



MUNICIPAL OFFICE COMPLEX
8401 W. MONROE STREET
PEORIA, AZ 85345

**CITY COUNCIL STUDY SESSION
NOTICE & AGENDA
Tuesday, January 17, 2012
5:00 PM
CITY COUNCIL CHAMBER**

**CONVENE:
ROLL CALL:**

CITY COUNCIL:

Mayor

Bob Barrett

Palo Verde District

Ron Aames, Vice Mayor

Acacia District

Tony Rivero

Ironwood District

Dave Pearson

Mesquite District

Cathy Carlat

Pine District

Carlo Leone

Willow District

Joan Evans

City Manager

Carl Swenson

**FINAL CALL TO SUBMIT SPEAKER REQUEST
FORMS:**

STUDY SESSION AGENDA

Subjects for Discussion Only:

1. City of Peoria's Water, Wastewater, and Reclaimed Water Rates for FY2013-FY2016
2. Solid Waste Rates - Residential and Commercial

ADJOURNMENT

NOTE: Documentation (if any) for items listed on the Agenda is available for public inspection, a minimum of 24 hours prior to the Council Meeting, at any time during regular business hours in the Office of the City Clerk, 8401 W. Monroe Street, Room 150, Peoria, AZ 85345.

Accommodations for Individuals with Disabilities. Alternative format materials, sign language interpretation, assistive listening devices or interpretation in languages other than English are available upon 72 hours advance notice through the Office of the City Clerk, 8401 West Monroe Street, Room 150, Peoria, Arizona 85345 (623)773-7340, TDD (623)773-7221, or FAX (623) 773-7304. To the extent possible, additional reasonable accommodations will be made available within the time constraints of the request.

PUBLIC NOTICE:

In addition to the City Council members noted above, one or more members of the City of Peoria Boards and Commissions may be present to observe the City Council meeting as noticed on this agenda.

**CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION**

SS Item: #1

Date Prepared: December 14, 2011

Council Meeting Date: January 3, 2012

TO: Carl Swenson, City Manager
FROM: Katie Gregory, Interim Management and Budget Director
THROUGH: Susan Thorpe, Deputy City Manager
SUBJECT: Water and Wastewater Rates

Purpose:

This is a request for City Council to review the proposed rates for the City's Water, Wastewater and Reclaimed Water systems for FY2013-2016. Based on Council discussion and input at the Study Session, staff will prepare a final rate recommendation to be adopted by the Council as part of the FY2013 budget adoption process.

Background/Summary:

As you recall, during the FY2012 Rate Study and budget process, staff worked with an outside consultant to revise the City's Water and Wastewater rate structures and forecast necessary rate adjustments for the period of FY2012 to FY2016. Prior to the FY 2012 adjustments, utility rates had not been adjusted since FY2009. The Rate Report identified the need for adjustments to improve the City's financial strength in the areas of bond coverage and operating cash availability to ensure adequate revenues are available to 1) sufficiently fund the on-going operations of the utility systems, 2) maintain existing infrastructure, 3) provide for a portion of the costs of new infrastructure, and 4) increase the base rates to better recover the fixed costs associated with the utility systems.

LAST YEAR'S ESTIMATED RATES:

Last year's Rate Study included forecasted rate adjustments as follows:

	Adopt. FY2012	Proj. FY2013	Proj. FY2014	Proj. FY2015	Proj. FY2016
Water:	4.60%	2.60%	3.15%	3.30%	0.00%
Wastewater:	<u>4.50%</u>	<u>6.40%</u>	<u>4.70%</u>	<u>0.00%</u>	<u>0.00%</u>
Combined:	4.60%	4.00%	3.75%	2.00%	0.00%
Total Bill Impact:	3.60%	3.1%*	3.1%*	1.6%*	0.0%*

*Estimated impacts assumed no adjustments to Residential Solid Waste rates.

Financial Outlook

Staff has been evaluating the financial results of the first five months of this year under the new rate structure for Water and Wastewater. Due to the favorable consumption trends in the Water fund, the forecast has been slightly adjusted since the October 28th Council Budget Workshop. Based on recent financial information, the estimated Water rate increases are lower than projected in last year’s Rate Study. However, as a result of lower than anticipated revenues, the estimated Wastewater rate increases exceed those in last year’s Rate Study. The net impact of the combined Water/Wastewater rates, over the four year forecast, is slightly higher than last year’s estimate by 1.25%. However, this does not incorporate a reduction in the Residential Solid Waste rate.

THIS YEAR’S ESTIMATED RATES:

	<u>Proj.</u> <u>FY2013</u>	<u>Proj.</u> <u>FY2014</u>	<u>Proj.</u> <u>FY2015</u>	<u>Proj.</u> <u>FY2016</u>
Water	2.8%	2.4%	1.6%	0.0%
Wastewater:	<u>9.2%</u>	<u>4.2%</u>	<u>4.0%</u>	<u>0.0%</u>
Combined:	5.3%	3.1%	2.6%	0.0%
Total Bill Impact %:	4.2%	2.5%	2.2%	0.0%
Est. \$ Impact per month:	\$ 3.18	\$2.08	\$1.74	\$0.00

Staff has recommended a Residential Solid Waste rate decrease of 13%, effective in FY2013 that would reduce the monthly Solid Waste fee by \$1.96. This recommendation received unanimous support from the Public Services Subcommittee and will be considered by the full Council in a January Study Session. If the recommended Solid Waste rate is adopted, total residential bill impact of the forecasted FY2013 adjustments for Water, Wastewater and Solid Waste is projected as follows:

Total Residential Bill Impact %:	1.7%	2.5%	2.2%	0.0%
Est. \$ Impact per month:	\$ 1.22	\$2.08	\$1.74	\$0.00

FY2013 Forecast Updates

Staff has been monitoring actual FY2012 monthly revenues for both the Water and Wastewater funds. With five months of data available, FY2013’s results are different than forecast in last year’s rate study. As discussed in the October 28th Council Budget Workshop, these estimates impact the rate adjustments needed for FY2013 and future years.

Water consumption this year is trending higher than the level on which last year’s Rate Study was based. If this trend continues, it could result in staff recommending a smaller increase in Water rates in the later years of the forecast.

Similar to the methodology used by some other cities, wastewater revenues are calculated based on the customer's previous year's winter average Water consumption during January, February and March. Last year's Rate Study projected that more consistent consumption patterns would resume in FY2012 following what was thought to be a weather-influenced aberration from the winter of 2010. However, current year Wastewater revenues are projected to be lower than forecasted in last year's Rate Study. This shortfall results in the need for higher than anticipated Wastewater rate increases in FY 2013.

The city's methodology of using the prior year winter water consumption to determine the subsequent year's wastewater rates contributes to a lack of certainty in wastewater revenues. Last year's Rate Study outlined strategies to ensure a more predictable revenue stream for Wastewater. Consistent with the Rate Study's recommendation, wastewater adjustments over the forecast period include increasing the percentage of fixed revenue through higher base charges to begin reducing some of the volatility in variable, consumption-based revenues.

Rate Planning Objectives

During the FY2012 rate adoption discussions, staff identified the need to improve the City's financial strength in the areas of debt coverage ratios and operating cash availability and to comply with the City's adopted Principles of Sound Financial Management. Staff expressed concern that, without a series of rate adjustments, the Utility's ratio of net revenues to debt service obligations would remain at a level below what is expected by outside credit rating agencies and not consistent with the City's current bond ratings. The forecasted adjustments would raise the Utility's ratios from below 1.4X coverage in FY2011 to 2.0X coverage in FY2016. Prior to FY2012's rate adjustments, one credit agency had given Peoria's Utility funds a negative rating outlook. After the City's adoption of last year's adjustments and a review of the City's planned future adjustments, that same rating agency revised Peoria's outlook to "Stable".

The recommended adjustments are necessary to adequately fund the Utility system's operations along with the necessary repair and maintenance program included in the adopted FY2012 operating budget and Capital Improvement Program (CIP). As part of the City's regular budgetary planning process, Utility staff will update the system's operational costs and maintenance and repair needs based on current conditions. These will be incorporated into the recommended FY2013-2022 operating budget and CIP.

These rate adjustments are also necessary to improve cash availability and allow both utility funds to pay for necessary infrastructure improvements and additions during the forecast period, while maintaining sufficient operating reserves. Improving the system's cash reserves is consistent with expectations of credit rating agencies for 'AA' rated utilities.

Reclaimed Water

The City produces and delivers Reclaimed Water to a number of customers throughout the City for irrigation uses. The main customers are the Vistancia golf courses, HOAs, a school and the City. Revenues from the sale of Reclaimed Water help offset the revenues required from Water rate payers. The City's Reclaimed Water rate is \$1.05 per 1,000 gallons, which has not changed since 2006. This original rate was calculated solely for Vistancia's use and was based on a number of factors that have changed since that time.

