

Commercial Rates

Agreement No. 13-71 provides for annual adjustment of commercial refuse service rates by a percentage increase not to exceed the *All Cities Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area, All-Items Indexes, All Urban Consumers* for the previous 12 months ending in January.

Burrtec last requested and received a 3.5 percent commercial refuse service rate adjustment in June 2008 with an effective date of July 1, 2008. Pursuant to the terms and conditions of Agreement No. 13-71, Burrtec is technically eligible for an increase of 11.5 percent—the cumulative CPI for January 2008 (3.9 percent); January 2009 (-0.1 percent); January 2010 (1.8 percent); January 2011 (1.8 percent); January 2012 (2.1 percent); and January 2013 (2.0).

Burrtec is requesting a 3.60 percent rate adjustment for Roll-Off Commercial Rates effective on or about February 1, 2014, and waives CPI adjustments for all other commercial rates. Accordingly, the City Council is requested to:

1. Authorize noticing property owners of a Proposition 218 public hearing for Tuesday, January 20, 2014; and
2. Consider adopting Resolution No. 13-3015, establishing a proposed maximum five-year schedule of rates for commercial refuse services.

Commercial Refuse Rate: Five-Year Schedule of Maximum Rate Caps

The proposed five-year schedule of commercial rates is based on the terms and conditions contained in Agreement No. 13-71.

Table 1, attached as **Appendix 1**, reflects the proposed schedule of maximum refuse rates that can be assessed to commercial rate payers for the five-year period that runs from February 1, 2014 through January 1, 2018. At no time during each of the annual rate periods can commercial refuse rates exceed the applicable maximum monthly rate cap for the effective year. If a request for commercial rate increases exceeds the effective maximum monthly rate cap for the applicable year, a new Proposition 218 public hearing would be required.

Proposed maximum commercial refuse rate caps are based on a five percent per annum adjustment, pursuant to Agreement No. 13-71.

Maximum commercial refuse rate caps are not an indication of actual monthly commercial refuse rates. The City of Montclair typically increases refuse rates once every three to five years; and rate increases for the cumulative period are typically at or below 5 percent—well below maximum refuse rate caps, and well below authorized increases pursuant to Agreement No. 13-71.

Concurrent with the request to conduct a Proposition 218 public hearing on January 20, 2014 to consider establishing maximum commercial refuse rate caps, City staff will request Council consideration of a proposed schedule of commercial refuse rates

effective on or about February 1, 2014. Burrtec is requesting a commercial refuse rate adjustment of 3.60 percent, pursuant to Agreement No. 13-71.

Following is a discussion of components that constitute the monthly commercial refuse rate and proposed cost adjustments for each rate component.

- *Service costs related to the provision of refuse services.* Service costs are subject to annual CPI adjustments pursuant to Agreement No. 13-71. Burrtec is requesting a 3.6 percent CPI adjustment for Roll-Off Commercial Rates.
- *Pass-through costs including a Greenwaste processing fee and/or the Landfill Disposal rate.* This rate component is impacted by landfill charges and commodity prices. As proposed, the Disposal/Landfill rate is increasing from \$39.50 per ton to \$41.80 per ton, the Greenwaste rate is increasing from \$28.00 per ton to \$35.61 per ton, and the Roll-Off disposal rate is increasing from \$39.50 per ton to \$41.80 per ton.
- *Frequency Factor.* This component represents the number of times per week (or other designated period of days) that refuse is picked up for disposal. The frequency factor provides ratepayers with a graduating discount rate based on the number of times of service per week.
- *Bin Size.* Bins are provided in the following sizes: 1.5 yards (0.3250 tons); 2.0 yards (0.4333 tons); 3.0 yards (0.6500 tons); 3.0 yards/greenwaste (1.3000 tons); 3.0 yards compacted (1.9500 tons); and 4.0 yards/compacted (2.600 tons). Bin size, Disposal/ Landfill, and Greenwaste disposal rates determine the monthly cost for this component.
- *Franchise Fee.* The franchise fee is an assessment against Burrtec for the exclusive right to be the primary solid waste hauler for the City of Montclair, and consists of a 10 percent fee of gross revenue derived from services to commercial, institutional, and industrial premises, exclusive of revenue from sale of recyclable materials and disposal tip fees. It is at the discretion of the solid waste hauler to absorb or pass on the fee to rate payers.
- *Pavement Impact Fee.* The pavement impact fee is an assessment against Burrtec to compensate the City for damage done to pavement caused by refuse disposal trucks owned and operated by Burrtec. This rate component consists of a 3.5 percent fee of gross revenue from services to commercial, institutional, and industrial premises, exclusive of revenue from sale of recyclable materials and disposal tip fees. It is at the discretion of the solid waste hauler to absorb or pass on the fee to rate payers.

