

# City of Hesperia

## STAFF REPORT



**DATE:** August 20, 2019

**TO:** Mayor and Council Members

**FROM:** Nils Bentsen, City Manager

**BY:** Rachel Molina, Assistant to the City Manager  
Dan Sousa, Community Relations Specialist

**SUBJECT:** Advance Disposal Rate Structure

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### RECOMMENDED ACTION

It is recommended that the City Council provide direction to staff on whether to conduct a Proposition 218 Public Hearing related to new maximum rates for solid waste and recycling services in the City of Hesperia and allow for rate adjustments pertaining to equipment purchased by City's waste hauler in response to State of California mandates.

### BACKGROUND

Due to legislation passed by California's Department of Resources Recycling and Recovery (CalRecycle), Advance Disposal has had to comply with increasingly complex recycling initiatives aimed at curtailing disposal of traditional recyclables, in addition to organic materials, as part of compliance with California law.

In October 2014 Governor Brown signed AB 1826 Chesbro (Chapter 727, Statutes of 2014), requiring businesses to recycle their organic waste on and after April 1, 2016, depending on the amount of waste they generate per week. This law also requires that on and after January 1, 2016, local jurisdictions across the state implement an organic waste recycling program to divert organic waste generated by businesses, including multifamily residential dwellings that consist of five or more units. Organic waste means food waste, green waste, landscape and pruning waste, nonhazardous wood waste, and food-soiled paper waste that is mixed in with food waste. This law phases in the mandatory recycling of commercial organics over time, while also offering an exemption process for rural counties. In particular, the minimum threshold of organic waste generation by businesses decreases over time, which means an increasingly greater proportion of the commercial sector will be required to comply.

Additionally, in September 2016, Governor Brown signed into law SB 1383 (Lara, Chapter 395, Statutes of 2016), establishing methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants (SLCP) in various sectors of California's economy. As it pertains to CalRecycle, SB 1383 establishes targets to achieve a 50 percent reduction in the level of the statewide disposal of organic waste from the 2014 level by 2020 and a 75 percent reduction by 2025. The law grants CalRecycle the regulatory authority required to achieve the organic waste disposal reduction targets and establishes an additional target that not less than 20 percent of currently disposed edible food is recovered for human consumption by 2025.

## ISSUES/ANALYSIS

In order to continue to meet the requirements of AB 1826 and to prepare for future legislation, such as SB 1383, Advance Disposal has begun implementation of new, innovative equipment in the form of a TORXX kinectic pulverizer. By processing organics and fines material through the TORXX kinectic pulverizer, Advance Disposal will improve the quality of the material by pulverizing glass and other small contaminants. Once the material has been processed, it will continue to be considered a pre-processed material for composting thereby satisfying the State's recycling requirements.

Advance Disposal has already competed for and secured grant funding from CalRecycle in the amount of \$2,481,250 to help cover the cost of this new equipment, leaving a remaining total cost of \$948,750. In order to cover the remaining cost of this new equipment in an effort to meet the State's new diversion and recycling requirements a proposed trash rate increase will include the costs to purchase and install as well as the projected costs to operate and maintain this new equipment.

Hesperia maintains a low monthly rate as compared to local municipalities as shown in the Table A:

Table A

2019 Multi-Jurisdictional Rate Comparison (Residential)				
City of Adelanto	Town of Apple Valley	City of Hesperia	Spring Valley Lake	City of Victorville
\$28.51	\$27.52	\$28.89	\$22.56	\$32.27 *rate includes hazardous waste fee and storm drain fee

Table B outlines the proposed maximum residential rates as modified by the organics recycling increase. If approved, the maximum regular residential monthly rate will increase from \$28.89 to \$31.84. The full rate structure in Attachment 1 outlines the new maximum residential rates as modified by the organics recycling increase.

Table B

Current Rate	Residential Solid Waste Service Monthly Rate				
	Year One	Year Two	Year Three	Year Four	Year Five
\$28.89	\$29.48	\$30.07	30.66	\$31.25	\$31.84

Additionally, commercial and multi-family properties would also be adjusted to account for the new rate structure, as shown in Table C. If approved, the maximum regular monthly rate for commercial solid waste will increase from \$183.59 to \$196.84.

Table C

Current Rate	Commercial Solid Waste Service Monthly Rate				
	Year One	Year Two	Year Three	Year Four	Year Five
\$183.59	\$186.24	\$188.89	\$191.54	\$194.19	\$196.84

Should staff be given the direction to proceed the rate adjustment, a Proposition 218 hearing would be initiated to allow for rate adjustments annually for up to five years.

## **FISCAL IMPACT**

In the event the City is unable to adequately address AB 1826 or SB 1383 requirements with the implementation of this equipment, CalRecycle maintains the authority to institute a jurisdictional fine (in accordance with PRC 41813) of up to \$10,000 per day due to noncompliance.

## **ALTERNATIVE(S)**

1. The Council may provide alternative direction to staff.

## **ATTACHMENT(S)**

1. Attachment 1 - Rate Structure: Total Rate