Staff recently performed a comprehensive analysis of the city-wide system and determined that the costs for treatment and delivery of Reclaimed Water are approximately \$1.25 per 1,000 gallons. Staff recommends the Council consider an adjustment to the Reclaimed Water rate based on current budgets and forecasts, cost assumptions and consumption patterns. Staff also recommends setting the Reclaimed Water rate at 33% of the potable irrigation rate. Based on the projected landscape rate, this would yield a rate of \$1.25 per 1,000 gallons in FY2013. At this level, staff believes that the delivery costs can be recovered while still providing an incentive for expanded use of Reclaimed Water.

Previous Actions

On April 7, 2011, staff provided Council with the final results of the Water/Wastewater Rate Analysis conducted by Raftelis, Inc. At that time, staff informed Council of the need for multi-year rate adjustments to meet both operational requirements and financial goals.

On May 17, 2011, as part of the Tentative Budget Adoption, Council approved a combined Water/Wastewater rate increase of 4.6% for FY2012 resulting in a \$2.67 net utility bill impact to the average residential customer. This was the only rate adjustment since FY 2009.

On October 28, 2011, at the Council Budget Workshop, staff provided the Council with an update of the rate projections for FY2013 – FY2016.

On December 1, 2011, the Public Services Subcommittee unanimously approved forwarding a recommendation to the full Council to reduce the Residential Solid Waste rate by 13% in FY2013. This rate reduction will help offset the necessary increase in residential Water and Wastewater rates for FY 2013.

Options:

This is an informational presentation only.

Staff's Recommendation:

This is a request for City Council to review the proposed rates for the City's Water, Wastewater and Reclaimed Water systems for FY2013-2016. Based on Council discussion and input at the Study Session, staff will prepare the FY2013 Water and Wastewater operating and capital budgets incorporating recommended rate adjustments for final budget adoption in June.

Fiscal Analysis:

This is an informational presentation only. Fiscal impacts will vary based on Council direction.

Narrative:

Delivering safe Water and Wastewater services and maintaining regulatory compliance in the most cost effective way are the primary objectives of the water and wastewater divisions of the Public Works – Utilities Department. The proposed Water and Wastewater rates reflect the necessary adjustments for the continued efficient operations of our utility systems while maximizing the effective life our utility infrastructure investments.

Exhibit(s):

Contact Name and Number: Katie Gregory, 623-773-7364

**CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION**

SS Item: #2

Date Prepared: December 19, 2011

Council Meeting Date: January 17, 2012

TO: Carl Swenson, City Manager
FROM: William Mattingly, Public Works - Utilities Director
THROUGH: Susan K. Thorpe, Deputy City Manager
SUBJECT: Solid Waste Rates – Residential and Commercial

Purpose:

This is a request for City Council to review the proposed rates for the City's Solid Waste Programs for FY2013-2017. Based on Council discussion and input at the Study Session, staff will prepare a final rate recommendation to be adopted by the Council as part of the FY2013 budget adoption process.

Background/Summary:

The Public Works – Utilities, Management & Budget and Finance Departments have completed an initial review of the financial conditions within the City's Solid Waste Service Division. Staff will present information regarding the Residential and Commercial Solid Waste Programs for discussion by the City Council.

A memorandum dated October 5, 2011 was provided to Council for general information related to the City's Solid Waste program and an upcoming rate study. Staff referred to this memorandum during a briefing about the Solid Waste program at the October 28, 2011 Council workshop. At that time Council forwarded this issue to the Public Services Subcommittee for discussion and recommendation. These topics were discussed at the Public Services Subcommittee meetings on December 1 and December 15, 2011.

Residential Solid Waste Service

The Public Services Subcommittee met on December 01, 2011 to discuss Residential Solid Waste Services. Staff presented a review of the current Residential Solid Waste Programs which include weekly trash and recycling collection for approximately 49,000 residents and once a year bulk trash collection, Christmas tree disposal; Household Hazardous Waste disposal and special haul services. Staff also discussed service options based on input from the City Council at the October 28, 2011 Workshop. Staff will review these options during the Council Study Session. The Staff recommendation for the Residential Solid Waste is to maintain the current programs and service levels and reduce monthly rates by 13% from \$15.06 to \$13.10.

The Public Services Subcommittee voted to adopt the Staff recommendation and forward this item to the Council Study Session.

Commercial Solid Waste Service

The Public Services Subcommittee met on December 15, 2011 to discuss Commercial Solid Waste Services. Staff presented a review of the current Commercial Solid Waste Programs which includes front loader container service for general business customers, multi-family developments (apartments), government facilities (including Peoria buildings and parks) and schools. Peoria City ordinance requires multi-family customers to use City Solid Waste services.

The Commercial division also provides roll-off collection services to businesses, residents and government accounts (including the Butler Water Reclamation Facility), and serves approximately 45 accounts monthly.

In 2009, Peoria began to provide Commercial Recycling Service to municipal, school and multi-family customers at no additional cost. These customers (108 commercial accounts) were serviced by adjoining Residential Recycling routes. Beginning in 2011, the Solid Waste Division began to extend these services to an additional 23 business customers. The current Commercial Solid Waste rates do not cover the cost of recycling services. The needs of Commercial customers vary greatly and providing commercial recycling service is more complex than Residential recycling. Commercial Solid Waste rates were last adjusted in January 2009. At that time there were no Commercial Recycling customers, so the rates adopted did not account for this service.

The rate analysis prepared by staff projects the need for Commercial Solid Waste rates to increase 3% annually for FY2013 through FY2017 (for a total 15% over the five year forecast period) for the Commercial front load service only. This does not include Commercial Recycling Service costs.

Commercial customers determine the number and size of containers and the frequency of service per week according to their unique needs. In most cases, commercial recycling customers have not reduced their trash collection frequency to adjust for recycling service. As a result, this requires additional service days for recycling without an offset in service days for trash collection. In addition, revenue collected from recyclables does not entirely offset cost of collection. Staff is proposing a monthly rate of \$25.00 for once a week recycled container service for Commercial Recycling Service regardless of container size. Customers can mitigate the proposed cost for Commercial Recycling Service by adjusting commercial trash service, reducing the number of containers and /or the frequency of service each week. This will require a review of each Commercial customer's needs.

Staff recommended the following for Commercial Solid Waste Rates:

1. Increase the rates for Commercial Solid Waste 3% for the Commercial front load Service only in FY 2013 (no rate adjustment for roll-off service is recommended at this time). It is projected that additional future rate adjustments will be needed in FY 2014 through FY 2017.
2. Adopt a rate for Commercial Recycling Service based on the following Table:

Container Size	Frequency Of Service Delivery	Flat Rate
300-gal, 4YD, 6YD,8YD	1x per week	\$25.00
300-gal, 4YD, 6YD,8YD	2x per week	\$50.00

The Public Services Subcommittee voted to adopt the Staff recommendation and forward this item to the Council Study Session.

Previous Actions

1. Staff provided a briefing about the Solid Waste program at the October 28, 2011 Council workshop. At that time Council forwarded this issue to the Council Public Services Subcommittee.
2. The Public Services Subcommittee met on December 01, 2011 to discuss Residential Solid Waste Service and voted to adopt the Staff recommendation and forward this item to the Council Study Session.
3. The Public Services Subcommittee met on December 15, 2011 to discuss Commercial Solid Waste Services and voted to adopt the Staff recommendation and forward this item to the Council Study Session.

Options:

This is an informational presentation only.

Staff's Recommendations:

Residential Solid Waste

Staff recommends that we reduce monthly rates for Residential Solid Waste by 13% from \$15.06 to \$13.10, and maintain current programs and service levels.

Commercial Solid Waste

Staff recommends the following for Commercial Solid Waste Rates:

1. Increase the rates for Commercial Solid Waste by 3% for the Commercial front load Service only in FY 2013 (no rate adjustment for roll-off service is recommended at this time). It is projected that additional future rate adjustments will be needed in FY 2014 through FY 2017.
2. Adopt a rate for Commercial Recycling Service based on the following Table:

Container Size	Frequency Of Service Delivery	Flat Rate
300-gal, 4YD, 6YD,8YD	1x per week	\$25.00
300-gal, 4YD, 6YD,8YD	2x per week	\$50.00

Fiscal Analysis:

The rate analysis conducted by staff indicates that the current Residential Solid Waste rates will continue to generate more revenue than needed to maintain current services over the next five years. This presents an opportunity to reduce Residential Solid Waste rates.

The rate analysis for Commercial Solid Waste indicates the need to increase rates to ensure that revenues are sufficient to cover expenditure projections.

Narrative:

Prior to formulating final rate recommendations, and in advance of the FY2013 budget development, staff would like Council's input.