New Proposed Fee Components and Classifications

As part of the proposed rate adjustment for commercial refuse services, City staff is proposing establishing Recycling and Sanitation Fee components to comply with State law, and provide for improved sanitation services to the community. City staff is also proposing the reclassification of Multifamily Residential from *residential refuse service* to *commercial refuse service*. As part of the proposed reclassification, Multifamily

Residential would be divided into two rate categories consisting of Multifamily Commercial and Multifamily Commercial Bin with associated refuse rate schedules. Burrtec is also proposing the creation of several new fees for elective refuse services.

- *Multifamily Commercial.* City staff, in concurrence with Burrtec, is proposing the reclassification of Multifamily Residential from *residential refuse service* to *commercial refuse service*. The reclassification of Multifamily Residential would result in a name change to Multifamily Commercial. As part of the proposed reclassification, the newly named Multifamily Commercial would be divided into two rate categories consisting of Multi-family Commercial and Multifamily Commercial Bin. The creation of new rate schedules is also being proposed as part of the proposed reclassification.

The proposed Multifamily Commercial refuse rate category would apply to multifamily complexes without private enclosures for refuse bins. Within multifamily complexes, refuse bins are used by any resident and non-resident, and no system exists to differentiate between customer bins. Multifamily complexes without private enclosures are typical of apartment complexes with alley-access where refuse is collected, and by apartment complexes that do not provide unit-designated refuse bins.

Burrtec initially considered the option of allowing multifamily complexes without private enclosures the opportunity to determine the frequency of refuse service based on individual customer need; however, past experience with this practice exposed a number of problems, including the following:

- ✓ Customers deliberately chose the least costly refuse service available, resulting in inappropriate levels of refuse collection.
- ✓ Customers dumped their refuse into the bins of other customers, because their refuse service was not appropriate for the amount of refuse generated.
- ✓ Customers were not able to dispose of their refuse in their designated bins because their bins would be full of the refuse of other customers.
- ✓ Unsanitary conditions persisted around refuse bins given the overflow of refuse between collection days.

In order to avoid the above issues and properly address community maintenance issues affecting multifamily complexes without private enclosures, City staff, in concurrence with Burrtec, is recommending the proposed Multifamily Commercial category be assigned a monthly flat fee, with unlimited refuse service and unlimited frequency.

In contrast, the Multi Family Commercial Bin category would apply to multi-family apartment complexes with private bin enclosures. Residential customers living in these multifamily units have exclusive, private access to protected refuse bins. Multifamily complexes with private enclosures are typical of senior retirement complexes and by apartment complexes that do provide unit-designated refuse bins.

These multifamily complexes tend to produce less amounts of refuse and require less service than multifamily complex without private enclosures. Allowing multifamily complexes with private enclosures the opportunity to determine the frequency of refuse service based on individual customer needs would allow Burrtec to better serve resident needs.

- *Recycling Fee.* The proposed recycling fee of \$1.29 per cubic yard would be used to comply with the provisions of Assembly Bill (AB) 341. AB 341 requires commercial businesses generating four or more cubic yards of refuse per week and multifamily complexes with five or more units to adopt recycling practices. The rate of \$1.29 per cubic yard is proposed and would result in a monthly fee of \$16.75, based on a typical 3-Yard Bin Size, at a frequency rate of once per week.
- *General Sanitation Fee.* A General Sanitation Fee of \$0.40 per yard, multiplied by the collection frequency per month is proposed for commercial refuse accounts. Similar to the General Sanitation fee adopted by the City Council in 2011 for residential refuse accounts, the proposed General Sanitation Fee for commercial refuse accounts is designed to contribute toward the cost of general community maintenance issues including graffiti abatement, alleyway maintenance, illegal dumping, property cleanup, sanitation services, and removal of abandoned bulky items in neighborhoods and alleyways.
- Implementation of a General Sanitation Fee for commercial refuse accounts is in compliance with City Council direction provided at the February 12, 2011 Strategic Planning Session.

Elective Refuse Service Fees

Burrtec is proposing a category of elective refuse services for commercial ratepayers, for an additional cost.

Proposed elective services include the following:

- ✓ Extra Bin Pickup
- ✓ Locking Containers
- ✓ Steam Cleaning
- ✓ Bulky Item Trip
- ✓ Bulky Item Pickup
- ✓ Relocation Fee of Roll-Off Containers Rental Fee
- ✓ Rental Fee

Elective Service Fees would only be charged to commercial accounts voluntarily agreeing to access available elective services.

