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Title: Actions pertaining to adopting a five-year plan for residential solid waste service charges in accordance with Proposition 218:
 1. HEARING on Proposed Increases to Residential Solid Waste Service Charges in accordance with Proposition 218
 2. BILL (for introduction) - Adopting a Five-Year Rate Plan for Residential Solid Waste Service Charges in Accordance with California Constitution Article XIID

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Attachments: 1. 24-577 - Notices of Public Hearing of Proposed Changes to Schedule of Rates for Residential Solid Waste Services, 2. 24-577 - Attachment_Declaration of City's Process for Mailing Notice of Public Hearing on Proposed Solid Waste Rate Changes, 3. 24-577 - Attachment_Ordinance Adopting a Five Year Residential Solid Waste Rate Plan, 4. 24-577 - Attachment 4 - Public Hearing Presentation

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REPORT TO THE CITY COUNCIL

FROM: BROCK D. BUCHE, PE, PLS, Director
Department of Public Utilities

SUBJECT

Actions pertaining to adopting a five-year plan for residential solid waste service charges in accordance with Proposition 218:

- HEARING on Proposed Increases to Residential Solid Waste Service Charges in accordance with Proposition 218
- BILL (for introduction) - Adopting a Five-Year Rate Plan for Residential Solid Waste Service Charges in Accordance with California Constitution Article XIID

RECOMMENDATION

Staff recommends that the Fresno City Council hold the hearing on Proposed Increases to Residential Solid Waste Service Charges, accept public comment on the rates, accept written protests until the close of the public hearing, and approve the introduction of a bill adopting a five-year residential solid waste service charge plan to update the City's solid waste rates in accordance with California Constitution Article XIID.

EXECUTIVE SUMMARY

The City of Fresno (City) last adopted a five-year rate plan for residential solid waste services in 2007. The current rate charged for these services became effective September 1, 2009, after implementing four of the five adopted rate adjustments. The current outdated rate structure does not generate sufficient revenue to cover operating costs, and the Solid Waste Management Division (SWMD) of the Department of Public Utilities (DPU) has been operating in a budget deficit since 2012. Consequently, the operating reserve will be depleted by the end of Fiscal Year (FY) 2024, and a rate update is needed to reestablish SWMD's financial health by charging rates for services that generate sufficient revenue to cover operating costs and appropriately fund reserve accounts.

Routinely assessing and evaluating revenue and expenditure projections, and specifically analyzing the rates charged for service is vital to prevent revenue shortfalls that could lead to disruptions or cuts in service. Common practice is for municipalities to evaluate utility financial needs annually to determine whether and when rate updates are needed to cover increases in operating costs. SWMD retained an independent rate consultant to evaluate the cost to provide residential solid waste services and develop a five-year schedule of rates that will cover the five-year forecast of capital costs, operations and maintenance costs, debt service obligations, and costs to reestablish operating reserves during the period covering FY 2025 through FY 2029. The Administration has reviewed the rate plan and the proposed schedule of rates and recommends implementation of the proposed rates to continue delivering the essential services provided by SWMD. Even with the proposed rate update, City rates will remain at or below neighboring municipalities such as the County of Fresno, and the Cities of Madera and Clovis. The City has also developed an affordability program to assist low-income residents that will be considered with the rate update. Delaying implementation of the proposed rate plan will lead to steeper increases in the future or cuts to residential solid waste services.

To implement new rates, the City is required to comply with Section 6 of Article XIID of the California Constitution, also known as Proposition 218. Proposition 218 includes requirements for calculating and establishing rates, and also notifying affected property owners. Proposition 218 requires that the City establish rates that proportionately recover the actual costs to provide residential solid waste services to the different customer classes. It also requires the City to follow a notice, protest, and hearing process that requires providing written notice of a public hearing, at which rates will be considered, to owners of record at least 45 days before the public hearing is held and the rates are adopted. The City must also accept protests against the rates up to the close of the public hearing. If the protests are received from a majority of the parcels receiving residential solid waste services from the City, then the City Council cannot adopt the rates.

In 2014, the City entered into a Settlement Agreement and General Release of Claims with Doug Vagim, Diane Smith, and Steve Wayte (Vagim Settlement), which requires, among other things, that, before adopting any utility rate or fee increase in the 10 years following the Agreement's effective date, the City provide notice, to both property owners and tenant ratepayers, which satisfies various formatting and presentation requirements and includes protest cards, with a prepaid and self-addressed envelope for submitting the protest cards.