The guidance received from Council will be the foundation of the rate analysis for both the Residential and Commercial Programs.

Exhibit(s):

Exhibit 1: Solid Waste Program Supplemental Information

Exhibit 2: Presentation Material from December 01, 2011 Public Services Subcommittee meeting.

Exhibit 3: Presentation Material from December 15, 2011 Public Services Subcommittee meeting.

Exhibit 4: Discussion Material from November 14, 2011 & December 19, 2011 General Government Subcommittee meeting regarding itemizing Recycling on Utility bills.

Contact Name and Number:

William Mattingly, Public Works – Utilities Director, extension 5151

CITY OF PEORIA

Solid Waste Program

Supplemental Information

Public Works-Utilities

1/17/2012

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**STAFF - COUNCIL SUBCOMMITTEE
COMMUNICATION**

DATE: November 10, 2011
TO: Carl Swenson, City Manager
FROM: Susan K. Thorpe, Deputy City Manager *SKT*
SUBJECT: Solid Waste Services

Background:

The City of Peoria provides Solid Waste services for residential and commercial customers. As discussed during the October 28 Budget Workshop, there are policy issues that staff would like Subcommittee and City Council input on in order to develop the FY 2013 budget.

Previous Actions:

The City Council discussed Residential and Commercial Solid Waste services and rates at the Budget Workshop on October 28. The Council consensus at that time was to assign the solid waste policy issues discussion to the Public Services Subcommittee.

Options:

Options will be developed as policy discussion progresses.

Staff's Recommendation:

Staff will present policy options for discussion by the Subcommittee beginning in December. These will be provided in two separate parts in order to ensure clear delineation of policy issues and options. The first area of policy discussion will be Residential Solid Waste, followed by Commercial Solid Waste.

Fiscal Analysis:

Fiscal impacts, if any, will be determined after subcommittee discussion.

Exhibit(s):

None

Contact Name and Number: Susan K. Thorpe, ext 7318

STAFF - COUNCIL SUBCOMMITTEE COMMUNICATION

City Manager's Office Use:

Date of receipt:

Policy issue: Yes No if denied, explain _____

Subcommittee assignment: *Public Services*

Transferred to Subcommittee Staff Liaison on: *11/11/11*

Subcommittee agenda date:

Subcommittee Action:

- No further action
- Study session referral
- Regular agenda referral
- City Manager referral

Residential Solid Waste
Rate Analysis

Current:

Existing Rate* = \$15.06

Potential for up to 13% rate reduction

Staff Recommendation:

13% rate reduction (No changes to existing services)

New rate* = \$13.10 (\$1.96 per month reduction)

Alternative Example Option:

10% rate reduction

\$300,000 available for new services

New rate* = \$13.55 (\$1.51 per month reduction)

Residential Solid Waste
Estimated Optional Service Costs

A. Bulk Trash Pickup

- Additional Cost for twice a year Bulk Trash Service = \$ 251,400
- Additional Cost for four times per year Bulk Trash Service = \$ 694,910

B. Hazardous Household Waste Events

- Cost for per additional event at the MOC \$ 41,500
- Cost for per additional event in north Peoria \$ 50,000⁽¹⁾

(1) There are additional set-up, and logistical support costs to host a collection event at a location outside the MOC (additional costs = \$8,500).

C. Green Waste Program

- Currently the City of Mesa is the only City in the Valley which provides green waste collection. They provide an additional barrel and separate collection for green waste at an **additional charge of \$5.31**
 - Mesa takes their green waste the Salt River Landfill for Processing into mulch
 - The Salt River Landfill sells to vendors who package it up and resell it to home improvement and garden stores.
 - No existing facilities in the west valley which recycles green waste. Without such facility all green waste ends up in the landfill.
 - Staff has been coordinating with Waste Management on sources to reuse green waste and will continue to look for locations to receive this material.
-

D. Same Day Recycling and Trash Collection

- Currently City of Glendale is the only municipality that does this. City of Phoenix is in the process of studying the implementation of a program.
 - Will require complete reconfiguration of all Solid Waste routes and will change the day of service for each resident.
 - New routing software (as part of our existing budget approved by Council) is anticipated to be operational by the end of this fiscal year.
 - Staff will use this software to design and evaluate new routes in order to determine the cost impact and challenges associated with this change.
 - Staff's recommendation that that this proposed change be brought back to Subcommittee for consideration in the fall of 2012 with all of the analysis results
 - If approved, staff would be ready to implement in FY2014.
-

Residential Solid Waste
Cost of Service Allocation

<u>Service Description</u>	<u>FY2012 Cost Allocation</u>
Residential Collection	
• Trash Collection	\$4,551,304
• Bulk Trash	\$ 282,407
• HHW	\$ 125,031
• Container Maintenance	\$ 76,828
• Other Services	\$ 64,107
Total Residential Collection:	<u>\$5,099,677</u>
Special Haul	
• Special Haul	\$ 171,558
Recycling	
• Recycling Collection	\$1,835,760
• Container Maintenance	\$ 77,319
Total Recycling Service:	<u>\$1,913,079</u>
Total Residential Solid Waste	<u>\$7,184,314</u>

Residential Solid Waste
Recommendations

Staff Recommendation:

Staff recommends that the Subcommittee make a recommendation to the full Council
As follows:

1. Reduce the rates for Residential Solid Waste by 13% from \$15.06 to \$13.10
(total reduction of \$1.96)

Sub-Committee Recommendation

The Subcommittee has made the following recommendation to the full Council for
consideration:

1. Reduce the rates for Residential Solid Waste by 13% from \$15.06 to \$13.10
(total reduction of \$1.96).
-

Residential Solid Waste Service										
City	Monthly Rate	Trash	Recycling	Bulk Trash	Christmas Tree Collection	Green waste	Household Hazardous Waste	Home Composting	Notes	11/22/2011
Peoria	\$ 15.06	one day per week	one day per week	1 time per year	drop off	no	3 drop-off events per year	no		
Scottsdale	\$ 16.00	one day per week	one day per week	monthly	drop off	no	3 drop-off events per year	\$40 to buy container		
Phoenix	\$ 26.85	one day per week	one day per week	4 times per year	drop off	no	drop-off once per month	\$5 to buy an old container		
Glendale	\$ 16.30	Trash and recycle on same day	Trash and recycle on same day	monthly	drop off	no	first-come, curbside 2 times/year, vendor collects and takes to landfill.	yes, recycled containers, do not advertise	Glendale charges an additional \$13.35 for not participating in recycling	
Chandler	\$ 15.07	one day per week	one day per week	once per 6-weeks by appointment	drop off	no	by appointment	Free recycled container		
Mesa	\$23.88	one day per week	one day per week	no free collection - \$19.99 by appt w/restrictions	Drop off - free; Curbside - \$19.99 (not recycled)	\$5.51 per month	3 per year - drop off	yes - \$5 deposit, recycled container	Greenwaste taken to Salt River Landfill. A processing fee is paid, the landfill converts it into mulch which they then sell to their vendors who package it up and resell it to home improvement and garden stores	
Surprise	\$16.63	one day per week	one day per week	by appointment, up to 2 times per year	drop off		2 per year - drop off			

STAFF - COUNCIL SUBCOMMITTEE COMMUNICATION

DATE: December 13, 2011
TO: Carl Swenson, City Manager
FROM: William Mattingly, Public Works - Utilities Director
THROUGH: Susan K. Thorpe, Deputy City Manager
SUBJECT: Commercial Solid Waste Services

Background:

Staff will present information regarding the Commercial Solid Waste Program for discussion and possible action by the Public Services Subcommittee. The Subcommittee discussed Residential Solid Waste at the December 1, 2011 meeting. Public Works – Utilities, Management & Budget and Finance Departments have completed an initial review of the financial conditions within the City’s Solid Waste Service Division.

A memorandum dated October 5, 2011 was provided to Council for general information related to the City’s Solid Waste program and an upcoming rate study. Staff referred to this memorandum during a briefing about the Solid Waste program at the recent (October 28, 2011) Council workshop. At that time Council forwarded this issue to the Council Public Services Subcommittee for discussion and recommendation.

Staff will use the Subcommittee and subsequent Council Study Session discussions to develop program and rate proposals for Council consideration during the 2013 budget process.

The Commercial Solid Waste operation provides trash collection service to approximately 375 accounts citywide, 210 of which are businesses. The Solid Waste division competes with a number of private waste collection companies for general business customers. Apartment complexes make up the next largest category, followed by government and schools. Peoria City ordinance requires multi-family developments (apartments) to use City Solid Waste services.

The Commercial division also provides roll-off collection services to businesses, residents and government accounts (including the Butler Water Reclamation Facility), and serves approximately 45 accounts monthly.

