



CITY OF MOUNTAIN VIEW

FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

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650-903-6316 • Fax 650-968-1786

May 4, 2018

**NOTICE OF PUBLIC HEARING
PROPOSED TRASH/RECYCLING RATES
EFFECTIVE JULY 1, 2018**

**City of Mountain View City Council Chambers
500 Castro Street, Second Floor
June 19, 2018 – 6:30 p.m.
or as soon thereafter as the matter can be heard**

The City of Mountain View (City) takes pride in providing water, wastewater (sewer), and solid waste (trash and recycling) services at the lowest rates possible. In general, the City's rates are comparable or lower than those of our neighboring cities (see Attachment 14 in the Narrative Budget Report, link below). This letter's purpose is to alert our customers that there are proposed increases to utility rates.

Rate increases are generally necessary to pay for the higher fees the City will be charged by: the San Francisco Public Utilities Commission (SFPUC) and the Santa Clara Valley Water District (SCVWD) for the water it supplies to the City; the Palo Alto Regional Water Quality Control Plant (Treatment Plant) for the treatment of the City's wastewater; Recology for trash and recycling collection services; and the Sunnyvale Materials and Recovery Transfer (SMaRT®) Station for processing trash and recyclables. This letter provides the details of the proposed rate increases for Fiscal Year 2018-19 beginning on July 1, 2018 (the City's fiscal year is from July 1 through June 30). No Proposition 218 hearing is required for Water and Wastewater rates as those rate increases are within the previously adopted schedule of fees and pass-through and inflationary adjustments approved at a public hearing June 21, 2016 pursuant to Government Code Section 53756. In summary, for a typical single-family residence, the Fiscal Year 2018-19 proposed rate increases are:

Water – 1.0 percent

Sewer – 8.0 percent

Trash and Recycling – 5.0 percent cart rates only for the new residential food scraps program

TRASH AND RECYCLING RATES

Effective July 1, 2018, no overall rate increase is proposed for trash and recycling services. A 5.0 percent rate increase is proposed for cart rates only (rounded up to the next nickel), which represents the cost of the new residential food scraps program which began in July 2017.

The City's residential and commercial trash, yard trimmings, and recyclables are processed at the SMaRT Station under a Memorandum of Understanding (MOU) between the City, City of Palo Alto, and the City of Sunnyvale. The MOU provides for the City to pay its proportional share of costs; the SMaRT Station is proposing an increase of 5.5 percent for Fiscal Year 2018-19. Recology is the private company that provides trash and recyclables collection services in the City. The contract with Recology provides for a 3.2 percent Consumer Price Index for All Urban Consumers in the San Francisco Metropolitan Area as published by the U.S. Department of Labor, Bureau of Labor Statistics (CPI) increase based on the annual change in December. The CPI for February 2018 is 3.6 percent. The combination of the supplier and CPI increases result in an approximate 3.9 percent rate increase. However, the fund is in a healthy financial position and therefore there is no overall rate increase proposed for Fiscal Year 2018-19. The proposed 5.0 percent increase for cart rates is for the new residential food scraps program implemented in July 2017, which was deferred one year to Fiscal Year 2018-19. See below for sample proposed rates and Exhibit 1 for a complete list of proposed rates.

SAMPLE PROPOSED TRASH AND RECYCLING RATES

	CURRENT FY17-18	PROPOSED FY18-19
Per 32-Gallon Cart	\$32.25	\$33.90
3 Yard Bin – 1x per week pick-up	\$310.90	\$310.90
– 3x per week pick-up	\$974.55	\$974.55
Bin for a Day	\$237.00	\$237.00
Compactor Per Yard	\$65.55	\$65.55
8-Yard Debris Box (rock box)	\$666.20	\$666.20
16-Yard Debris Box	\$699.40	\$699.40

This is a sample calculation of proposed rates based upon the proposed rate increases above.

