



NOTICE CONCERNING PROPOSED SOLID WASTE RATE ADJUSTMENTS AND PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Tuesday, December 10, 2019, at 6:00 p.m.**, a public hearing will be held at the City of Orange City Council Chambers located at 300 East Chapman Avenue, Orange, CA 92866 to consider proposed adjustments to the City's solid waste rates and charges. If approved by City Council, the proposed rate adjustments will go into effect on January 1, 2020, and on July 1 of 2020, 2021, 2022, 2023, and 2024.

WHY RATE ADJUSTMENTS ARE NECESSARY

The City of Orange (City) is subject to Proposition 218 and therefore is required by law to charge its customers no more than the cost of providing solid waste and related services. Proposition 218 also contains specific notice and protest procedures for approving any increase in solid waste service rates. CR&R Incorporated (CR&R) has been the City's exclusive solid waste franchisee since July 2009. The City is fortunate to have among the lowest solid waste collection rates in the County. Nevertheless, annual rate increases are necessary as operating costs increase each year. CR&R sent notice of a proposed rate increase in July 2019, but deferred that request and no rate adjustment was implemented at that time.

All cities in the State, including Orange, face the most stringent solid waste legislation in California history. For the City and its residents and businesses to remain in compliance with State Law, new services are necessary, none of which are funded by the State. Therefore, these services must be funded through the solid waste rates. The current and future State unfunded mandates increase recycling requirements for recyclables and organics.

- State Assembly Bill 341 – requires businesses to recycle if they generate four or more cubic yards of commercial solid waste per week. It requires apartment complexes to recycle if they have five or more dwelling units.
- State Assembly Bill 1826 – requires businesses to arrange for organic recycling services if they generate four or more cubic yards of commercial solid waste per week. It requires apartment complexes to arrange for organic recycling service if they have five or more dwelling units. If the State does not meet its organic recycling goals, California's Department of Resources Recycling and Recovery (CalRecycle) can require a more stringent threshold to two or more cubic yards of commercial solid waste per week.
- State Assembly Bill 1594 – mandates that green waste used for Alternative Daily Cover (ADC) at landfills will no longer be considered diversion as of January 1, 2020. As a result, the County of Orange will no longer use green waste as ADC at its landfills and therefore must now charge for its disposal.
- State Senate Bill 1383 – mandates that California reduce organic waste by 50% by January 1, 2020, and 75% by January 1, 2025. It mandates that cities increase edible food recovery by January 1, 2025. As a result, organic waste will no longer be able to be disposed of in the landfill. Unfortunately, the cost to separately process organic waste is significantly more expensive.

Despite these unfunded mandates, the City of Orange is dedicated to keeping the rates in the lowest third in the County, per the franchise agreement with CR&R.

PROPOSED SOLID WASTE RATES

The proposed initial maximum rates (Rates) for solid waste collection services will be considered by the City as part of a new Agreement between the City of Orange and CR&R Incorporated for Integrated Solid Waste Management Services (the Franchise Agreement) on December 10, 2019. This Agreement will ensure the City will be in compliance with the new State mandates.

The Rates include a monthly charge for automated curbside, bin collection, and roll-off box service. The Rates represent the estimated maximum amount CR&R may charge Rate payers as full, entire, and complete compensation due pursuant to the Franchise Agreement for all labor, equipment, materials and supplies, taxes, insurance, bonds, letters of credit, overhead, disposal, transfer, profit, and all other things necessary to perform all the services required by the Franchise Agreement.

Single family and multi-family dwellings with cart service are charged a base Rate, which includes a refuse cart, a recycling cart, and an organics recycling cart. Customers may choose to take additional carts for an additional surcharge. Commercial customers and multi-family dwellings with bin service are charged a monthly Rate based on the number and size of bins, and the number of weekly pickups.

The Franchise Agreement includes a clearly defined formula for adjusting the Rates for inflation in labor, fuel, vehicle, insurance, and other operating costs as well as adopted increases in the wholesale cost of disposal. Each Rate adjustment includes an annual CPI adjustment represented over a six-month period. If approved, the initial Rates will go into effect January 1, 2020. The residential and commercial Rates are proposed to be automatically adjusted each year on July 1 over a period not to exceed five years based on the defined formula pursuant to Section 53756 of the Government Code. The new Franchise Agreement also includes adjustments to Commercial Bin and Roll-Off Rates due to extraordinary changes in the solid waste State landscape. Commercial and Roll-Off Rates include compliance assistance with regard to upcoming State unfunded mandates. As previously described, these unfunded mandates include AB 341, AB 1826, AB 1594, and SB 1383. Included in both residential and commercial Rates is the cost to provide street sweeping service, which is also a State mandated service.

The chart below compares the current 2018 Rates for typical residential and commercial services with those proposed for January 1, 2020, and projected increases for future years.

PROPOSED SOLID WASTE SERVICE RATES

	Residential: Cart*	Commercial: Bin*	Commercial: Roll-Off*
Current Rate	\$13.60	\$54.63	\$304.01
Jan. 1, 2020	\$17.47	\$65.90	\$365.42
July 1, 2020	\$17.65	\$70.58	\$399.82
July 1, 2021	\$18.18	\$77.11	\$446.09
July 1, 2022	\$18.72	\$84.24	\$497.69
July 1, 2023	\$19.28	\$86.77	\$512.63
July 1, 2024	\$19.86	\$89.37	\$528.00

*Residential: Cart – State compliant 3-cart service, monthly rate shown

*Commercial: Bin – State compliant service for a single 3 cubic yard bin serviced once a week, billed monthly.

*Commercial: Roll-Off – State compliant service for a single pull for a 40 cubic yard container.

The entire rate schedule can be viewed on the City's website at cityoforange.org. For more information regarding the State unfunded mandates please visit CalRecycle's website at calrecycle.ca.gov/laws.

PUBLIC HEARING AND PROTEST PROCEEDINGS

Pursuant to State law, protests may be provided by any City solid waste customer, or owner of property subject to the proposed rate changes, against any or all of the proposed rate changes described in this Notice. One written protest per parcel may be counted. Written protests may be submitted in person to the City Council at the Public Hearing. They may also be submitted by mail addressed to:

City Clerk
The City of Orange
300 East Chapman Avenue
Orange, CA 92866

Both in person and mailed written protests must be received prior to the close of the public hearing on Tuesday, December 10, 2019. Each written protest must clearly identify the property or account, reference the proposed rate adjustments and must include the signature of the property owner or customer, as applicable. Due to the inability to verify the authenticity of each individual protest, protests received by telephone, electronic mail (e-mail), or via social media sites, including, but not limited to, Facebook or Twitter shall **NOT** be accepted. All interested parties are invited to attend the public hearing and present written protests and/or oral comments on the proposed rate adjustments referenced herein. Oral comments made at the public hearing will qualify as formal protests of the proposed rate adjustments if accompanied by a written protest setting forth the required information (as set forth above). If written protests are submitted by a majority of the affected property owners or customers, the proposed adjustments will not be implemented.



300 East Chapman Avenue
Orange, CA 92866