Commercial Solid Waste rates were last adjusted in January 2009. At that time there were no Commercial Recycling customers, so the rates adopted did not account for this service.

STAFF - COUNCIL SUBCOMMITTEE COMMUNICATION

Operational Changes

The Commercial Collection Division budget increased a total of \$430,000 over the last four years, from \$1.73 million in FY 2008 to \$2.16 million in FY 2012. This is due to the fact that the Commercial Division began providing roll-off service for the City's Butler Water Reclamation Facility (WRF) in July of 2008. The Commercial Division also provides roll-off dumpster service to contractors, government customers, City sponsored events, and homeowners who need large containers for construction debris, remodeling or other clean-up projects. At this time revenues from the roll-off service are sufficient to meet expenditures and it is not necessary to adjust rates for these services in the near term. Staff will continue to evaluate this on an annual basis.

The number of Commercial customers declined 18% between FY 2008 and FY 2011 (from 356 accounts to 292 accounts). At the same time, the number of multi-family customers increased from 69 accounts in FY 2008 to 77 accounts in FY 2011. As a result, total revenues have declined from \$1,703,000 in FY 2008 to \$1,640,000 in FY 2011 (3.7% revenue reduction). As in the General Fund, personnel costs related to required state retirement payments and health insurance premiums have increased for the past few years, and are projected to increase next year. Fuel prices are higher this year than last year.

The rate analysis prepared by staff projects the need for Commercial Solid Waste rates to increase 3% annually for FY2013 through FY2017 (for a total 15% over the five year forecast period) for the Commercial front load service only. This does not include Commercial Recycling Service costs.

Implementation of Commercial Recycling

Following implementation of the Residential recycling program, City Council asked staff to explore the feasibility of offering recycling services to commercial customers. In 2009, this service was initially provided to municipal, school and multi-family customers at no additional cost. These customers (108 commercial accounts) were serviced by adjoining Residential Recycling routes. Beginning in 2011, the Solid Waste Division began to extend these services to an additional 23 business customers. The current Commercial Solid Waste rates do not cover the cost of recycling services. The needs of Commercial customers vary greatly and providing commercial recycling service is more complex than Residential recycling. When the City began the Residential Curbside Recycling program, services changed from twice a week trash collection to once a week trash collection and once a week recycling collection.

Each Commercial customer determines the number and size of containers and the frequency of service per week according to their own unique needs. In most cases, Commercial recycling customers have not reduced their trash collection frequency to adjust for recycling service. As a result, this requires additional service days for recycling without an offset in service days for trash collection. In addition, revenue collected from recyclables does not entirely offset cost of collection. Staff is proposing a monthly rate of \$25.00 for once a week recycled container service for Commercial

STAFF - COUNCIL SUBCOMMITTEE COMMUNICATION

Recycling Service regardless of container size. Staff also recommends a monthly rate of \$50.00 for twice a week recycle service.

Previous Actions:

Staff provided a briefing about the Solid Waste program at the October 28, 2011 Council workshop. At that time Council forwarded this issue to the Council Public Services Subcommittee. This is the first meeting of the Subcommittee regarding Commercial Solid Waste services.

Options:

- A:** The Subcommittee could make recommendations to the full Council to:
1. Increase the rates for Commercial Solid Waste 3% annually for FY2013 through FY2017 (Total 15%) for the Commercial front load Service only (no rate adjustment for roll-off service is recommended at this time).
 2. Adopt a new rate for Commercial Recycling Service based on the following Table:

Container Size	Frequency Of Service Delivery	Rate
300-gal, 4YD, 6YD,8YD	1x per week	\$25.00
300-gal, 4YD, 6YD,8YD	2x per week	\$50.00

- B:** The Subcommittee could make recommendations to the full Council to increase the rates for Commercial Solid Waste 3% annually for FY2013 through FY2017 (Total 15%) for the Commercial front load Service only and discontinue Commercial Recycling Service.

Staff's Recommendation:

Staff recommends that the Subcommittee make a recommendation to the full Council for Option A, as follows:

1. Increase the rates for Commercial Solid Waste 3% for the Commercial front load Service only in FY 2013 (no rate adjustment for roll-off service is recommended at this time). It is projected that additional future rate adjustments will be needed in FY 2014 through FY 2017.
2. Adopt a new rate for Commercial Recycling Service based on the following Table:

Container Size	Frequency Of Service Delivery	Rate
300-gal, 4YD, 6YD,8YD	1x per week	\$25.00
300-gal, 4YD, 6YD,8YD	2x per week	\$50.00

STAFF - COUNCIL SUBCOMMITTEE COMMUNICATION

Fiscal Analysis:

The rate analysis conducted by Staff indicates that rate adjustments are necessary to ensure that revenues are sufficient to meet expenditure projections.

Exhibit(s):

Exhibit 1: Presentation Handouts

Contact Name and Number: William Mattingly, extension 5151

City Manager's Office Use:

Date of receipt: 12-13-11

Policy issue: Yes No if denied, explain _____

Subcommittee assignment: Public Services

Transferred to Subcommittee Staff Liaison on: 12-13-11

Subcommittee agenda date:

Subcommittee Action:

- No further action
- Study session referral
- Regular agenda referral
- City Manager referral

Commercial Solid Waste Existing Service

The Commercial Solid Waste Services are split into the following Categories

Roll-off: Refuse collection in 20, 30 and 40 yard sizes for larger projects such as remodeling, construction and yard cleanup. This Service is Available to both residents and commercial customers.

- Solids Handling – This Service utilizes large containers to transport Solids generated from the Butler and Jomax Water Reclamation Facilities.
- Other Roll-Off – This Service utilizes large containers to collect material from various city departments as part of their daily operation or for special events (e.g. neighborhood pride)

Front Loader: Commercial trash collection serving any size business, with single or multi-weekly collection utilizing metal bins ranging in size from 2 yards to 8 yards.

- Multi-Family Service – This Service utilizes metal bins for multifamily facilities based on availability of space.
- Commercial Businesses – This Service utilizes metal bins for various businesses either individually or shared with others based on business location and type
- Governmental Facilities – This service utilizes metal bins for various city facilities and public schools.

Recycling: Commercial recycling service is currently offered to governmental facilities and limited businesses. As such collection of recyclables is primarily comprised of cardboard and paper. The Service utilizes 300-gal containers or metal bins ranging in size from 2 yards to 8 yards.

- Governmental Facilities- This Service provides recycling service for City buildings, libraries, parks, sports complex.
 - Commercial Businesses – This Service provides recycling service for Schools, churches, independent small to large stores, offices and general businesses.
-

Existing Rate Structure:

- ❖ Roll-off Solid Waste Collection Service :
 - Solids Handling = \$155/pull
Additional Disposal Fee paid for directly to the Material Handling facility by the Wastewater fund.
 - Other Roll-Off = \$195/pull
Additional disposal fee per Ton is charged to each customer based on actual tonnage disposed.

 - ❖ Front Loader Solid Waste Collection Service: refer to **Page 15**

 - ❖ Recycling Collection Service: There is no separate fee for the Recycling Collection Service
-

**City of Peoria
Solid Waste Rates
Effective January 2, 2009**

Commercial Services

Container Size	Number of Pickup per Week	Monthly Rate
2 Cubic Yard	1 Time/Week	\$ 60.62
	2 Times/Week	\$ 94.48
	3 Times/Week	\$ 139.04
	4 Times/Week	\$ 183.60
	5 Times Week	\$ 228.16
	6 Times/Week	\$ 272.72
	7 Times/Week	\$ 328.43
3 Cubic Yard	1 Time/Week	\$ 64.47
	2 Times/Week	\$ 103.63
	3 Times/Week	\$ 152.73
	4 Times/Week	\$ 201.81
	5 Times Week	\$ 250.91
	6 Times/Week	\$ 300.00
	7 Times/Week	\$ 361.38
4 Cubic Yard	1 Time/Week	\$ 68.37
	2 Times/Week	\$ 112.85
	3 Times/Week	\$ 166.47
	4 Times/Week	\$ 220.09
	5 Times Week	\$ 273.71
	6 Times/Week	\$ 327.34
	7 Times/Week	\$ 394.34
6 Cubic Yard	1 Time/Week	\$ 76.14
	2 Times/Week	\$ 131.20
	3 Times/Week	\$ 193.90
	4 Times/Week	\$ 256.59
	5 Times Week	\$ 319.27
	6 Times/Week	\$ 381.97
	7 Times/Week	\$ 460.34
8 Cubic Yard	1 Time/Week	\$ 83.86
	2 Times/Week	\$ 149.48
	3 Times/Week	\$ 221.25
	4 Times/Week	\$ 293.01
	5 Times Week	\$ 364.74
	6 Times/Week	\$ 436.50
	7 Times/Week	\$ 526.22