INFLATIONARY AND THIRD-PARTY PASS-THROUGH RATE INCREASES

The trash and recycling rates stated in this notice, will not be increased above the rates stated above without further written notice to the City’s customers and a further protest hearing pursuant to Proposition 218 except as permitted by Government Code Section 53756 as follows:

(i) Inflation adjustment: The rates stated here may be adjusted for inflation as of July 1 of 2019, 2020, 2021, and 2022 to reflect the annual change in the February CPI, or any successor to that index, of each year, provided that no such increase may establish rates which exceed the City’s actual cost to provide service.

(ii) Third-party (supplier) pass-through costs: Any increase in the processing or collection of trash and recycling provided to the City of Mountain View prior to July 1, 2023, including costs established by the third-party supplier (Recology or the SMaRT Station), may be passed through to customers of Mountain View’s utilities as follows: the third-party cost as a percentage of the City’s total operating costs multiplied by the rate increase received from the third-party supplier (Recology or the SMaRT Station).

PROTESTS

Article XIII(D) of the California State Constitution, also known as Proposition 218, allows utility customers to submit written protests to the City regarding proposed rate increases. Utility customers objecting to any or all of the proposed utility rates described in this notice may file written protests with the City Clerk. No e-mail protests are accepted. Protests must be received before the close of the public hearing on June 19, 2018. Written notices should be addressed as follows:

City of Mountain View City Clerk
 Attn: Agenda 061918
 P.O. Box 7540
 Mountain View, CA 94039-7540

Protests may also be submitted in person at the City Clerk’s Office at City Hall (500 Castro Street – 3rd Floor) or at the hearing on June 19, 2018. Pursuant to California Government Code Section 53755(a)(3)(b), only one written protest per parcel filed by a property owner or utility customer of the parcel who is responsible for paying the rates will be counted to determine whether or not there is a majority protest to the proposed rate increases. To be included in the protest count, a protest must be signed and include the address of the utility customer submitting the protest – or if submitted by a property owner who is not a utility customer, the service address; be timely; be submitted with respect to a property served by the City’s utilities; and state that it is protesting one or more of the proposed rate increases.

Additional information about the proposed rate increases can be found in the Narrative Budget Report on the City’s website: www.mountainview.gov/depts/fasd/budget/current.asp. You may also contact the City’s Finance and Administrative Services Department at 650-903-6316 or e-mail finance@mountainview.gov if you have questions about this notice or the proposed utility rate increases.

NOTICE OF WATER AND WASTEWATER RATE CHANGES—NO PROPOSITION 218 HEARING REQUIRED

WATER RATES

Effective July 1, 2018, a 1.0 percent increase is proposed for the average cost of water and meter rate (rounded up to the next penny and nickel, respectively), which consists of a CPI inflation adjustment and wholesale supplier increase. Effective July 1, 2018, the recycled water rate is proposed to increase from \$3.07/unit to \$3.75/unit (a 22.0 percent rate increase rounded up to the next penny) for the first year of a three-year phased-in increase to cover the cost of the program.

The SFPUC has notified the City of a proposed zero percent increase in wholesale rates effective July 1, 2018, and their public hearing is set for May 8, 2018 to adopt rates. The SCVWD has notified the City of a proposed 9.6 percent increase in the well water rate for Fiscal Year 2018-19, which corresponds to an 8.8 percent increase in the treated water rate as it is based on the well water rate. The SCVWD’s public hearing process concludes April 24, 2018. The CPI for February 2018 is 3.6 percent. The combination of these supplier and CPI increases results in an approximate 1.7 percent rate increase, and a 1.0 percent rate increase is proposed within the pass-through allowed.

For recycled water, the rate was previously set to recover the cost of the program including the loan repayment and ongoing recycled water program costs. Costs have increased over the last three fiscal years due to regulatory compliance while usage has stayed about the same. This results in the rate no longer covering the cost of the program based on current usage. Staff is recommending phasing-in the rate increase needed over three years, in order to cover the cost of the program. See below for sample of proposed rates and Exhibit 1 for a complete list of proposed rates.