The Proposition 218 process was authorized by City Council on December 14, 2023. The Notice of Public Hearing to consider Proposed Changes to Schedule of Rates for Residential Solid Waste Services (Notice) and a protest card were mailed to owners of record and ratepayers in two different mailings to provide the required 45-day notice of the public hearing. The Notices for the two different

mailings are included in Attachment 1.

BACKGROUND

DPU provides safe and reliable potable water, wastewater, and residential solid waste utility services to ensure the health and safety of the community. Routinely assessing and evaluating revenue and expenditure projections, and specifically analyzing the rates charged for service is vital to prevent revenue shortfalls that could lead to disruptions or cuts in service. Common practice is for municipalities to evaluate rates annually to determine whether and when rate updates are needed to cover increases in operating costs. The City's practice is to evaluate revenues and expenses and the adequacy of the current rate structure annually during the budget process.

The City last adopted a five-year rate plan for residential solid waste services in 2007. The current rate charged for these services became effective September 1, 2009, after implementing four of the five adopted rate adjustments. The current outdated rate structure does not generate sufficient revenue to cover operating costs, and SWMD has been operating in a budget deficit since 2012. Consequently, the operating reserve will be depleted by the end of FY 2024, and a rate update is needed to reestablish SWMD's financial health by charging rates for services that generate sufficient revenue to cover operating costs and appropriately fund reserve accounts.

Residential Solid Waste Rate Calculation

To comply with Proposition 218, the City hired an independent rate consultant to evaluate the cost to provide residential solid waste services and develop a five-year schedule of rates that will cover the five-year forecast of capital costs, operations and maintenance costs, debt service obligations, and reestablish operating reserves. Proposed rates have been developed for the five-year period covering FY 2025 through FY 2029 (FY 2025 Rate Plan) that are based on common and well-established cost-of-service principals that promote equity among utility users, whereby users of the utility service pay rates that are directly proportionate to the level, quality, and quantity of service delivered to each solid waste customer class. The Administration has reviewed the FY 2025 Rate Plan and the proposed schedule of rates and recommends implementation of the proposed rates to continue delivering the essential residential solid waste services provided by SWMD. Even with the proposed rate update, City rates will remain at or below neighboring municipalities such as the County of Fresno, and the Cities of Madera and Clovis. The City has also developed an affordability program to assist low-income residents that will be considered with the rate update.

SOLID WASTE RATE PLAN

The Department of Public Utilities retained an independent rate consultant to prepare a five-year rate plan for residential solid waste service. The rate plan identifies revenue requirements to adequately cover all operating expenses, capital costs, rebuild operating reserves, and cover loan debt service.

Revenues versus Expenses

The City last adopted a five-year rate plan for residential solid waste services in 2007. The current rate charged for these services became effective September 1, 2009, after implementing four of the five adopted rate adjustments. Since the last update, the costs of collection vehicles, fuel, vehicle maintenance, landfill tipping fees, labor, collection containers, and Fresno Sanitary Landfill post-closure capital improvements and maintenance costs have all increased. The City has also incurred

new costs to comply with the regulatory mandates of Senate Bill (SB) 1383, which requires the integration of food waste into the green organic waste collection cart, the recovery of edible food waste, outreach and education activities, monitoring, and enforcement. With increased operational costs and newly imposed regulatory costs, the current residential solid waste rate structure is not able to generate sufficient revenues to cover all costs and the SWMD is operating in a structural budget deficit.

To continue operating the last several years, the SWMD has had to rely on using operating reserves and cancelling planned capital expenditures to make up the annual revenue shortfalls. The operating reserves are expected to be depleted by the end of FY 2024. Continued reduction of scheduled capital expenditures, including the postponement of purchasing replacement collection vehicles and the Fresno Sanitary Landfill post-closure capital improvements, are no longer a viable alternative due to the age of the current collection vehicle fleet and mandatory U.S. Environmental Protection Agency requirements for the landfill. At present, for all of the reasons noted above, expenses exceed rate-generated revenues.

Operational Costs

The revenue from the proposed residential solid waste rates for FY 2025 through FY 2029 is necessary to fund the following operations:

1. Weekly collection of a gray 64- or 96-gallon solid waste container.
2. Weekly collection of a blue 96-gallon recyclables container.
3. Weekly collection of a green 96-gallon green waste/organic materials container.
4. One Operation Clean Up pickup per year for each residential customer on dates scheduled by the City.
5. One bulky item curbside collection per year for each residential customer by appointment (beginning FY 2026).
6. Compliance, monitoring, and reporting requirements mandated by SB 1383.

