



1600 Floribunda Avenue
Hillsborough, CA 94010

**NOTICE OF PUBLIC HEARING TO CONSIDER AN INCREASE IN
SOLID WASTE AND RECYCLING RATES FOR 2012**

The City Council of the Town of Hillsborough hereby gives notice of its intent to review and consider approval of increases to the existing residential and commercial rates charged by the Town's solid waste franchisee, Recology, for the collection of solid waste, organics and recyclable materials within the Town of Hillsborough. The City Council plans to review and consider the rates and fee increases at a public hearing scheduled for:

**Monday, December 12, 2011 at 6:00 PM
Council Chambers
1600 Floribunda Avenue, Hillsborough, CA 94010**

At this hearing, the City Council will consider public comments as well as written protests by ratepayers against the proposed increase in solid waste and recycling fees. If written protests are presented by a majority of the affected ratepayers prior to the close of the public hearing, the City Council will not increase the rates as a matter of State law.

BACKGROUND INFORMATION

The South Bayside Waste Management Authority (SBWMA) and its member agencies, of which the Town of Hillsborough is one, are closing the first year of the new collection services provided by Recology San Mateo County (Recology). The transition to these new services in 2011 has been significant not only because of the expanded scope of services that includes more convenient weekly collection of single stream recycling, organic materials (yard trimmings and food scraps) and solid waste, but also of the increased diversion achieved by the member agencies. Residential recycling in the service area has gone up 30%, organic materials collection has increased 30% and solid waste generation is down 19%. The recycling center has undergone substantial capital improvements to facilitate single stream recycling service.

There also was a substantial change in the contractor compensation approach from the "cost-plus" methodology of the prior collection services franchise agreement to a "fixed cost" (i.e., base cost plus index adjustments) methodology included in the franchise agreement with Recology.

Hillsborough's residents were very successful in adapting to the way garbage and recycling are collected diverting 68% of its waste to recycling or compost. As a result, residents have been able to reduce the size of their black solid waste carts. Since the costs of collecting the recyclable and organic materials are rolled into the cost of the black cart, the current pricing model or rate structure no longer works and will prove unsustainable to continue paying for the garbage collection and disposal costs. The rates especially of the smaller cart subscriptions do not cover the costs of the expanded scope of services. Moreover, even if there is 100% diversion, the entire collection costs and half of the disposal costs would

still need to be paid. Despite the 25% increase approved and implemented March 1, 2011, the 2011 projected revenues would only increase 2% or \$40,000 over what was collected in 2010 thereby resulting in a large shortfall for 2011 due Recology.

The 2012 rate application was presented and reviewed by the Financial Advisory Committee, a group of resident volunteers, that serves as an advisory body to the Council regarding fiscal matters. The proposed rates and fee increases reflect staff's and the committee's recommendations. It should be noted that the 2012 rate requirements included an 8.5% reduction in Recology's collection costs from the 2011 costs; however, as discussed above, the current pricing model does not produce enough revenues to cover the costs despite the Recology reduction. The proposed model introduces a \$25 flat charge ("pickup fee") which will go on all bills regardless of the size of the cart plus a usage fee based on the size of the black solid waste cart. This flat charge will be subsequently included with the property tax bill as soon as arrangements are made with the County. The flat charge and the revised usage rates are designed to cover all collection and disposal costs. The rates will also include a one-time charge (\$39 per account) for funds due to the previous contractor (Allied) in the amount of \$140,950 and a monthly charge of \$7.50 per account to pay the 2011 projected shortfall due Recology in the amount of \$650,000 to be collected over a 24-month period.

MONTHLY RATES (unless indicated otherwise) to take effect January 1, 2012			
Size of Container	Existing Rates	Proposed 2012 Rates	Increase (Decrease)
RESIDENTIAL			
Flat fee "Pickup fee" (New per service address fee)		\$25.00	\$25.00
20-gal	\$22.88	\$17.40	(\$5.48)
32-gal	\$36.61	\$27.50	(\$9.11)
64-gal	\$73.22	\$57.40	(\$15.82)
96-gal	\$109.82	\$92.40	(\$17.42)
Additional organics cart (beyond 1) (New per can fee)		\$20.00	\$20.00
NON-RESIDENTIAL			
Solid Waste – 1-yd	\$118.24	\$140.60	\$22.36
Organics – 1-yd	\$59.17	\$70.40	\$11.23
One-time fee of \$39 per account to pay amount due Allied pursuant to the previous franchise agreement (to be charged in January 2012)			
A monthly fee of \$7.50 per account to pay the 2011 shortfall to Recology for 24 months starting January 2012.			
Other services cost schedule as indicated in Attachment Q			

FILING A PROTEST

To file a written protest, send a letter in a sealed envelope addressed to 2012 Solid Waste Rates, City Clerk, Town of Hillsborough, 1600 Floribunda Avenue, Hillsborough, CA 94010. Your letter must identify the real property you own or rent by street address and assessor's parcel number. Your letter must be legibly signed by any one of the current property owners or ratepayers of record. The Town must receive your letter at Town Hall by **5:00 p.m. on Monday, December 12, 2011**, or it must be presented at the City Council meeting on **Monday, December 12, 2011** prior to the close of the public hearing on the matter.

Any person interested, including all solid waste/recycling collection customers of the Town of Hillsborough, may appear at the public hearing and be heard on any matter related to the proposed increase in rates.

If you would like additional information on the proposed rates, please call the Town's Finance Director, Maria Edna J. Masbad at 650-375-7408.