



COUNCIL REPORT

DATE: June 27, 2023
CATEGORY: Public Hearing
DEPT.: Finance and Administrative Services
TITLE: **Public Hearing on the Recommended Trash/Recycling/Organics Rate Increase**

RECOMMENDATION

Convene a public hearing to accept and consider public comments on the following recommended trash/recycling/organics rate increase:

- Trash/Recycling/Organics: 7% effective July 1, 2023.

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 the 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 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 public hearing prior to adopting any changes in utility rates, at which time the governing body will consider public input on the recommended rates.

A notice must be mailed no later than 45 days prior to the public hearing and include the recommended rate adjustments, the calculation methodology, and a description of the process for submitting a protest vote to the rate adjustments. If written protest letters are received from a majority of the parties affected by the rate increases, the recommended increases cannot be imposed or 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 12, 2023, 45 days prior to the June 27, 2023 public hearing of the City Council, approximately 16,700 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 mailed, 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 27, 2023. Written protests received prior to or during 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, 2023, one protest letter had been received.

ANALYSIS

Recommended utility rate increases were discussed at the June 13, 2023 public hearing on the Recommended Budget. A Proposition 218 hearing is not required for the recommended water and wastewater rate increases as these recommended increases for Fiscal Year 2023-24 are within the prescribed limits as noticed on May 7, 2021 and approved at the June 22, 2021 public hearing.

The City contracts with Recology to provide trash, recyclables, and organics collection services in the City. The City's contract with Recology provides for an 8.13% rate increase in collection services. This is based on projected expenditure increases and revenue requirements in accordance with the City's contract with Recology.

The City's residential trash, residential recyclables, and commercial trash are processed at the SMaRT® Station under a Memorandum of Understanding (MOU) between the City of Mountain View and the City of Sunnyvale. The MOU provides for the City to pay its proportional share of costs, which is estimated to increase 6.8%. SMaRT Station operating costs, including utility costs, are up significantly. Operations for services provided through both agreements include efforts to reduce the amount of waste sent to landfills as well as to abide by Senate Bill 1383, which mandates residential and commercial organics composting. City operating costs increased significantly last fiscal year due to changes to include these efforts and resulted in an operating deficit. There is sufficient available balance to absorb the increases over a period of time, and the City is recommending a 7% rate increase to cover the cost increases for Fiscal Year 2023-24 only. However, it is expected that higher increases in the future will be needed to bring the operating budget into balance.

These fees are included in the resolution amending the City of Mountain View Master Fee Schedule and is a part of the agenda item adopting the Fiscal Year 2023-24 Budgets, Appropriations Limit, and Fee Modifications, which is scheduled after this public hearing. If there

is a majority protest, these fees will be removed from the resolution amending the Master Fee Schedule.

FISCAL IMPACT

The recommended 7% rate increase would apply to all trash/recycling/organics rates, which is necessary to provide adequate funds to support the solid waste services provided. For example, for an average single-family home, it would result in a monthly increase of \$2.75 per month for a 32-gallon cart.

ALTERNATIVES

1. Modify the recommended rate increase 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: the *Daily Post* and *Mountain View Voice*. In addition, a notice of the rate increase was mailed to all utility customers.

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GZ/8/CAM
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Attachment: 1. [Notice of Public Hearing—Proposed Trash/Recycling/Organics Rates Effective July 1, 2023](#)