Capital Plan

The proposed capital plan for FY 2025 through FY 2029 includes the following major components:

1. Replacement of the Division's aging vehicle fleet
2. The Division's portion of the DPU O&M Facility improvements
3. Collection container purchase and maintenance activities
4. Post-closure improvements and maintenance at the Fresno Sanitary Landfill

Operating Reserves

To minimize operational disruptions due to unforeseen circumstances, industry standard is to maintain financial operating reserves, and the DPU Director has set a target to maintain a minimum 45-day operating reserve, with the approval of the City Manager, pursuant to the authority provided by the City's Reserve Management Act. Throughout the five-year rate period from FY 2025 through FY 2029, the proposed rates will replenish the operating reserves to achieve the 45-day minimum requirement by the end of the rate period. This will allow SWMD to have funds available to continue providing services when responding to unforeseen events or emergencies.

Wastewater Loan Debt Service

Projected solid waste revenues at current rates, which will be in effect through the end of FY 2024 (i.e., June 30, 2024), are insufficient to cover projected costs for FY 2024. The projected revenue shortfall for FY 2024 will require depletion of the Division’s remaining operating reserves. To prevent fully depleting operating reserves, continue services, and cover operating costs through the remainder of FY 2024, the rate plan assumes that SWMD will receive a \$5.0 million intradepartmental loan from the City’s wastewater utility to bridge the revenue shortfall. The loan will be repaid by the Division over five years (FY 2025-FY 2029), with annual payments of \$1,056,387, which includes interest at 2.02 percent annually. The anticipated interest rate is based on the City’s current internal rate of return on City investments. The rate plan contemplates that the loan will be made from the wastewater utility’s Capital Reserve Fund, which is used to accumulate a portion of revenues for future capital projects, and the loan will not prevent the wastewater utility from meeting bond covenants requiring minimum reserve balances. The wastewater utility does not anticipate spending these identified reserve revenues on a capital project within the next five years and the wastewater utility will be repaid at the same interest rate as the revenues would have earned in the Capital Reserve Fund. Therefore, the loan will not delay any wastewater capital projects and once the loan is repaid, the wastewater utility will be in the same financial position as it would have otherwise been if the loan had not been made.

Proposed Rates

SWMD retained a rate consultant, HF&H Consultants, LLC. (HF&H), to review the financial needs of the Division and design an updated schedule of rates for residential solid waste service. The rate study was developed to maintain current levels of service and to provide for a new one time per year pick-up of bulky items by appointment. The designed schedule of rates will cover projected operating and capital expenses, support debt service obligations, and meet the necessary operating reserve requirements. Proposed rates have been developed for the five-year period covering FY 2025 through FY 2029.

The proposed five-year rate schedule for residential solid waste developed by HF&H is presented in the tables below. If approved, customers with 96-gallon service could see a monthly increase of \$5.50 beginning no sooner than July 1, 2024. The proposed rate changes reflect the cost of providing service to each customer based on the 96-gallon monthly service (three 96-gallon carts) or 64-gallon monthly service (one 64-gallon solid waste cart, one 96-gallon blue recycling cart, and one 96-gallon green waste/organics recycling cart).

Proposed Increase to Customer Class Rates for Residential Solid Waste

| Customer Class | Current Rate | Proposed Rates (\$/month) | | | | |
|---------------------------------|----------------|---------------------------|----------------|----------------|----------------|----------------|
| | | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
| rate adjustment effective date: | | 7/1/2024 | 7/1/2025 | 7/1/2026 | 7/1/2027 | 7/1/2028 |
| 96-Gallon Service | \$25.37 | \$30.87 | \$35.50 | \$38.70 | \$41.99 | \$45.24 |
| \$ Change | | \$5.50 | \$4.63 | \$3.20 | \$3.29 | \$3.25 |
| 64-Gallon Service | \$19.20 | \$28.12 | \$32.34 | \$35.25 | \$38.25 | \$41.21 |
| \$ Change | | \$8.92 | \$4.22 | \$2.91 | \$3.00 | \$2.96 |

