

STAFF REPORT

TO: PARLIER CITY COUNCIL

FROM: Dan Bergman, IGService

DATE: March 8, 2018

SUBJECT: Refuse and Sewer Rate Study: Request to Issue Rate Notice to Customers

Subject/Discussion:

Dan Bergmann of IGService presented preliminary results of the refuse and sewer rate study to the Parlier City Council on February 8, 2018. The proposed rates have now been finalized to be consistent with cost of service by rate class, and increased to meet the revenue needs of each enterprise. Mr. Bergmann has an updated presentation for each enterprise showing: fund balance trends, the balance of revenue and expense, the existing rate structure, cost of service results, and proposed rate increases over five years. The purpose of this presentation is to request approval of city council to issue a rate increase notice to customers. The formal written report will follow and be available to City Council and the public prior to the notices being sent.

Recommendation:

Staff Recommends the City Council approve issuance of a rate increase notice to customers.

Attachments:

1. Proposed Proposition 218 Notice
2. Refuse and Sewer Rate Tables

[00559756]

CITY OF PARLIER

NOTICE OF PUBLIC HEARING FOR PROPOSED INCREASED REFUSE AND SEWER RATES

To inform ratepayers and to comply with California Proposition 218, (California Constitution Article XIII D, Section 6), the City of Parlier gives the following notice:

HEARING DATE: **Thursday, _____, 2018** at or after 6:30 p.m.

HEARING LOCATION: City of Parlier City Council Chambers, 1100 East Parlier Avenue, Parlier, CA, 93648,

PLEASE TAKE NOTICE THAT on _____, 2018, at or after 6:30 p.m., the Parlier City Council will hold a public hearing to consider proposed modification and increases to refuse and sewer charges for services furnished by the City, and to hear and consider objections and protests to the proposed refuse and sewer rate modifications and the Report described below.

LOCATION OF REPORT: A report by IGService, dated March _____ 2018, describing details of the refuse and sewer rate modifications and increases and the method used to calculate the rate modifications and increases (the "Report") has been prepared, and the contents of the report submitted to the Council. The Report is on file at Parlier City Hall, 1100 East Parlier Avenue, and can also be found on the City of Parlier website. A copy of the Report can also be reviewed or obtained upon request. This information, along with the various refuse and sewer rate options, was presented and discussed during public workshops at the City Council meetings held on February 8, 2018, and March 8, 2018.

AMOUNT OF PROPOSED RATE MODIFICATIONS FOR YOU: The amounts of refuse and sewer rates (existing and proposed) are included as Exhibit "A".

REASON FOR THE PROPOSED MODIFICATION OF REFUSE AND SEWER RATES: The proposed modification of Parlier's refuse and sewer rates is to make the rate structure consistent with the cost of services provided. For refuse, the increases are primarily to cover contracted costs for service provided by Mid Valley Disposal. For sewer, the increases are to cover an accrued deficit, increased operating costs, and partially for capital improvements needed to the waste water treatment plant. The revenue from the modified rates and charges will not be more than the funds required for the City to provide adequate refuse and sewer service to you and other City customers.

BASIS FOR PROPOSED MODIFICATIONS OF REFUSE AND SEWER RATES: A description of how the modifications were calculated can be found in the Report on file at Parlier City Hall and on the City of Parlier website. A copy of the Report can also be reviewed or obtained upon request.

PROCEDURE FOR HEARING AND DETERMINING MAJORITY PROTEST: At the time stated above, the Council will hear and consider all objections and protests, if any, to the proposed refuse and sewer rate modifications and other matters described in the Report. The Council may continue the hearing from time to time. At the close of the hearing, if **written protests** against the proposed modified refuse and sewer rates are presented and not withdrawn by a majority of the record owners of the parcels that would be subject to the modified refuse and sewer rates, the City may not impose the modified refuse and sewer rates; instead, refuse and sewer rates would continue at their existing, previously-approved amounts. If, at the close of the protest hearing, there is no majority protest as described above, the Council may approve the refuse and sewer rate modifications, as proposed or as changed by the Council, to be effective **commencing July 1, 2018**.

