



DATE: June 19, 2018

CATEGORY: Public Hearing

DEPT.: Finance and Administrative Services

TITLE: **Public Hearing on Proposed Trash and Recycling Rate Increases**

RECOMMENDATION

Convene a public hearing to accept and consider public comments on the following proposed trash and recycling rate increases:

- Trash and Recycling: 5.0 percent for carts only effective July 1, 2018.

BACKGROUND

In 1997, voters approved Proposition 218, amending the State Constitution to reinforce voter approval requirements for all new and increased taxes, as well as adding substantive and procedural requirements prior to imposition of property assessments and new or increased “property-related fees and charges.”

In a July 2006 California Supreme Court decision (*Bighorn*), the Court ruled that utility rates charged by governmental entities for water, sewer, and trash/recycling services are considered property-related fees and are subject to the procedural requirements of Proposition 218, Article XIII D, of the California State Constitution (Proposition 218). Proposition 218 (as now interpreted) requires governmental agencies that charge for utility services to conduct a majority protest hearing prior to adopting any changes in utility rates at which time the governing body will consider public input on the proposed rates.

A notice must be mailed no later than 45 days prior to the public hearing that includes the proposed rate adjustments, the calculation methodology, and describe the process for submitting a protest vote to the rate adjustments. If protest letters are received from a majority of the parties affected by the rate increases, the proposed increases are defeated and cannot be further considered without repeating the notice and hearing process.

The legislation provided for future rate increases within prescribed limits to be approved without holding a hearing each year for up to an additional four years. These prescribed limits include an inflation adjustment, third-party (supplier) pass-through costs, and future fiscal year rate increases pursuant to a schedule of adjustments noticed and adopted by the City Council through the rate hearing process.

In compliance with Proposition 218, on or before May 4, 2018, 45 days prior to the June 19, 2018 public hearing of the City Council, approximately 16,000 notices containing the required information were mailed to City of Mountain View utility customers. A copy of the notice is included as Attachment 1. Protests must be submitted in writing and may be submitted in person at the City Clerk's Office in City Hall, or at the City Council meeting by the close of the public hearing on June 19, 2018. Written protests received prior to or at the public hearing will be counted at the public hearing and a final tally will be given to the City Council after the hearing is closed. As of June 13, 2018, two protests have been received.

ANALYSIS

Proposed utility rate increases were reviewed and discussed at the May 1, 2018 Narrative Budget Study Session, and at the June 12, 2018 public hearing on the Proposed Budget. A Proposition 218 hearing is not required for the proposed water and wastewater rate increases as these recommended increases for Fiscal Year 2018-19 are within the prescribed limits as noticed May 6, 2016 and approved at the June 21, 2016 public hearing.

For trash and recycling services, no overall rate increase is proposed; however, a 5.0 percent increase for cart rates is proposed to incorporate the cost of the residential food scraps collection program which began July 2017. For Fiscal Year 2018-19, the agreement with Recology provides for an increase based on the CPI which is 3.22 percent. SMaRT® Station costs are proposed to increase 5.51 percent. These increases, as well as increases in the cost of City programs and the annual maintenance projects, would support an overall average rate increase of over 3.0 percent. However, as the fund is in a stable financial condition, no increase other than the 5.0 percent increase for cart rates resulting from the residential food scraps collection program is proposed.

These fees will be included in the resolution amending the City of Mountain View Master Fee Schedule to be adopted at the public hearing for adoption of the Fiscal Year 2018-19 Budgets, Appropriations Limit, and Fee Modifications scheduled after this public hearing on the June 19, 2018 agenda. If there is a majority protest, these fees will be removed from the resolution amending the Master Fee Schedule.

FISCAL IMPACT

The proposed rate increases are necessary to continue the operating and financial sustainability of the trash and recycling services provided.

ALTERNATIVES

1. Modify the proposed trash and recycling rate increases as presented.
2. Provide other direction.

PUBLIC NOTICING

Agenda posting and a notice of the public hearing was published in two newspapers of general circulation. In addition, notice of the rate increases was mailed to all customers.

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- Attachment: 1. Notice of Public Hearing – Proposed Trash and Recycling Rates Effective July 1, 2018