Proposed Five-Year Rate Schedule for Residential Solid Waste

| Customer Class |
|----------------|
| |

| | Proposed Rates (\$/month) | | | | |
|---------------------------------------|---------------------------|---------|---------|---------|---------|
| | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| 96-Gallon Solid Waste Service | \$30.87 | \$35.50 | \$38.70 | \$41.99 | \$45.24 |
| 64-Gallon Solid Waste Service | \$28.12 | \$32.34 | \$35.25 | \$38.25 | \$41.21 |
| Additional 64 Gallon Solid Waste Cart | \$5.50 | \$6.33 | \$6.90 | \$7.49 | \$8.07 |
| Additional 96 Gallon Solid Waste Cart | \$8.26 | \$9.50 | \$10.36 | \$11.24 | \$12.11 |
| Additional 96 Gallon Recycling Cart | \$3.47 | \$3.99 | \$4.35 | \$4.72 | \$5.09 |
| Additional 96 Gallon Green Waste Cart | \$4.95 | \$5.69 | \$6.20 | \$6.73 | \$7.25 |
| FY = Fiscal Year | | | | | |

Rate Comparison

The following table shows that, even with the proposed rate update, the City’s residential solid waste rates are lower than many California agencies, including neighboring municipalities such as the County of Fresno, and the Cities of Clovis and Madera. The information below was accurate as of May 2023.

| Agency | Monthly Rate |
|------------------------------------|----------------|
| Oakland | \$154.10 |
| Fresno County (Mid Valley) - high* | \$98.89 |
| San Jose | \$59.19 |
| Sacramento | \$53.86 |
| Stockton | \$52.82 |
| Modesto | \$51.25 |
| Merced | \$49.06 |
| Fresno County (Mid Valley) - low* | \$47.51 |
| Selma | \$45.00 |
| Clovis | \$39.10 |
| Madera | \$38.72 |
| Los Angeles | \$36.32 |
| Fresno Proposed Rate FY25 | \$30.87 |
| Fresno Current Rate | \$25.37 |
| Bakersfield | \$22.00 |

*Rate based on zone, and effective 9/1/23

Affordability Credit Program

The current residential solid waste rate structure includes a category for low-income senior citizens whose rates are approximately 14 percent lower than those for single-family residential customers. The proposed residential solid waste rates eliminate the low-income senior citizens rates, and as such, staff recommends that the City Council adopt an Affordability Credit Program that will be available for all eligible low-income customers and will replace the former discounted rates for low-income senior citizens.

An updated financial assistance program for qualified low-income utility account holders, referred to as the Solid Waste Affordability Credit Program (SWACP), will be presented for City Council consideration along with adoption of the rates. The SWACP will provide financial assistance to any residential solid waste customer based on demonstrated financial need.

The Water Division currently offers a Water Affordability Credit Program (WACP), which provides financial assistance to eligible account holders based on demonstrated need. The current WACP credit is \$5 per month with a maximum of \$60 in a 12-month period. The proposed SWACP credit is \$5 per month, for a combined total of \$10 per month for both WACP and SWACP credits, or \$120 in a 12-month period if an account holder receives both water and residential solid waste services.

An annual appropriation of \$1 million is set aside to fund the WACP/SWACP, which will accommodate an estimated 8,333 eligible customers. The source of funding is revenue collected by the Utilities Billing and Collections Division (UB&C) as late payments and delinquency charges (Revenue Code 35103 - Penalties), which are exempt from the requirements of Proposition 218.

The SWACP eligibility requirements will be the same as those for the WACP, and the SWACP and WACP will be combined into a single application. To qualify for the WACP/SWACP, an account holder must submit to UB&C documentation that they have a household income that is equal to or less than 200 percent of the Federal Poverty Guideline, or that they qualify for PG&E's California Alternate Rates for Energy (CARE) Program or one of Fresno County's human services programs such as the Supplemental Nutrition Assistance Program (SNAP), the Women, Infants, and Children (WIC) Program, the National School Lunch Program (NSLP), or the Medi-Cal Program.

To confirm continued eligibility, account holders will be required to re-apply for the WACP/SWACP on an annual basis and affordability credits will be issued on a first-come, first-served basis to qualified applicants.

SUMMARY OF PROPOSITION 218 PROCESS

To comply with the Vagim Settlement, the City conducted a Proposition 218 process that was broader than required by law by mailing notice to ratepayers as well as property owners. The combined mailing required elaborate database merging to reach all participants and to tally results.