PRESERVING THE RIGHT TO CHALLENGE: Any person who wants to preserve the opportunity to file a lawsuit challenging the proposed refuse and sewer rate modifications, if imposed, or other matters described in the Report **must file a written protest** with the Council, stating the specific grounds of the protest. Any grounds not stated in a **written protest** filed with the Council before the close of the protest hearing on _____, 2018, will be deemed waived and may not be raised in any subsequent lawsuit.

HOW TO PROTEST THE PROPOSED RATE INCREASES: All owners and tenants of property receiving refuse and sewer service, and interested persons are invited to attend the Public Hearing noticed above. Written protests must be received (*not postmarked*) by the City Clerk before or during the public hearing. Council will not count written protests submitted after the conclusion of the public hearing. Any protest submitted by e-mail or other electronic means will not be accepted. The protest must be signed by the property owner(s) or tenant(s) and must include the assessor's parcel number(s) or street address(es) of all property(ies) serviced, and your statement that you protest the increase in the refuse and sewer rates. Only one written protest per identified parcel or property will be counted for purposes of determining whether there is a majority protest.

ADDITIONAL INFORMATION: For additional information and answers to questions about the proposed refuse and sewer rate proceeding, contact **Antonio Gastelum, Finance Director, (559) 646-3545 x 229, or agastelum@parlier.ca.us**.

EXHIBIT "A"

City of Parlier Proposed Sewer Rate Schedule											
Category of Service	Present	Proposed 7/1/18		Proposed 7/1/19		Proposed 7/1/20		Proposed 7/1/21		Proposed 7/1/22	
		Reset Rate Structure¹		9.0%		9.0%		9.0%		9.0%	
Residential Customers	Per Month	Per Month		Per Month		Per Month		Per Month		Per Month	
All Single-Family Residences and Multi-Family per unit	\$27.50	\$28.00		\$30.52		\$33.27		\$36.26		\$39.52	
Single-Family Senior Rate (90%)	\$24.75	\$25.20		\$27.47		\$29.94		\$32.63		\$35.57	
Commercial²		Minimum Monthly	\$/TG	Minimum Monthly	\$/TG	Minimum Monthly	\$/TG	Minimum Monthly	\$/TG	Minimum Monthly	\$/TG
Includes first 9,000 gallons of metered water per month	\$27.50	\$28.00	\$3.40	\$30.52	\$3.71	\$33.27	\$4.04	\$36.26	\$4.40	\$39.52	\$4.80
Schools		Per Student per Month		Per Student per Month		Per Student per Month		Per Student per Month		Per Student per Month	
Elementary and Middle Schools	Varied	\$0.90		\$0.98		\$1.07		\$1.17		\$1.27	
High School	Varied	\$1.00		\$1.09		\$1.19		\$1.30		\$1.41	
Industrial											
Fixed Monthly Fee	Varied	Customized		% increase		% increase		% increase		% increase	
Flow , per thousand gallons discharge	None	\$1.81		\$1.97		\$2.15		\$2.34		\$2.55	
BOD, per thousand lbs	None	\$271.00		\$295.00		\$322.00		\$351.00		\$383.00	
Suspended Solids, per thousand lbs	None	\$282.00		\$307.00		\$335.00		\$365.00		\$398.00	
Notes:											
1. Reset rates achieve an overall 21% revenue increase.											
2. Metered non-residential water customers with landscape may have sewer charges based on water demand during non-irrigation months.											

