

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: GLORIA HURTADO, DEPUTY CITY MANAGER

SUBJECT: SOLID WASTE COLLECTION SERVICES AGREEMENT  
DISCOUNT PROGRAM OPTIONS

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the City Manager's Office that the Council, by resolution, approve one of the following service recipient rate discount program options under the Solid Waste Collection Services Agreement with Recology Sonoma-Marin: 1) a ten-percent (10%) or twenty-percent (20%) Senior Discount Program; or 2) a ten-percent (10%) or twenty-percent (20%) Low-Income Discount Program.

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EXECUTIVE SUMMARY

On August 29, 2017, the City Council approved the Solid Waste Collection Services Agreement between the City of Santa Rosa and Recology Sonoma-Marin, dba Recology Santa Rosa, to provide the City's garbage, recyclable material and organic waste collection services by adopting Resolution No. RES-2017-172. On that date, City Council expressed interest in discounted rate options for senior and/or low-income customers. The program would be funded from City franchise fees.

BACKGROUND

On August 29, 2017, the City Council approved the Solid Waste Collection Services Agreement between the City of Santa Rosa and Recology Sonoma-Marin, DBA Recology Santa Rosa, to provide the City's garbage, recyclable material and organic waste collection services by adopting Resolution No. RES-2017-172. City Council expressed interest in discounted rate options for senior and/or low-income customers.

North Bay Corporation (NBC) currently offers a senior discount to eligible customers of between 14.5% and 18.4%, depending on the cart size. To be eligible, the applicant must live in a single-family dwelling (SFD), must use that home as their primary residence, must be the account holder, and must provide proof (driver's license or birth

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certificate) that they are age 65 or older. According to NBC, approximately 6,156 customers are enrolled in the program, representing approximately 14% of all SFD customers. The senior discount applies to all cart sizes (20/32/64/96 gallons).

PRIOR CITY COUNCIL REVIEW

None.

ANALYSIS

Option 1 – Senior Discount

If the City wishes to continue the current program, by offering a discount to persons aged 65 or older, Recology recommends having the same discount for all cart sizes, rather than varying the discount based on cart size. If the discount were fixed at 18%, but other requirements remained the same, Recology estimates the program would cost approximately \$404,000 for 2018. The cost estimate for a 20% discount is approximately \$412,000.

If the discount were fixed at 10%, but other requirements remained the same, Recology estimates the program would cost approximately \$238,000 for 2018.

Option 2 – Low Income Discount

A low-income discount to SFDs could be offered instead of a senior discount. This option would provide a discount to all low-income households, including low-income seniors. Households currently enrolled in PG&E's California Alternate Rates for Energy (CARE) program would be eligible for the Recology low-income discount program.

PG&E's figures reflect 81,000 residential customers in Santa Rosa, of which 18,800 (23%) are enrolled in the CARE program, and 22,700 (28%) are estimated to be eligible for it. If such a program were implemented with a discount rate of 20%, Recology estimates it would cost approximately \$877,000 for 2018.

If such a program were implemented with a discount rate of 10%, Recology estimates it would cost approximately \$439,000 for 2018.

CARE eligibility is based on income levels at various family sizes. Many families may qualify for CARE because they have larger households than other SFDs. These families would need larger garbage carts. Thus, the population of CARE-enrolled SFDs may skew towards SFDs with larger cart sizes and thus more expensive service. The above estimate assumes 10% of the number of current customers in each cart size is shifted to the next-larger cart size.

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Assumptions

The above cost estimates are based on data provided by NBC and PG&E, and Recology Sonoma-Marín's 2018 rates. The estimates assume that 14% of the population are seniors; that senior and low-income service levels are distributed similarly to the general SFD customer population (except as indicated above for the low-income discount); and that participation rates are 100% (except as indicated above for the low-income discount). To the extent actual figures differ, actual costs may be higher or lower. It is difficult for Recology to provide more concrete information until they have experience operating the business.

FISCAL IMPACT

The City Council has expressed a desire that the program be funded by reducing Recology's franchise fee payments to the City on a dollar-for-dollar basis. The franchise fee is payable monthly in arrears, so Recology would simply reduce the franchise fee payment by the dollar amount of discounts in the preceding month.

Recology estimates that the 14% franchise fee will generate approximately \$6.7M in revenues to the City in 2018. The City received \$4.8M in franchise fee revenues in FY 16/17 with a 15.5% franchise fee. The anticipated costs for the 2018 implementation of the Senior and Low-Income Discount program:

Senior Discount

- 10% Discount - \$238,000
- 20% Discount - \$412,000

Low-Income Discount

- 10% Discount - \$439,000
- 20% Discount - \$877,000

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

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NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution

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