SAMPLE PROPOSED WATER RATES

	CURRENT FY17-18	PROPOSED FY18-19
Meter Charge*		
5/8" and 3/4"	\$15.00	\$15.15
1"	\$30.00	\$30.30
1.5"	\$60.00	\$60.60
All Single-Family**		
0-3 Units	\$5.10	\$5.15
>3-15 Units	\$6.80	\$6.87
>15 Units	\$10.88	\$10.99
All Nonresidential Uniform	\$6.80	\$6.87
Recycled Water (uniform)	\$3.07	\$3.75

* Meter rates are tied to capacity ratios published by the American Water Works Association (AWWA).

** The Uniform and Tier 2 rates reflect the average cost of water. Tier 1 is set at 75.0 percent and Tier 3 is set at 160.0 percent of the average cost of water (or Tier 2).

One unit of water is 100 cubic feet (ccf) or 748 gallons. Water rates are per unit.

WASTEWATER (SEWER) RATES

Effective July 1, 2018, a total 8.0 percent rate increase is proposed (rounded up to the next nickel for the residential flat rate and to the next penny for the per-unit rate), which consists of the Treatment Plant increase, CPI inflation adjustment, an increase to fund future major renovations at the Treatment Plant, and an increase to offset prior fiscal year unanticipated charges from the Treatment Plant.

The City of Palo Alto has notified the City of a proposed increase in the Treatment Plant budget for Fiscal Year 2018-19 of approximately 5.8 percent. Wastewater rates paid by Mountain View customers fund the cost of treating wastewater generated in the City at the Treatment Plant (approximately 61.0 percent of costs) and costs to operate the City's sewer system (approximately 39.0 percent of costs). The CPI for February 2018 is 3.6 percent. The combination of the supplier and CPI increases result in an approximate 4.9 percent rate increase, and a 4.0 percent rate increase is proposed within the pass-through allowed. An additional 2.0 percent increase for future major renovations at the Treatment Plant (Year 5 of a 10-year phase-in period) was noticed and approved for Fiscal Year 2018-19 at the June 21, 2016 rate hearing. Also approved at the June 21, 2016 rate hearing was a 3-year phase-in of 6.0 percent each fiscal year for a prior fiscal year's unanticipated charges from the Treatment Plant. Fiscal year 2018-19 is the third and final year and is being reduced to a 2.0 percent increase. See below for proposed rates.

PROPOSED WASTEWATER RATES

	CURRENT FY17-18	PROPOSED FY18-19
Residential (Flat Rate)	\$37.75	\$40.80
Base Commercial*	\$4.94	\$5.34
Industrial/Groundwater*	\$8.40**	\$9.08
Restaurants*	\$9.64***	\$10.42

* Per unit of water with a minimum charge for seven units applies where applicable.