City of Parlier Proposed Refuse Rate Schedule

All rates are per month unless otherwise stated.	Present Rates	Proposed Rates					
		7/1/2018		7/1/2019	7/1/2020	7/1/2021	7/1/2022
		Increases:	Varied ¹	3.0%	3.0%	3.0%	3.0%
RESIDENTIAL CART SERVICE							
Three Cart 96G: 96/96/96	21.86	\$ 21.86	0%	\$ 22.52	\$ 23.19	\$ 23.89	\$ 24.60
Three Cart 64G: 64/96/96	19.77	19.77	0%	20.36	20.97	21.60	22.25
Extra 96	5.54	7.00	26%	7.21	7.43	7.65	7.88
Two Extra 96	11.37	14.00	23%	14.42	14.85	15.30	15.76
Senior Three Cart 96G: 96/96/96	18.29	18.29	0%	18.84	19.40	19.99	20.59
Senior Three Cart 64G: 64/96/96	17.24	17.24	0%	17.76	18.29	18.84	19.40
Senior Extra 96	5.84	7.00	20%	7.21	7.43	7.65	7.88
COMMERCIAL REFUSE SERVICE							
96G 1x per week	\$ 22.83	\$ 27.50	20%	\$ 28.33	\$ 29.17	\$ 30.05	\$ 30.95
1 yard 1x per week	45.83	55.00	20%	56.65	58.35	60.10	61.90
1 yard 2x per week	84.68	99.00	17%	101.97	105.03	108.18	111.43
1 yard 3x per week	n/a	148.50	n/a	152.96	157.54	162.27	167.14
2 yard 1x per week	67.58	85.00	26%	87.55	90.18	92.88	95.67
2 yard 2x per week	131.44	153.00	16%	157.59	162.32	167.19	172.20
2 yard 3x per week	189.80	229.50	21%	236.39	243.48	250.78	258.30
3 yard 1x per week	108.26	113.00	4%	116.39	119.88	123.48	127.18
3 yard 2x per week	171.35	203.40	19%	209.50	215.79	222.26	228.93
3 yard 3x per week	234.44	305.10	30%	314.25	323.68	333.39	343.39
4 yard 1x per week	140.70	139.00	-1%	143.17	147.47	151.89	156.45
4 yard 2x per week	201.21	250.20	24%	257.71	265.44	273.40	281.60
4 yard 3x per week	n/a	375.30	n/a	386.56	398.16	410.10	422.40
6 yard 1x per week	178.28	185.00	4%	190.55	196.27	202.15	208.22
6 yard 2x per week	314.10	333.00	6%	342.99	353.28	363.88	374.79
6 yard 3x per week	449.91	499.50	11%	514.49	529.92	545.82	562.19
COMMERCIAL RECYCLING SERVICE							
96G 1x per week	\$ 5.49	\$ 15.13	176%	\$ 15.58	\$ 16.05	\$ 16.53	\$ 17.02
3 yard 1x per week	60.53	62.15	3%	64.01	65.93	67.91	69.95
3 yard 2x per week	85.85	111.87	30%	115.23	118.68	122.24	125.91
3 yard 3x per week	111.17	167.81	51%	172.84	178.02	183.37	188.87
6 yard 1x per week	120.00	101.75	-15%	104.80	107.95	111.18	114.52
6 yard 2x per week	174.74	183.15	5%	188.64	194.30	200.13	206.14
6 yard 3x per week	225.00	274.73	22%	282.97	291.46	300.20	309.21
Contamination per incident	10.00	25.00	150%	25.75	26.52	27.32	28.14
COMMERCIAL ORGANICS SERVICE							
96G 1x per week	new	\$ 23.38	n/a	\$ 24.08	\$ 24.80	\$ 25.54	\$ 26.31
96G 2x per week	new	42.08	n/a	43.34	44.64	45.98	47.36
96G 3x per week	new	63.11	n/a	65.01	66.96	68.96	71.03
2 yard 1x per week	new	72.25	n/a	74.42	76.65	78.95	81.32
2 yard 2x per week	new	130.05	n/a	133.95	137.97	142.11	146.37
2 yard 3x per week	new	195.08	n/a	200.93	206.96	213.16	219.56
MISCELANEOUS FEES							
Enclosure Access	new	\$ 20.00	n/a	\$ 20.60	\$ 21.22	\$ 21.85	\$ 22.51
Locking Lid Fee	new	25.00	n/a	25.75	26.52	27.32	28.14
Push/Pull Charge	new	20.00	n/a	20.60	21.22	21.85	22.51
Extra Pick Up, per Cubic Yard							
Municipal Solid Waste	new	\$ 37.67	n/a	\$ 38.80	\$ 39.96	\$ 41.16	\$ 42.39
Recycle	new	20.72	n/a	21.34	21.98	22.64	23.32
Organics	new	36.13	n/a	37.21	38.33	39.47	40.66
ROLL OFF (DROP BOX) SERVICE							
Hauling and exchange, per Box	new	\$ 214.50	n/a	\$ 220.94	\$ 227.56	\$ 234.39	\$ 241.42
Delivery Fee, per Box	new	38.50	n/a	39.66	40.84	42.07	43.33
Tonnage Fee, per ton	new	as billed	n/a	as billed	as billed	as billed	as billed

Note 1: Reset rates achieve an overall 7% revenue increase.