \$4.8 million. While the audit showed a maximum rate increase of 35.9%, the City negotiated the proposed maximum rate increase down to a 28.9% increase over the course of 18 months to make the proposed maximum rate increase more gradual.

HOW MAXIMUM RATES ARE CALCULATED

The City annually adjusts maximum Waste, Recycling, and Organic Collection rates that the City's refuse and recycling franchisee can charge to Residential and Commercial Businesses using a Refuse Rate Index (RRI) method, as described in the Franchise Agreement. The RRI is the sum of percentage changes of all eight RRI indices defined in the franchise agreement. The eight operating cost categories, each with an index, are: Labor, Fuel, Vehicle Replacement, Maintenance, Disposal Fee, Organic Processing Fee, Trash Capture Fee, and All Other. Indices are based on US Department of Labor or other standardized inflation indices, changes in actual operating cost for a specific category or increases in the rates charged to Recology by the landfill and recycling companies that take the waste materials. A trash capture fee of approximately \$179,000 was included in the 2018 RRI adjustment and has increased to \$224,769 in 2020. Each index is weighted by the category's percentage of the overall operating cost. The calculated percent change for all eight indices are added together and the total percentage change is used to calculate the maximum waste, recycling, and organic collection rates for the next year.

It should be noted that Recology's financial records are reviewed annually and are considered when determining potential increases to the maximum collection service rates. The City will adjust the maximum refuse and recycling rates automatically each year using the RRI method effective each July 1st for a 5-year period starting July 1, 2021.

WHAT DOES THIS MEAN MOVING FORWARD?

Although it is difficult to determine the exact cost of operations, collection, disposal and recycling related to the City's solid waste in future years, it is anticipated that rates may continue to increase with inflation. Additionally, there are newly enacted state laws that focus on recycling, organic diversion, climate change, and greenhouse gas reduction that are increasing the cost of refuse and recycling operations. It is the City's intention to keep Petaluma maximum solid waste rates as low as possible while ensuring that our refuse hauler can operate safely, lawfully, and in an environmentally sound manner.

QUESTIONS ABOUT THE PUBLIC HEARING?

Call Patrick Carter at 707-778-4560 or email mypetaluma@cityofpetaluma.org.

