TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS
DATE: JUNE 11, 2007 CMR:281:07
SUBJECT: TRANSMITTAL OF FINANCE COMMITTEE RECOMMENDATION TO COUNCIL FOR APPROVAL OF REFUSE RATE INCREASE; REQUEST FOR ADOPTION OF A RESOLUTION TO AMEND UTILITY RATE SCHEDULES R-1, R-2, AND R-3, AND UTILITIES RULE AND REGULATION 11

RECOMMENDATION
The Finance Committee and staff recommend that the Council approve a thirteen percent refuse rate increase and adopt the attached resolution (Attachment A) changing the Utility Rate Schedules and Utility Rule and Regulation 11. Specifically:


2. Amend Utilities Rule and Regulation 11 “Billing, Adjustments, and Payments of Bills” to create consistency on the adjustment periods between the Refuse Utility and the other City Utilities.

COMMITTEE REVIEW AND RECOMMENDATIONS
On April 17, 2007, the Finance Committee discussed the proposed refuse rate increase (CMR:208:07, Attachment B) and voted 4 to 0 to recommend that the Council approve a 13 increase. The $2,884,000 million in additional annual revenue is necessary to meet the increased financial obligations of the Refuse Fund.

POLICY IMPLICATIONS
Water, wastewater and refuse fees are subject to the requirements of Proposition 218, codified as Article 13D of the California Constitution. Pursuant to Proposition 218, the City must provide written notice of any proposal to impose or increase a water, wastewater, or refuse fee to those subject to the fee. A public hearing on the new or increased fee must be held not less than 45 days after mailing the required notice. At the hearing, the Council must consider all protests, and if written protests against the proposed fee are presented by a majority of those subject to the fee, the City may not impose the new fee.
On April 23, 2007, Utilities and Public Works jointly mailed over 27,000 “Notice of Utility Rate Change” letters to impacted customers at a cost of $17,000. Wastewater customers were not notified since there is no proposed rate increase for wastewater collection for FY 2007-08. Residents who wish to protest the rate increase were instructed to do so in writing, even if they planned on attending the public hearing. At the time this report was written, the City Clerk had received 49 protests for the proposed refuse rate increase.

Information about the proposed rate changes was included in Frank’s Memo on May 25, 2007. In addition, a publication was created with a list of frequently asked questions regarding the proposed refuse rates and was posted on the City’s web page (Attachment C).

**ATTACHMENTS**
Attachment A: Resolution (with attachments)
Attachment B: CMR:208:07 (without attachments)
Attachment C: Refuse Rates Frequently Asked Questions

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