Table 1
Maximum Proposed Monthly Refuse Rates

Appendix 1

Commercial					
<i>Service/Size/Pickup</i>	<i>Effective Dates</i>				
	<i>February 1, 2014</i>	<i>January 1, 2015</i>	<i>January 1, 2016</i>	<i>January 1, 2017</i>	<i>January 1, 2018</i>
Multifamily Commercial:					
Alleyway Service Per Unit	\$ 32.94	\$ 34.59	\$ 36.32	\$ 38.14	\$ 40.05
Bin 1.5/Frequency 1	\$ 104.13	\$ 109.34	\$ 114.81	\$ 120.55	\$ 126.58
Bin 1.5/Frequency 2	\$ 194.69	\$ 204.42	\$ 214.64	\$ 225.37	\$ 236.64
Bin 1.5/Frequency 3	\$ 285.68	\$ 299.96	\$ 314.96	\$ 330.71	\$ 347.25
Bin 2.0/Frequency 1	\$ 121.51	\$ 127.59	\$ 133.97	\$ 140.67	\$ 147.70
Bin 2.0/Frequency 2	\$ 220.50	\$ 231.53	\$ 243.11	\$ 255.27	\$ 268.03
Bin 2.0/Frequency 3	\$ 321.43	\$ 337.50	\$ 354.38	\$ 372.10	\$ 390.71
Bin 3.0/Frequency 1	\$ 171.73	\$ 180.32	\$ 189.34	\$ 198.81	\$ 208.75
Bin 3.0/Frequency 2	\$ 290.25	\$ 304.76	\$ 320.00	\$ 336.00	\$ 352.80
Bin 3.0/Frequency 3	\$ 411.02	\$ 431.57	\$ 453.15	\$ 475.81	\$ 499.60
Bin 3.0/Frequency 4	\$ 531.81	\$ 558.40	\$ 586.32	\$ 615.64	\$ 646.42
Bin 3.0/Frequency 5	\$ 652.58	\$ 685.21	\$ 719.47	\$ 755.44	\$ 793.21
Bin 3.0/Frequency 6	\$ 773.38	\$ 812.05	\$ 852.65	\$ 895.28	\$ 940.04
Commercial with Recycling:					
Bin 1.5/Frequency 1	\$ 100.37	\$ 105.39	\$ 110.66	\$ 116.19	\$ 122.00
Bin 1.5/Frequency 2	\$ 186.83	\$ 196.17	\$ 205.98	\$ 216.28	\$ 227.09
Bin 1.5/Frequency 3	\$ 275.23	\$ 288.99	\$ 303.44	\$ 318.61	\$ 334.54
Bin 2.0/Frequency 1	\$ 116.91	\$ 122.76	\$ 128.90	\$ 135.35	\$ 142.12
Bin 2.0/Frequency 2	\$ 211.72	\$ 222.31	\$ 233.43	\$ 245.10	\$ 257.36
Bin 2.0/Frequency 3	\$ 308.05	\$ 323.45	\$ 339.62	\$ 356.60	\$ 374.43
Bin 3.0/Frequency 1	\$ 165.04	\$ 173.29	\$ 181.95	\$ 191.05	\$ 200.60
Bin 3.0/Frequency 2	\$ 276.87	\$ 290.71	\$ 305.25	\$ 320.51	\$ 336.54
Bin 3.0/Frequency 3	\$ 390.54	\$ 410.07	\$ 430.57	\$ 452.10	\$ 474.71
Bin 3.0/Frequency 4	\$ 504.64	\$ 529.87	\$ 556.36	\$ 584.18	\$ 613.39
Bin 3.0/Frequency 5	\$ 618.72	\$ 649.66	\$ 682.14	\$ 716.25	\$ 752.06
Bin 3.0/Frequency 6	\$ 732.83	\$ 769.47	\$ 807.94	\$ 848.34	\$ 890.76
Commercial Greenwaste:					
Bin 3.0/Frequency 1	\$ 154.59	\$ 162.32	\$ 170.44	\$ 178.96	\$ 187.91
Bin 3.0/Frequency 2	\$ 260.48	\$ 273.50	\$ 287.18	\$ 301.54	\$ 316.62
Bin 3.0/Frequency 3	\$ 366.39	\$ 384.71	\$ 403.95	\$ 424.15	\$ 445.36
Bin 3.0/Frequency 4	\$ 472.27	\$ 495.88	\$ 520.67	\$ 546.70	\$ 574.04
Bin 3.0/Frequency 5	\$ 578.16	\$ 607.07	\$ 637.42	\$ 669.29	\$ 702.75
Bin 3.0/Frequency 6	\$ 684.06	\$ 718.26	\$ 754.17	\$ 791.88	\$ 831.47