Mailing of Notice of Public Hearing

The Proposition 218 notification process requires that the City identify parcels upon which the residential solid waste service charges will be imposed and send those owners of record written notice of the rate update. In addition to the Proposition 218 requirements, the Vagim Settlement requires, among other things, that, before adopting any utility rate or fee increase in the 10 years following the Agreement's effective date, the City must provide notice, to both property owners and tenant ratepayers, which satisfies various formatting and presentation requirements and includes protest cards, with a prepaid and self-addressed envelope for submitting the protest cards. To meet both requirements, the City prepared a mailing package for owners of record and ratepayers that included the following:

1. A four-page Proposition 218 Notice that provided information required by the California Constitution regarding the date, time, and location for the public hearing; the reason for the proposed residential solid waste rate update; how to protest the proposed rate update; the

- basis for calculating the proposed rates; and a website for individuals to visit to obtain additional information.
2. A protest card with the owner's or ratepayer's name, address, and a 2-D barcode that links to a database indicating the Assessor's Parcel Number (APN), location ID, and other relevant property information. The protest card included a box for the individual to check stating that they protest the proposed increase to residential solid waste rates and a space for an original wet signature. Instructions to complete a protest were provided in English, Spanish, Hmong, and Punjabi.
 3. A business reply envelope with pre-paid postage and the City Clerk's Office address as the reply address.

Generating a mailing database that complies with the requirements to send written notice to both owners of record and tenant ratepayers required City staff to join three different databases maintained for different purposes by two different City departments and the County of Fresno (County) Assessor:

1. The County Assessor's parcel database is used to maintain property ownership data and names of the owners of record.
2. The City Department of Finance - Utilities Billing and Collection (UB&C) Division's customer billing database is used to maintain active ratepayer data, bill for solid waste services, and maintain ratepayer names. This database is the source of the required ratepayer data and includes the names of ratepayers.
3. The City Information Services Department (ISD) - GIS Division's (GIS Division) address database is a GIS layer used to maintain property address data and obtain official postal addresses. This database is the single source of the official postal address for the service and mailing addresses in the utility billing database.

City staff prepared three different Notice mailings on the following dates and to the following numbers of recipients:

1. March 15, 2024 to 146,106 recipients
2. March 26, 2024 to 3,875 recipients
3. May 6, 2024 to 142,992 recipients

After the first mailing (Mailing 1), City staff received calls and emails from recipients inquiring about Notices that had incorrect owner or ratepayer names, and City staff also became aware that some active ratepayers did not receive the Notice. Upon further investigation, City staff determined that the approach used to identify owners of record and tenant ratepayers was overbroad and didn't accurately generate the required data for some of the recipients. A second mailing (Mailing 2) was sent in an attempt to include the omitted customers and correct the customer name issue. However, after it was mailed, City staff determined that Mailing 2 did not comply with Proposition 218's 45-day noticing requirement and it also didn't reach all customers of record and/or ratepayers. City staff also identified a technical error in the database generation and corrected it to generate a new mailing database that could be compared to the Mailings 1 and 2 databases. City staff determined that a comparison of customer name and addresses would be required to validate and produce an accurate mailing database, and comparing these text strings between the two large datasets would have required significant staff time to perform manual comparison, or the use of a database tool that City staff could not confidently confirm would produce accurate results and provide the notice to the required owners of record and tenant ratepayers. The Administration and City staff concluded that

rescheduling the public hearing and re-noticing owners of record and all ratepayers was the best and most efficient option to provide 45-day notice of the public hearing to owners of record and ratepayers by completing a third mailing (Mailing 3).

Mailing 3 included all owners of record and ratepayers of record, in compliance with Proposition 218 and the Vagim settlement. A detailed explanation of the mailing databases development is provided in Attachment 2, Declaration of City's Process for Mailing Notice of Public Hearing on Proposed Solid Waste Rate Changes.

Public Education and Outreach

To maximize awareness and participation in the Proposition 218 rate-setting process, DPU initiated a robust public education and outreach program to announce the mailing of Notices and Protest Cards and provide awareness of the protest process. All written materials were available in English, Spanish, Hmong, and Punjabi.

The education and outreach effort included:

1. Dedicated Proposition 218 rate update website
2. TV, radio, and print media outreach
3. Engagement of the City's Office of Community Affairs to connect with community-based organizations
4. Other community discussions as requested

DPU also held a series of 12 community outreach meetings across the City to discuss SWMD's financial health and the process to reestablish the financial viability of the Division. DPU staff presented SWMD's services, the current rates adopted in 2007, current cost realities, an overview of the Proposition 218 rate-setting process, and the proposed rates.

Public Hearing

City Council is to open the public hearing on June 20, 2024, to provide the opportunity for owners of record and ratepayers to comment on the proposed rate update, as announced in the Notice. Written protests against the proposed rate increases will be accepted through the close of the public hearing.