Misc. Commercial

	\$ 35.00
Container Steam Cleaning	\$ 55.00
Container Painting	\$ 70.00
Handling Gates and Pullouts of Conts.	\$ 3.00
Locking Devices	\$ 5.00
Casters	\$ 6.00
Roll-Off Dry Runs (cont is not ready)	\$ 35.00
Roll-Off Unloads (overloaded conts)	\$ 35.00

Compactors

4 Cubic Yard	1 Time/Week	\$ 148.38
	2 Times/Week	\$ 285.36
	3 Times/Week	\$ 422.33
	4 Times/Week	\$ 559.31
	5 Times Week	\$ 696.29
	6 Times/Week	\$ 833.27
	7 Times/Week	\$ 1,004.50
6 Cubic Yard	1 Time/Week	\$ 168.40
	2 Times/Week	\$ 323.25
	3 Times/Week	\$ 478.11
	4 Times/Week	\$ 632.96
	5 Times Week	\$ 787.81
	6 Times/Week	\$ 942.67
	7 Times/Week	\$ 1,136.25
8 Cubic Yard	1 Time/Week	\$ 187.70
	2 Times/Week	\$ 360.43
	3 Times/Week	\$ 533.16
	4 Times/Week	\$ 705.89
	5 Times Week	\$ 878.62
	6 Times/Week	\$ 1,051.36

Roll-Offs

20 yards	\$25	22 ft long and 3 ft high	\$ 195.00
30 yards	\$35	22 ft long and 5 ft high	
40 yards	\$45	22 ft long and 7 ft high	
		Fee per Ton	\$ 28.00

Commercial Solid Waste
Cost of Service Allocation

Service Description	FY2012 Cost Allocation
Commercial Collection Roll-off: -	
• Solids Handling ⁽¹⁾	\$ 217,250
• Other Roll-Off	\$ 241,903
Subtotal – Roll-Off :	\$459,153
Commercial Collection Front Loader -	
• Multi-Family Service	\$ 759,809
• Commercial Businesses	\$ 908,884
Subtotal - Commercial Collection:	\$1,668,693
Commercial Recycling Collection -	
• All Customers	\$ 290,024
Subtotal - Commercial Recycling Collection:	\$290,024
Total Commercial Solid Waste:	\$2,417,870

(1) Cost allocations do not include Disposal and container maintenance as these are paid for directly by the Wastewater Fund.

Commercial Solid Waste
Recommendations

Staff Recommendation:

Staff recommends that the Subcommittee make a recommendation to the full Council As follows:

1. Increase the rates for Commercial Solid Waste 3% for the Commercial front load Service only in FY 2013 (no rate adjustment for roll-off service is recommended at this time). It is projected that additional future rate adjustments will be needed in FY 2014 through FY 2017.
2. Adopt a new rate for Commercial Recycling Service based on the following Table:

Container Size	Frequency Of Service Delivery	Rate
300-gal, 4YD, 6YD,8YD	1x per week	\$25.00
300-gal, 4YD, 6YD,8YD	2x per week	\$50.00

Sub-Committee Recommendation

The Subcommittee has made the following recommendation to the full Council for consideration:

1. Increase the rates for Commercial Solid Waste 3% for the Commercial front load Service only in FY 2013 (no rate adjustment for roll-off service is recommended at this time). It is projected that additional future rate adjustments will be needed in FY 2014 through FY 2017.
2. Create a rate for Commercial Recycling Service based on the following Table:

Container Size	Frequency Of Service Delivery	Rate
300-gal, 4YD, 6YD,8YD	1x per week	\$25.00
300-gal, 4YD, 6YD,8YD	2x per week	\$50.00

Landfill Tipping Fee and Recycling Revenue Summary

Recycling Program Revenues

	Current Revenue		Proposed Revenue		Changes in Revenue
	FY 2011 Tons	\$/ Ton	Estimated Tons	\$/ Ton	
Waste Management	N/A	N/A	10,000	\$56.00	\$560,000
Phoenix	16,628	\$31.67	6,628	\$50.00	(\$195,204)
Glendale	N/A	N/A	N/A	0.00	N/A
Total	16,628		16,628		\$364,796

Additional revenue

Landfill Program Fees

	Current Fees		Proposed Fees		Changes in Fees
	FY 2011 Tons	\$/ Ton	Estimated Tons	\$/ Ton	
Waste Management	68,545	\$22.31	63,745	\$22.31	\$107,088
Phoenix	N/A	N/A	N/A	N/A	N/A
Glendale	N/A	N/A	4,800	\$25.00	(\$120,000)
Total	68,545		68,545		(\$12,912)

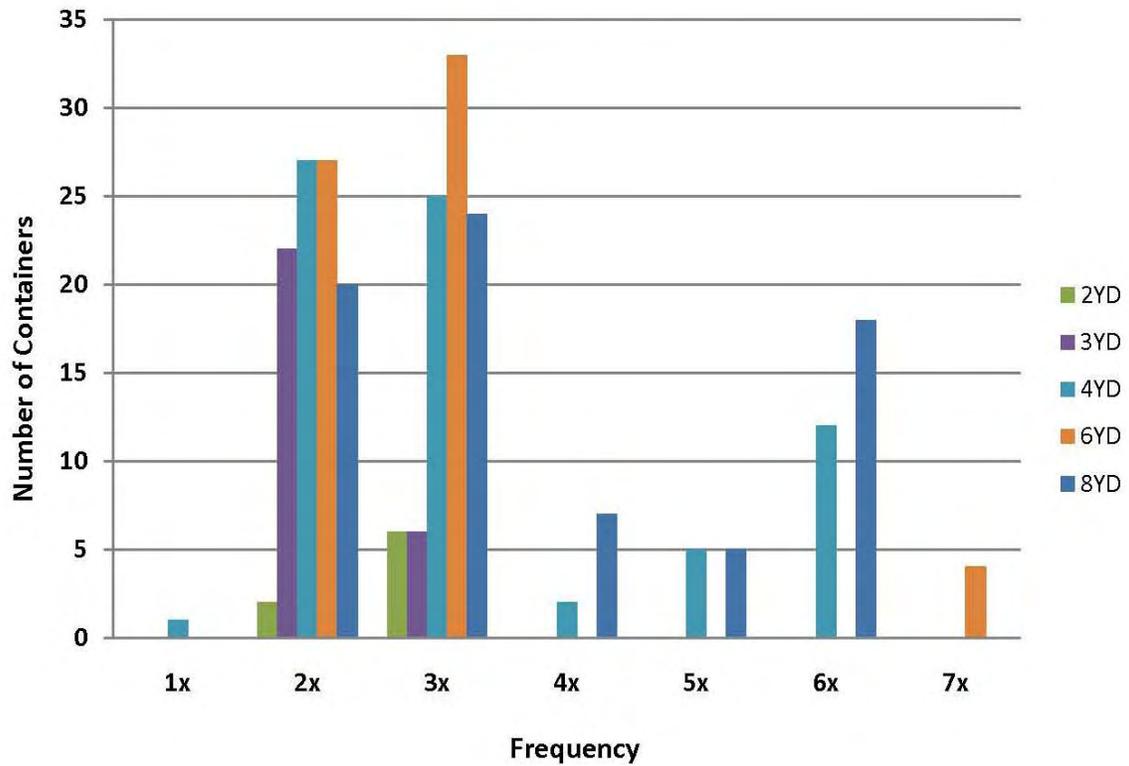
Direct Cost Increase⁽⁵⁾

Net Change in Program costs \$351,884 Additional revenue

NOTES:

1. Phoenix Recycling rate is a blended rate which varies monthly
2. Waste Management Tipping Fee is \$18.39 at the Northwest Regional Landfill
3. Waste Management Tipping Fee is \$23.06 at the Deer Valley Transfer Station
4. Waste Management has a \$1.22 Fuel surcharge for Deer Valley Transfer Station
5. Glendale's Recycling Facility does not accept glass
6. Direct Costs only reflect costs related to Landfill fees. Additional savings will be realized due reduced operational costs