** 1.7 x base rate.

*** 1.95 x base rate.

UTILITY RATES

Title	Current FY17-18	Proposed FY18-19	Basis
<u>Trash and Recycling Service:</u>			
Bin For A Day	\$237.00	\$237.00	Fixed
Bin Rental - Compost & Trash:			
1 Cubic Yard	\$20.85	\$20.85	Container/Month
2 Cubic Yards	\$31.25	\$31.25	Container/Month
3 Cubic Yards	\$41.60	\$41.60	Container/Month
4 Cubic Yards	\$51.95	\$51.95	Container/Month
6 Cubic Yards (trash only)	\$62.40	\$62.40	Container/Month
Bin Service:			
Compost:			
One Cubic Yard			
1 Time/Week	\$77.85	\$77.85	Container/Month
2 Times/Week	\$171.30	\$171.30	Container/Month
3 Times/Week	\$264.45	\$264.45	Container/Month
4 Times/Week	\$357.75	\$357.75	Container/Month
5 Times/Week	\$450.95	\$450.95	Container/Month
6 Times/Week	\$544.15	\$544.15	Container/Month
Two Cubic Yards			
1 Time/Week	\$155.50	\$155.50	Container/Month
2 Times/Week	\$326.80	\$326.80	Container/Month
3 Times/Week	\$497.85	\$497.85	Container/Month
4 Times/Week	\$668.75	\$668.75	Container/Month
5 Times/Week	\$839.70	\$839.70	Container/Month
6 Times/Week	\$1,010.75	\$1,010.75	Container/Month
Three Cubic Yards			
1 Time/Week	\$233.20	\$233.20	Container/Month
2 Times/Week	\$482.15	\$482.15	Container/Month
3 Times/Week	\$730.95	\$730.95	Container/Month
4 Times/Week	\$979.80	\$979.80	Container/Month
5 Times/Week	\$1,228.60	\$1,228.60	Container/Month
6 Times/Week	\$1,477.35	\$1,477.35	Container/Month
Four Cubic Yards			
1 Time/Week	\$310.95	\$310.95	Container/Month
2 Times/Week	\$637.80	\$637.80	Container/Month
3 Times/Week	\$964.15	\$964.15	Container/Month
4 Times/Week	\$1,290.75	\$1,290.75	Container/Month
5 Times/Week	\$1,617.30	\$1,617.30	Container/Month
6 Times/Week	\$1,943.70	\$1,943.70	Container/Month
Extra Pickup			
1 Cubic Yard	\$60.65	\$60.65	Pickup
2 Cubic Yards	\$75.95	\$75.95	Pickup
3 Cubic Yards	\$97.00	\$97.00	Pickup
4 Cubic Yards	\$132.70	\$132.70	Pickup
Trash:			
One Cubic Yard			
1 Time/Week	\$103.80	\$103.80	Container/Month
2 Times/Week	\$228.40	\$228.40	Container/Month
3 Times/Week	\$352.60	\$352.60	Container/Month
4 Times/Week	\$476.95	\$476.95	Container/Month
5 Times/Week	\$601.25	\$601.25	Container/Month
6 Times/Week	\$725.50	\$725.50	Container/Month
Two Cubic Yards			
1 Time/Week	\$207.30	\$207.30	Container/Month
2 Times/Week	\$435.70	\$435.70	Container/Month
3 Times/Week	\$663.75	\$663.75	Container/Month
4 Times/Week	\$891.65	\$891.65	Container/Month
5 Times/Week	\$1,119.60	\$1,119.60	Container/Month
6 Times/Week	\$1,347.65	\$1,347.65	Container/Month

Title	Current FY17-18	Proposed FY18-19	Basis
Three Cubic Yards			
1 Time/Week	\$310.90	\$310.90	Container/Month
2 Times/Week	\$642.85	\$642.85	Container/Month
3 Times/Week	\$974.55	\$974.55	Container/Month
4 Times/Week	\$1,306.40	\$1,306.40	Container/Month
5 Times/Week	\$1,638.10	\$1,638.10	Container/Month
6 Times/Week	\$1,969.80	\$1,969.80	Container/Month
Four Cubic Yards			
1 Time/Week	\$414.55	\$414.55	Container/Month
2 Times/Week	\$850.35	\$850.35	Container/Month
3 Times/Week	\$1,285.50	\$1,285.50	Container/Month
4 Times/Week	\$1,720.95	\$1,720.95	Container/Month
5 Times/Week	\$2,156.35	\$2,156.35	Container/Month
6 Times/Week	\$2,591.60	\$2,591.60	Container/Month
Six Cubic Yards			
1 Time/Week	\$621.75	\$621.75	Container/Month
2 Times/Week	\$1,264.75	\$1,264.75	Container/Month
3 Times/Week	\$1,907.80	\$1,907.80	Container/Month
4 Times/Week	\$2,550.50	\$2,550.50	Container/Month
5 Times/Week	\$3,193.05	\$3,193.05	Container/Month
6 Times/Week	\$3,835.70	\$3,835.70	Container/Month
Extra Pickup			
1 Cubic Yard	\$80.85	\$80.85	Pickup
2 Cubic Yards	\$101.25	\$101.25	Pickup
3 Cubic Yards	\$129.30	\$129.30	Pickup
4 Cubic Yards	\$176.90	\$176.90	Pickup
6 Cubic Yards	\$270.40	\$270.40	Pickup
Cart Service:			
Compost (commercial only):			
64-gallon			
1 Time/Week	\$48.40	\$50.85	Container/Month
2 Times/Week	\$106.10	\$111.45	Container/Month
3 Times/Week	\$163.35	\$171.55	Container/Month
4 Times/Week	\$221.65	\$232.75	Container/Month
5 Times/Week	\$279.50	\$293.50	Container/Month
6 Times/Week	NA	\$355.15	Container/Month
Extra Pickup	\$32.05	\$33.70	Pickup
96-gallon			
1 Time/Week	\$72.60	\$76.30	Container/Month
2 Times/Week	\$159.15	\$167.15	Container/Month
3 Times/Week	\$245.05	\$257.35	Container/Month
4 Times/Week	\$332.55	\$349.20	Container/Month
5 Times/Week	\$419.65	\$440.65	Container/Month
6 Times/Week	NA	\$533.15	Container/Month
Extra Pickup	\$48.05	\$50.50	Pickup
Trash:			
20-Gallon (residential only)	\$22.10	\$23.25	Container/Month
32-Gallon	\$32.25	\$33.90	Container/Month
64-Gallon	\$64.50	\$67.80	Container/Month
96-Gallon	\$96.75	\$101.70	Container/Month
Compactor Service:			
Compost :			
Per Compacted Yard	\$49.20	\$49.20	Pickup (on-call and regular service)
10 Cubic Yards	\$491.65	\$491.65	Fixed
20 Cubic Yards	\$983.25	\$983.25	Fixed
25 Cubic Yards	\$1,229.10	\$1,229.10	Fixed
30 Cubic Yards	\$1,474.90	\$1,474.90	Fixed
35 Cubic Yards	\$1,720.70	\$1,720.70	Fixed
40 Cubic Yards	\$1,966.50	\$1,966.50	Fixed