Once the public hearing is closed, the City Clerk will complete the final tabulation of written protests and announce the results. The total number of parcels identified to participate in the protest process is 116,957. For the protest to prohibit City Council from adopting the proposed rate plan, a total of 58,480 (50 percent of parcels receiving residential solid waste services, plus 1) written protests must be received by the City Clerk by the close of the public hearing. The City will accept written protests submitted in response to all three notice mailings. However, only one protest per parcel will be counted toward determining whether a majority protest has been received. If this threshold is not met, City Council may consider adopting the proposed rate update.

Protest Sorting and Counting

The Presort Center of the PacWest Direct company's bulk printing and mailing facility was retained, through DPU's marketing and outreach firm, to print, mail, and tabulate the protests. Sealed protest card return envelopes were received by the USPS daily and delivered to the Fresno City Clerk. Once received, the City Clerk's Office staff opened the envelopes, reviewed each protest card for

signatures and the proper marking that was required, date and time stamped the protest cards, then organized the protest cards and envelopes in bundles of 100. The Presort Center picked up the prepared bundles daily, then sorted and counted the protest cards using a digital scanner to read the barcode information. After processing the protest cards, the Presort Center returned the processed protest cards and envelopes to the City Clerk's Office.

If a property owner or ratepayer did not receive or misplaced their prepared protest card, written protests in alternate formats are also accepted. For an alternate written protest to be deemed valid, it must include all the following components:

1. States the submitter's intention to protest the residential solid waste rate update;
2. Identifies the APN, street address, or utility account number(s) of the parcel with respect to which the protest is being made;
3. Includes the name of the record owner or ratepayer that is submitting the protest; and
4. Includes the original signature of the record owner or ratepayer that is submitting the protest.

Since the alternate written protests did not have the pre-printed barcodes, they cannot be processed through the Presort Center. These protests are instead reviewed, validated, and tallied in the database by the City Clerk's Office.

Upon closure of the public hearing, the City Clerk will review, validate, and tally any protest Cards or alternate written protests received through the end of the public hearing. If the total number of valid protests falls short of the 58,480 protest threshold, the City Council may consider adoption of the proposed rates.

Adoption of Rates

The California Business Roundtable is sponsoring a statewide initiative entitled the Taxpayer Protection and Government Accountability Act (TPGAA), which is currently scheduled to appear on the November 2024 ballot. If approved, the TPGAA will impose several new limitations on local governments' imposition of taxes and fees, which will apply retroactively to any taxes, fees, or charges adopted after January 1, 2022. If adopted, the TPGAA's new restrictions will apply to the City of Fresno's adoption of the proposed residential solid waste rate updates.

Under the TPGAA, any tax or charge adopted after January 1, 2022, will be void 12 months after the effective date of the act unless the tax or exempt charge is "reenacted" in compliance with the TPGAA. If the TPGAA is passed and the City does not adopt the current proposed residential solid waste rates in accordance with the TPGAA's requirements, the City would need to reenact the rates within 12 months of the effective date of the Act.

Under current law, fees and rates for solid waste services may be adopted by either ordinance or resolution. City of Fresno rates have always been adopted by resolutions: a resolution to adopt the rates and a resolution to amend the Master Fee Schedule (MFS). If the TPGAA is approved, it will require new fees or rates to be adopted by ordinance, specifying the type of exempt charge and the amount or rate of the exempt charge to be imposed.

The City can comply with the TPGAA in advance of its potential approval by adopting an ordinance that sets forth the new rates and specifies that future rates may be adopted by ordinance or resolution. Upon conclusion of the public hearing, DPU will therefore be requesting introduction of an

ordinance to adopt the increased solid waste service charges.

ENVIRONMENTAL FINDINGS

This action, conducting a public hearing and introduction of an ordinance to update the residential solid waste service charges, is not subject to CEQA.

LOCAL PREFERENCE

Local preference was not implemented because the recommended action does not include a bid or award of a construction or services contract.

FISCAL IMPACT

There is no impact to the General Fund. Fiscal impacts to the Solid Waste Enterprise Operating Fund are addressed within the Solid Waste Management Division Five Year Residential Rate Plan.

Attachments:

Attachment 1 - Notices of Public Hearing of Proposed Changes to Schedule of Rates for Residential Solid Waste Services

Attachment 2 - Declaration of City's Process for Mailing Notice of Public Hearing on Proposed Solid Waste Rate Changes

Attachment 3 - Ordinance Adopting a Five Year Residential Solid Waste Rate Plan

Attachment 4 - Public Hearing Presentation