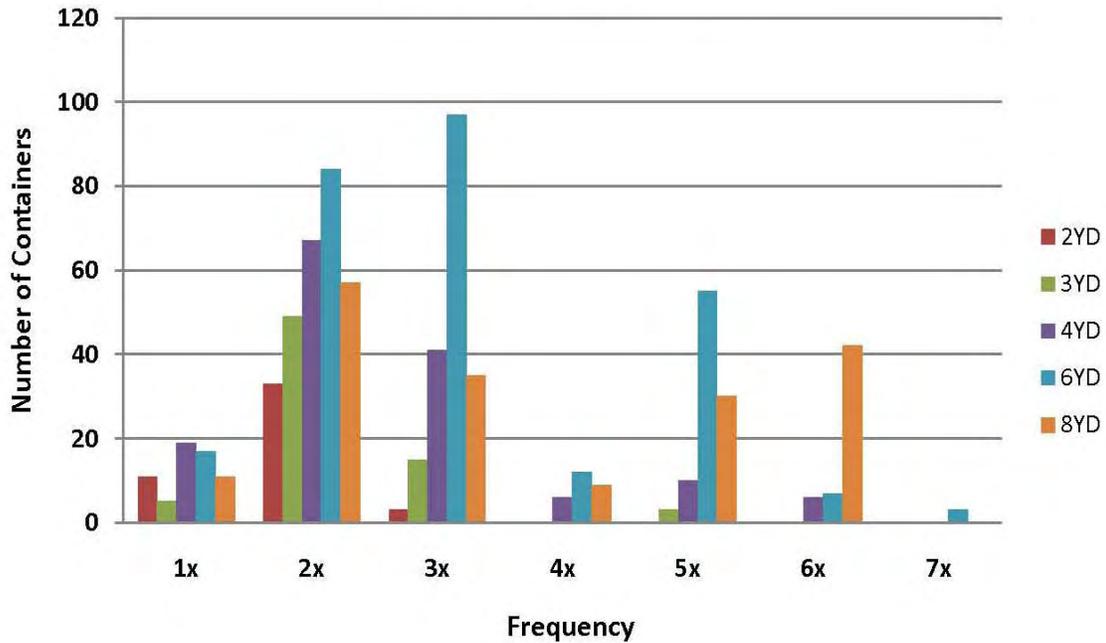
Multi-Family



MULTI-FAMILY

Container Size/ Frequency	1x	2x	3x	4x	5x	6x	7x	Total
2YD		2	6					8
3YD		22	6					28
4YD	1	27	25	2	5	12		72
6YD		27	33				4	64
8YD		20	24	7	5	18		74
Total	1	98	94	9	10	30	4	246

Commercial (excluding multi-family)



Commercial

Container Size/ Frequency	1x	2x	3x	4x	5x	6x	7x	Total
2YD	11	33	3	0	0	0	0	47
3YD	5	49	15	0	3	0	0	72
4YD	19	67	41	6	10	6	0	149
6YD	17	84	97	12	55	7	3	275
8YD	11	57	35	9	30	42	0	184
Total	63	290	191	27	98	55	3	727

COUNCIL SUBCOMMITTEE ON PUBLIC SERVICES

December 01, 2011

- Follow-up From October 28 Workshop
- Residential Solid Waste Program
- Service Options and Rates

Residential Solid Waste Program

Agenda:

- Current Programs
- Landfill and Recycling Agreement Renewal
- Rate Analysis
- Potential Service Options

Current Programs

- Trash and recycling collection (49,000 Residential Customers)
- Once a year bulk trash collection
- Christmas Tree disposal
- Household Hazardous Waste disposal (3 events / year)
- Special Haul (by appointment)

Landfill and Recycling Agreement Renewal

- Landfill costs and revenue from recyclables are a major part of rates.
- There are several Landfills and Recycling centers near Peoria.
 - Phoenix
 - Waste Management
 - Glendale

Rate Analysis

- Residential rate last adjusted in January 2009
- Current forecasts indicate revenues will exceed its operating expenditures over the next five years
- Opportunity to reduce rates
- Alternatively, evaluate service levels and new programs

Potential Service Options

- Bulk Trash
 - More Frequent Collection service
 - Convert to an “on demand” schedule
- Household Hazardous Waste
 - More frequent events
 - Offer at other locations
 - Drop off points between events

Potential Service Options (Cont.)

- Green Waste Program
- Same day Recycling and Trash Collection

Summary

- Recommendations
 - Reduce rates by 13% (new rate \$13.10)
- Alternative
 - Subcommittee Service Option(s) Priority List
- Next Steps
 - Forward to Council Study Session

Residential Solid Waste Service Summary

CITY	MONTHLY RATE	TRASH	RECYCLING	BULK TRASH	CHRISTMAS TREE COLLECTION	GREEN WASTE	HOUSEHOLD HAZARDOUS WASTE
Peoria	\$ 15.06	one day per week	one day per week	1 time per year	drop off	no	3 drop-off events per year
Scottsdale	\$ 16.00	one day per week	one day per week	monthly	drop off	no	3 drop-off events per year
Phoenix	\$ 26.85	one day per week	one day per week	4 times per year	drop off	no	drop-off once per month
Glendale	\$ 16.30	Trash and recycle on same day	Trash and recycle on same day	monthly	drop off	no	first-come, curbside 2 times/year, vendor collects and takes to landfill.
Chandler	\$ 15.07	one day per week	one day per week	once per 6-weeks by appointment	drop off	no	by appointment
Mesa	\$23.88	one day per week	one day per week	no free collection - \$19.99 by appt w/restrictions	Drop off - free; Curbside - \$19.99 (not recycled)	\$5.51 per month	3 per year - drop off
Surprise	\$16.63	one day per week	one day per week	by appointment, up to 2 times per year	drop off		2 per year - drop off

Residential Solid Waste Service Summary – Cont.

CITY	HOME COMPOSTING	NOTES
Peoria	no	
Scottsdale	\$40 to buy container	
Phoenix	\$5 to buy an old container	
Glendale	yes, recycled containers, do not advertise	Glendale charges an additional \$13.35 for not participating in recycling
Chandler	Free recycled container	
Mesa	yes - \$5 deposit, recycled container	Green waste taken to Salt River Landfill. A processing fee is paid, the landfill converts it into mulch which they then sell to their vendors who package it up and resell it to home improvement and garden stores
Surprise	no	

COUNCIL SUBCOMMITTEE ON PUBLIC SERVICES

December 15, 2011

- Follow-up from October 28 Workshop
- Commercial Solid Waste Program

Commercial Solid Waste Program

Agenda:

- Current Programs
- Existing Rate Structure
- Rate Comparisons
- Rate Recommendations

Current Programs: Roll-off Service

- Butler WRF Solids Handling
- Construction – Remodeling debris disposal



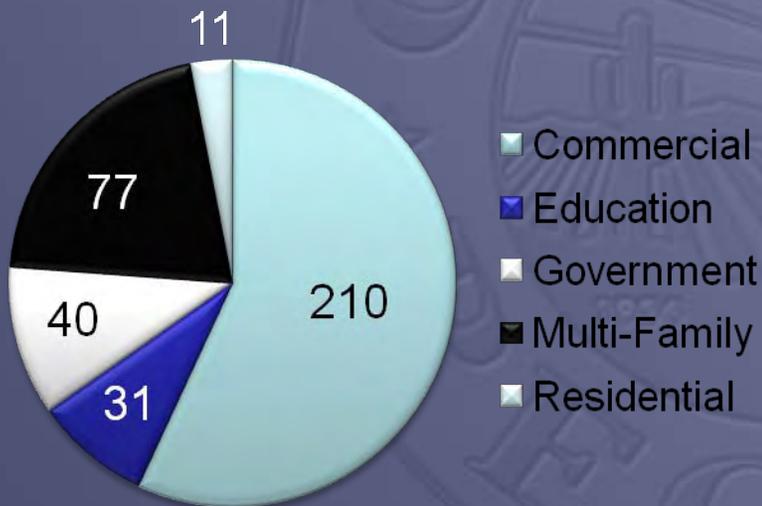
Current Programs: Front Loader Service

- Multi-Family Customers
- Commercial Businesses
- Governmental Facilities

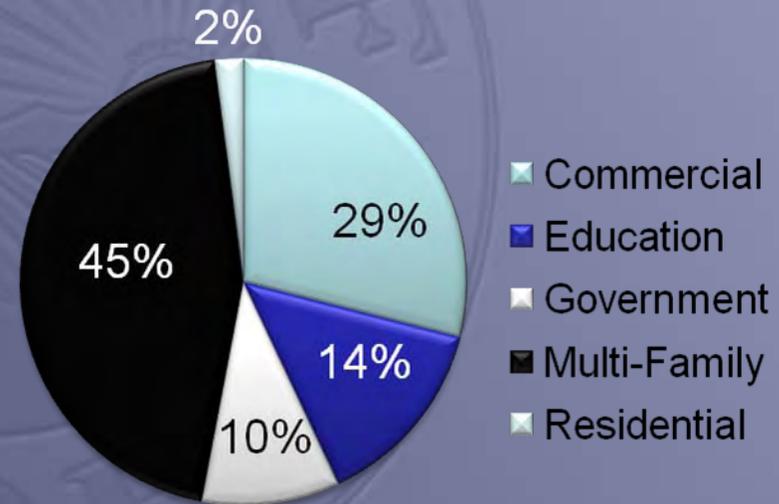


Current Programs: Front Loader Customer Profiles

Number of Customers



Percentage of Revenues



Current Programs: Recycling Services

- Governmental Facilities
- Other Customers



Current Programs: Recycling Services

- Customizing service for Unique Needs



Existing Rate Structure

- Roll-off Solid Waste Collection Service:
 - Butler WRF Solids Handling
\$155 per service (Landfill paid directly by Utilities)
 - Construction / Remodeling Other Roll-Off