Title	Current FY17-18	Proposed FY18-19	Basis
Recycling (Cardboard or Mixed Container or Mixed Paper):			
Per Compacted Yard	\$16.40	\$16.40	Pickup (on-call and regular service)
10 Cubic Yards	\$163.90	\$163.90	Fixed
20 Cubic Yards	\$327.75	\$327.75	Fixed
25 Cubic Yards	\$409.70	\$409.70	Fixed
30 Cubic Yards	\$491.65	\$491.65	Fixed
35 Cubic Yards	\$573.60	\$573.60	Fixed
40 Cubic Yards	\$655.50	\$655.50	Fixed
Trash:			
Per Compacted Yard	\$65.55	\$65.55	Pickup (on-call and regular service)
10 Cubic Yards	\$655.50	\$655.50	Fixed
20 Cubic Yards	\$1,311.00	\$1,311.00	Fixed
25 Cubic Yards	\$1,638.75	\$1,638.75	Fixed
30 Cubic Yards	\$1,966.50	\$1,966.50	Fixed
35 Cubic Yards	\$2,294.25	\$2,294.25	Fixed
40 Cubic Yards	\$2,622.00	\$2,622.00	Fixed
Debris Box:			
Rental:			
Daily (after 7 days)	\$15.15	\$15.15	+7 Days
Monthly	\$460.85	\$460.85	Month
Service:			
Cardboard:			
16 Cubic Yards	\$174.85	\$174.85	Pickup (on-call and regular service)
20 Cubic Yards	\$202.20	\$202.20	Pickup (on-call and regular service)
25 Cubic Yards	\$229.50	\$229.50	Pickup (on-call and regular service)
30 Cubic Yards	\$259.45	\$259.45	Pickup (on-call and regular service)
40 Cubic Yards	\$307.40	\$307.40	Pickup (on-call and regular service)
Compost or Yard Trimmings:			
16 Cubic Yards	\$524.55	\$524.55	Pickup (on-call and regular service)
20 Cubic Yards	\$606.50	\$606.50	Pickup (on-call and regular service)
25 Cubic Yards	\$688.40	\$688.40	Pickup (on-call and regular service)
30 Cubic Yards	\$778.35	\$778.35	Pickup (on-call and regular service)
40 Cubic Yards	\$922.20	\$922.20	Pickup (on-call and regular service)
Trash:			
8 Cubic Yards (rock box only)	\$666.20	\$666.20	Pickup (on-call and regular service)
16 Cubic Yards	\$699.40	\$699.40	Pickup (on-call and regular service)
20 Cubic Yards	\$808.65	\$808.65	Pickup (on-call and regular service)
25 Cubic Yards	\$917.85	\$917.85	Pickup (on-call and regular service)
30 Cubic Yards	\$1,037.80	\$1,037.80	Pickup (on-call and regular service)
40 Cubic Yards	\$1,229.55	\$1,229.55	Pickup (on-call and regular service)
<u>Wastewater Service:</u>			
Base Commercial	\$4.94 (\$34.58 min.)	\$5.34 (\$37.38 min.)	Per unit (748 gallons) or fraction thereof of water consumed
Commercial/Industrial, Chemical, Groundwater, Liquid Waste	\$8.40 (1.7 x base) (\$58.80 min.)	\$9.08 (1.7 x base) (\$63.56 min.)	Per unit (748 gallons) or fraction thereof of water consumed
Restaurant	\$9.64 (1.95 x base) (\$67.48 min.)	\$10.42 (1.95 x base) (\$72.94 min.)	Per unit (748 gallons) or fraction thereof of water consumed
Single-Family Residence, Duplex, Multiple Dwellings, Mobile Homes, and Trailer Courts	\$37.75	\$40.80	Dwelling Unit/ Month