Table 1 (Continued)
Maximum Proposed Monthly Refuse Rates

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<i>Service/Size/Pickup</i>	<i>Effective Dates</i>				
	<i>February 1, 2014</i>	<i>January 1, 2015</i>	<i>January 1, 2016</i>	<i>January 1, 2017</i>	<i>January 1, 2018</i>
Commercial Compacted:					
Bin 3.0/Frequency 1	\$ 225.06	\$ 236.31	\$ 248.13	\$ 260.54	\$ 273.57
Bin 3.0/Frequency 2	\$ 401.43	\$ 421.50	\$ 442.58	\$ 464.71	\$ 487.95
Bin 3.0/Frequency 3	\$ 577.80	\$ 606.69	\$ 637.02	\$ 668.87	\$ 702.31
Bin 3.0/Frequency 4	\$ 754.17	\$ 791.88	\$ 831.47	\$ 873.04	\$ 916.69
Bin 3.0/Frequency 5	\$ 930.54	\$ 977.07	\$ 1,025.92	\$ 1,077.22	\$ 1,131.08
Bin 3.0/Frequency 6	\$ 1,106.92	\$ 1,162.27	\$ 1,220.38	\$ 1,281.40	\$ 1,345.47
Bin 4.0/Frequency 3	\$ 766.98	\$ 805.33	\$ 845.60	\$ 887.88	\$ 932.27
Commercial Temporary:					
Bin 3.0/Frequency 7	\$ 92.18	\$ 96.79	\$ 101.63	\$ 106.71	\$ 112.05
Commercial Permanent Roll-Off:					
Bin 40/Frequency 6	\$ 411.02	\$ 431.57	\$ 453.15	\$ 475.81	\$ 499.60
Bin 25/Frequency 8	\$ 494.62	\$ 519.35	\$ 545.32	\$ 572.59	\$ 601.22
Bin 10/Frequency 8	\$ 494.62	\$ 519.35	\$ 545.32	\$ 572.59	\$ 601.22
Bin 40 Comp/Frequency 8	\$ 494.62	\$ 519.35	\$ 545.32	\$ 572.59	\$ 601.22
Commercial Temporary Roll-Off:					
Bin 40/Frequency 6	\$ 433.03	\$ 454.68	\$ 477.41	\$ 501.28	\$ 526.34
Bin 25/Frequency 8	\$ 523.96	\$ 550.16	\$ 577.67	\$ 606.55	\$ 636.88
Bin 10/Frequency 8	\$ 523.97	\$ 550.17	\$ 577.68	\$ 606.56	\$ 636.89
Bin 40 Comp/Frequency 8	\$ 523.97	\$ 550.17	\$ 577.68	\$ 606.56	\$ 636.89
Commercial Recycling Roll-Off:					
Bin 40/Frequency 6	\$ 160.22	\$ 168.23	\$ 176.64	\$ 185.47	\$ 194.74
Bin 25/Frequency 8	\$ 160.22	\$ 168.23	\$ 176.64	\$ 185.47	\$ 194.74
Bin 10/Frequency 8	\$ 160.22	\$ 168.23	\$ 176.64	\$ 185.47	\$ 194.74
Bin 40 Comp/Frequency 8	\$ 160.22	\$ 168.23	\$ 176.64	\$ 185.47	\$ 194.74
Commercial Extra Services:					
Extra Pickup	\$ 41.12	\$ 43.18	\$ 45.34	\$ 47.61	\$ 49.99
Locking Container	\$ 6.24	\$ 6.55	\$ 6.88	\$ 7.22	\$ 7.58
Steam Cleaning (Compactors)	\$ 85.13	\$ 89.39	\$ 93.86	\$ 98.55	\$ 103.48
Bulky Item Trip Fee	\$ 39.73	\$ 41.72	\$ 43.81	\$ 46.00	\$ 48.30
Bulky Item Fee (each item)	\$ 11.35	\$ 11.92	\$ 12.52	\$ 13.15	\$ 13.81
Relocation Fee (Roll-Off)	\$ 85.13	\$ 89.39	\$ 93.86	\$ 98.55	\$ 103.48
Rental Fee (per day)	\$ 22.90	\$ 24.05	\$ 25.25	\$ 26.51	\$ 27.84