Size	Monthly Fee	Service Fee	Tipping Fee
20 yard	\$25	\$195	\$28/ton
30 yard	\$35	\$195	\$28/ton
40 yard	\$45	\$195	\$28/ton

Existing Rate Structure

- Front Loader Solid Waste Collection Service:
 - Based on container size and frequency of service
- Recycling Service:
 - No additional fee

Front Loader Service Rate Comparisons

Container Size	Service Per Week	Peoria	Glendale	Tempe
4 yard	1	\$ 68	\$ 49	\$ 61
6 yard	2	\$ 131	\$120	\$135
6 yard	3	\$ 194	\$ 171	\$ 203
8 yard	4	\$ 293	\$ 312	\$ 306
8 yard	6	\$ 437	\$ 471	\$ 459

Sample Monthly Costs for Multi-Family Service

Property Name	No. of Units	SW Service Billing	Cost/Unit
Apartments A	159	\$1,551.00	\$9.75
Apartments B	112	\$2,132.90	\$19.04
Apartments C	80	\$3,149.40	\$39.37
Apartments D	108	\$1,368.55	\$12.67
Apartments E	299	\$1,837.00	\$6.14
Apartments F	100	\$988.00	\$9.88
Apartments G	159	\$564.00	\$3.55
Apartments H	152	\$1,273.00	\$8.38
Apartments I	170	\$2,133.00	\$12.55
Apartments J	175	\$1,388.00	\$7.93
Apartments K	127	\$543.00	\$4.28
Mobile Home Park A	91	\$394.00	\$4.33
12 Properties Sampled (Median Cost)		\$1,378.28	\$9.06

Range of Costs per Unit:
\$3.55 low
\$39.37 high

Rate Recommendations

- Increase rates 3% for the Commercial front load Service FY 2013.
 - Additional rate adjustments will be needed in FY 2014 through FY 2017.
 - No rate adjustment for roll-off service is recommended at this time
- Adopt a new rate for Commercial Recycling Service based on the following Table:

Container Size	Frequency Of Service Delivery	Rate
300-gal, 4YD, 6YD,8YD	1x per week	\$25.00/Month
300-gal, 4YD, 6YD,8YD	2x per week	\$50.00/Month

Summary

- Recommendations
 - Increase Commercial Front Load Service Rate by 3% annually
 - Create a new rate for Commercial Recycling
- Option
 - Increase Commercial Front Load Service Rate by 3% annually
 - Discontinue Commercial Recycling
- Next Steps
 - Forward to Council Study Session Rate for the Recycling Service

**MAYOR AND COUNCIL
SUBCOMMITTEE AGENDA ITEM
REQUEST FORM**

DATE:

TO: Carl Swenson, City Manager

FROM: Dave Pearson

SUBJECT: Itemizing Utility Bill

1. Provide a description of the agenda item.

Change the current utility bill to show an itemized billing for residential garbage and residential recycling.

2. Explain the policy issue related to the agenda item.

Although this issue was referred to at a General Government Subcommittee meeting it was packaged with a discussion of rate changes and allowing residents to opt out of the city mandated recycling program. As a result the topic of itemizing was not discussed. I would like to discuss this issue on its own merits. (Please see attachment).

City Manager's Office Use:

Date of receipt: 15 Nov 11

Policy issue: Yes No If denied, explain _____

Subcommittee assignment: *General Government*

Transferred to subcommittee staff liaison on: 15 Nov 11

Subcommittee agenda date:

Subcommittee action:

- No further action
- Study session referral
- Regular agenda Action
- City Manager Action

Tracking # 33

Communication to General Government Subcommittee

TO: General Government Subcommittee

FROM: Councilman Dave Pearson

THROUGH: Carl Swenson

SUBJECT: Itemizing Residential Garbage and Residential Recycling on Customer Utility Bills

BACKGROUND:

On Nov.14, 2011 the General Government Subcommittee chose not to discuss a request to change the Customer Utility Bill format. The request was to itemize the current "Residential Garbage" charge to show "Residential Garbage" AND "Residential Recycling" charges. Unfortunately the narrow discussion of changing the bill format was packaged into a broader discussion of possible solid waste rate and/or service changes and whether or not recycling services should be optional. Although these interesting topics deal with solid waste collection services, they are unrelated to a change in the utility bill format. The discussion of possible solid waste rate and service changes will be discussed by the Public Services Subcommittee. The discussion of a change in the format of the Customer Utility Bill is a topic for the General Government Subcommittee. Therefore, I request that the topic of a utility bill format change be discussed separately and without undue delay per council policy.

HISTORY:

Months previously, Councilman Pearson verbally requested to Carl Swenson and Brent Mattingly that the city consider itemizing Residential Garbage and Residential Recycling charges on Customer Utility Bills. Originally the topic was to be brought up as a report from the city manager during a regular council meeting. Subsequently, however, the request was determined by the city manager to be a policy matter and was submitted as an agenda item for subcommittee review.

ISSUE:

The City Council reviews and publishes an annual city budget. It is available to the public on the city Website. That budget lists a Residential Collection Division which includes a line item budget for both Residential Garbage and Residential Recycling services. In addition, the budget itemizes the number of employees each for Garbage and Recycling services and assigns administrative and capital costs to both Residential Garbage and Residential Recycling services.

The Council approved this budget itemization of Residential Garbage and Residential Recycling services to more clearly and accurately show the costs of these city services. It is a Council goal to encourage transparency in government. The Council would, therefore, want to increase transparency in its Customer Utility Bill.

Currently the city itemizes the following charges on its Customer Utility Bill: *Water Charges, Sewer Charges, EPA Charges, Storm Water Charge, State Water Resource Fee, Sales Tax on Water, State Water Quality Tax and Residential Garbage*. This itemization of customer charges was intended to foster a clear understanding of the costs of government services.

Since the city divides its Residential Collection budget into Residential Garbage and Residential Recycling and can determine the cost of both services, it would follow that the city would want to share that information with its utility customers. This enhances government transparency and trust. Our customers should be aware of the true costs of Residential Garbage and Residential Recycling services.

Clearly, the current Customer Utility Bill line-item "Residential Garbage" is inaccurate. The correct line items should be "Residential Garbage" and "Residential Recycling".

Therefore, it is requested that the Customer Utility Bill format be changed to reflect the more accurate and transparent cost of services for Residential Garbage and Residential Recycling.

ADVANTAGES:

- The Customer Utility Bill will reflect the true cost of government services.
- Government transparency and trust will be fostered.
- Residential customers will clearly see that recycling collection costs less than garbage collection which will encourage residents to recycle more.

STAFF COMMENTS *(and Councilman Pearson's Responses)*:

STAFF COMMENT: (From Nov. 14 General Government meeting information packet)

If Council desires to modify the monthly utility bill format, staff would work with our utility billing software vendor (Harris), bill printing/mailing vendor (Source Corp), and our Information Technology Department to enact system changes and billing modifications to divide the current solid waste charge into two separate line items - solid waste service and recycling service. This will require adjusting the charges on approximately 50,000 residential solid waste accounts. Based on past work with the vendor on other billing format projects, staff estimates an approximate cost of \$2,500 to \$5,000 to modify the information systems to accommodate this change.

RESPONSE:

Staff made a utility bill format change in July 2011 by adding a new line item charge for a "State Water Resources Fee". This was done to make the Customer Utility Bill more accurate and transparent. The Council agreed that this improved transparency was advisable.

The requested new utility bill format would list a line item charge each for "Residential Garbage" and "Residential Recycling". The true cost of these services has already been accounted for in the annual budget. The financial impact of this change is minor.

STAFF COMMENT: (From Nov. 14 General Government meeting information packet)

Generally, any changes to customer utility bills generate an increase in customer inquiries and telephone calls to our Customer Service Call Center. A change to the monthly billing format will require communication with our customers, likely through a bill message or insert designed to answer customer questions.

RESPONSE:

This is a normal and usual outcome when changes are made. There should be no more inquiries for this change than the July 2011 change. Fielding such inquiries is a normal part of government operations.

STAFF COMMENT: (From Nov. 14 General Government meeting information packet)

The change in their billing format may create a perception that the city is now charging for recycling service. The message can help assure customers that there is no net increase to their monthly bill. In addition, some customers may request the discontinuance of their recycling service and monthly charge."