Title	Current FY17-18	Proposed FY18-19	Basis
<u>Water Service:</u>			
Backflow Prevention Devices (Commercial, Industrial):			
5/8" to 1" Meter	\$31.65	\$32.00	Monthly
1.5" to 2" Meter	\$48.30	\$48.80	Monthly
3" Meter	\$56.80	\$57.40	Monthly
4" Meter	\$67.10	\$67.80	Monthly
6" Meter	\$81.45	\$82.30	Monthly
8" to 10" Meter	\$100.20	\$101.25	Monthly
Consumption: ⁽¹⁾			
Recycled Water	\$3.07	\$3.75	ccf/Month
Residential – Multi-Family			
Tier 1 0 to 2 ccf	\$5.10	\$5.15	ccf/Month/Dwelling
Tier 2 >2 to 7 ccf	\$6.80	\$6.87	ccf/Month/Dwelling
Tier 3 >7 ccf	\$10.88	\$10.99	ccf/Month/Dwelling
Residential – Single-Family			
Tier 1 0 to 3 ccf	\$5.10	\$5.15	ccf/Month
Tier 2 >3 to 15 ccf	\$6.80	\$6.87	ccf/Month
Tier 3 >15 ccf	\$10.88	\$10.99	ccf/Month
Uniform (Commercial and all other Non-Residential)	\$6.80	\$6.87	ccf/Month
Fire Service:			
Consumption-Uniform ⁽¹⁾	\$6.80	\$6.87	ccf/Month
Meter	\$12.71/inch diameter	\$12.84/inch diameter	Monthly
	\$50.84 (min)	\$51.36 (min)	
Meter: ⁽²⁾			
Residential – Single-Family	\$15.00	\$15.15	Monthly
Residential – Multi-Family/ Commercial/ Recycled Water/ All			
Other:			
5/8" and 3/4" Meters	\$15.00	\$15.15	Monthly
1" Meter (x2)	\$30.00	\$30.30	Monthly
1.5" Meter (x4)	\$60.00	\$60.60	Monthly
2" Meter (x6.4)	\$96.00	\$97.00	Monthly
3" Meter (x12)	\$180.00	\$181.80	Monthly
4" Meter (x20)	\$300.00	\$303.00	Monthly
6" Meter (x40)	\$600.00	\$606.00	Monthly
8" Meter (x64)	\$960.00	\$969.60	Monthly
10" Meter (x96)	\$1,440.00	\$1,454.40	Monthly

⁽¹⁾ The uniform and Tier 2 rates reflect the average cost of water. Tier 1 is set at 75.0 percent and Tier 3 is set at 160.0 percent of the average cost of water (Tier 2).

⁽²⁾ Meter rates are tied to capacity ratios published by the American Water Works Association (AWWA).