RESPONSE:

City Residential Garbage and Recycling services are mandated by city ordinance. An update in the Customer Utility Bill format will not change this but it will make the true cost of government more transparent. The reality is that the city DOES charge residential customers for recycling services. Currently recycling costs are listed as "Residential Garbage" costs. This is inaccurate. Why would we not want our customers to know the true cost of city services? Isn't government transparency our goal?

CONCLUSION:

- The requested change in Customer Utility Bill format would NOT change Residential Garbage or Recycling services in any way.
- The requested change would NOT affect rates to customers.
- The requested change has minimal financial impact.
- The requested change will make our city government more transparent and reflect the true cost of government services.
- The requested change will encourage more recycling.

**COUNCIL SUBCOMMITTEE ON GENERAL GOVERNMENT
STAFF COMMUNICATION**

DATE: October 13, 2011

TO: Carl Swenson, City Manager

FROM: Brent Mattingly, CFO/Finance Director

THROUGH: Susan Thorpe, Deputy City Manager

SUBJECT: Format of Customer Utility Bills

Background:

This is a request for the City Council Subcommittee on General Government to discuss whether to recommend changing the format of the monthly customer utility bills to separately indicate the charge for the residential curbside recycling program. During prior budget discussions this item was requested for discussion by Councilmember Pearson.

Most recently, at their October 28, 2011 Budget Workshop, staff gave a presentation regarding residential and commercial solid waste services and potential rate adjustments. Council discussed a number of alternatives and requested that staff present further information to the applicable Council Subcommittee. After consideration by that Council Subcommittee the full Council will discuss solid waste services and rates in a Council Study Session.

In 2007 the city council approved implementation of a residential curbside recycling program. Recycling helps reduce landfill costs, generates revenue, and minimizes the impact of solid waste on the environment. State and County solid waste service regulations require twice a week solid waste service to our residents. To meet this requirement the city provides one refuse pickup and one recycling pickup each week.

Over the past few years the subject has been raised regarding the format of the monthly utility bill the city sends to its residential customers. It has been requested that staff indicate the cost of recycling service as a separate charge from the cost of refuse (trash) service.

The current city utility bill includes itemized charges for solid waste, water, and wastewater services along with applicable taxes and fees. If Council desires to modify the monthly utility bill format, staff would work with our utility billing software vendor (Harris), bill printing/ mailing vendor (Source Corp), and our Information Technology Department to enact system changes and billing modifications to divide the current solid waste charge into

**COUNCIL SUBCOMMITTEE ON GENERAL GOVERNMENT
STAFF COMMUNICATION**

two separate line items – solid waste service and recycling service. This will require adjusting the charges on approximately 50,000 residential solid waste accounts. Based on past work with the vendor on other billing format projects, staff estimates an approximate cost of \$2,500 to \$5,000 to modify the information systems to accommodate this change. Generally, any changes to customer utility bills generate an increase in customer inquiries and telephone calls to our Customer Service Call Center. A change to the monthly billing format will require communication with our customers, likely through a bill message or insert designed to answer customer questions. The change in their billing format may create a perception that the city is now charging for recycling service. The message can help assure customers that there is no net increase to their monthly bill. In addition, some customers may request the discontinuance of their recycling service and monthly charge.

Staff conducted a survey of how twelve other valley cities format their monthly utility bills. All twelve cities surveyed offer recycling service. For informational purposes, none of those other cities show the recycling cost as a separate charge.

In order to calculate separate charges, administrative cost centers would be allocated appropriately between the various solid waste services provided by the city. As a preliminary estimate, Management & Budget Department staff estimate the current monthly solid waste charge of \$15.06 would be allocated approximately as follows:

Approximate monthly solid waste service \$11.10 (73.7 %)

Approximate monthly residential recycling service \$3.96 (26.3 %)

If Council ultimately directs staff to proceed with the billing format changes, staff will further analyze the costs and arrive at the final monthly cost that would be used for billing customers. These rates would then be brought back to Council for formal approval and adoption. Future changes to these rates would be reviewed as part of the annual utility rate setting process.

Previous Actions:

In April 2011 Councilmember Pearson requested that staff clarify the monthly city utility bill to show the cost of Residential trash collection and the cost of Residential Recycling collection. Councilmember Pearson indicated that he believes that this change would follow the concept of transparent government. City operating budgets include separate cost centers for regular trash collection and residential recycling collection.

Options:

- A:** Recommend modifying the monthly customer utility bill format to separately indicate the cost of residential trash collection and the cost of residential recycling collection. Recommend that this item be considered by the full Council as part of a

**COUNCIL SUBCOMMITTEE ON GENERAL GOVERNMENT
STAFF COMMUNICATION**

larger Council Study Session on the review and discussion of solid waste services and rates.

- B:** Recommend modifying the monthly customer utility bill format to separately indicate the cost of residential trash collection and the cost of residential recycling collection.
- C:** Recommend retaining the current utility bill format showing a single, consolidated solid waste fee that encompasses both residential refuse and recycling collection.

Staff's Recommendation:

Staff recommends that the Council Subcommittee on General Government consider the above information and provide staff with the Subcommittee's recommendation regarding whether the format of the monthly residential utility bill should be modified to show a separate monthly charge for recycling service. Staff recommends that this item be discussed with the full City Council at a future Study Session encompassing a broader discussion of solid waste services, delivery options, and rates.

Fiscal Analysis:

Modification of the format of the utility bill would require the assistance of our utility billing software vendor (Harris), bill printing/ mailing vendor (Source Corp), and Information Technology Department to enact the system changes and billing modifications to divide the current Solid Waste charge into two separate line items. As described above, staff estimates an approximate cost of \$2,500 to \$5,000 to modify the information systems to accommodate this change.

Exhibit(s):

Exhibit 1: Copy of Current Peoria Utility Bill

Contact Name and Number: Brent Mattingly x7134

City Manager's Office Use:

Date of receipt: 10-13-11

Policy issue: Yes No If denied, explain _____

Subcommittee assignment: General Gov't
Transferred to Subcommittee Staff Liaison on: 10-18-11

Tracking # 001

**COUNCIL SUBCOMMITTEE ON GENERAL GOVERNMENT
STAFF COMMUNICATION**

Subcommittee agenda date:

Subcommittee Action:

No further action

Study session referral

Regular agenda referral

City Manager referral



City of Peoria
 Customer Service
 8401 W Monroe St.
 Peoria, AZ 85345

Account Statement

ACCOUNT INFORMATION

Account Number:
 Service Address:
 Service Period: 07/28/2011 - 08/29/2011
 Bill Date: 09/02/2011

WATER METER INFORMATION (thousands of gallons)

Meter	Service Period	Previous	Current	Usage
0051566096	07/28/2011 - 08/29/2011	0261	0276	15

Last Month's Usage 13 Last Year's Usage 7

ACCOUNT ACTIVITY

PREVIOUS BALANCE	82.47
PAYMENT 08/05/2011	-82.47

This Statement reflects payments posted thru Sep 01-2011.

NEW CHARGES

Water Charges	53.38
Sewer Charges	16.39
EPA Charges	0.90
Residential Garbage	15.06
Storm Water Charge	1.00
State Water Resource Fee	0.27
Sales Tax on Water	5.66
State Water Quality Tax	0.10

New Charges Due By 09/27/2011 92.76

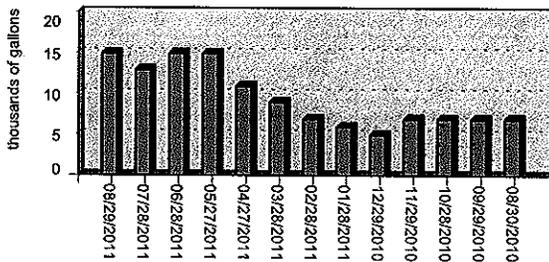
ACCOUNT BALANCE

TOTAL AMOUNT DUE 92.76

*Customer Service Office: (623) 773-7160
 *Office Hours: 7 am - 6 pm, Monday - Thursday

SIGN UP FOR PAPERLESS BILLING AT:
MYACCOUNT.PEORIAAZ.GOV

YOUR MONTHLY WATER USAGE



When paying by check, your check may be converted to either an electronic transaction or a draft.



City of Peoria

Return bottom portion with your payment - Please fold on perforation before tearing

Make checks payable to City of Peoria

ACCOUNT INFORMATION

Account Number:
 Service Address:
 Cycle-Route: 001-041
 Service Period: 07/28/2011 - 08/29/2011
 Bill Date: 09/02/2011

DUE DATE: 09/27/2011

AMOUNT DUE

TOTAL AMOUNT DUE \$ 92.76

AMOUNT ENCLOSED

Address Changed? Please check this box and fill in your new address on the back of this payment stub. Thank you!

