



MAYOR & COUNCIL COMMUNICATION

May 17, 2011

Subject: Public Hearing and Fee Adoption – Residential,
Commercial, Disposal and Groundwater Protection Fee
Adoption and Public Hearing (City Wide)

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Issue - Request to adopt proposed changes in Tucson City Code Chapter 15 and Environmental Services (ES) fees including commercial, residential refuse collection, disposal and groundwater protection to support the existing Financial Sustainability Plan reviewed by Mayor and Council on April 20, 2010.

City Manager's Office Recommendation – After today's public hearing the Mayor & Council is respectfully requested to adopt the attached ordinance changing the ES fees related to commercial and residential refuse collection, disposal and groundwater protection and amending Chapter 15. The ordinance provides that all the adopted fee changes will become effective on July 1, 2011 (FY 2012).

Background – ES was set up to become an enterprise fund on July 1, 2004. On April 20, 2010, the Mayor & Council approved the ES Long-Term Financial Sustainability Plan. This plan was formulated to reduce the long-term liability. In accordance with ES' Long-Term Financial Sustainability Plan, ES continues to update a cost of service plan in regards to commercial, residential refuse collection, disposal and groundwater protection.

Changes to Existing Fees and Services

Residential Refuse and Recycling Collection - ES customers who have curbside refuse collection service have had the choice to select the size of their refuse collection container. The new residential Automated Plastic Container (APC) service fees will be as follows:

Service	Fee
48 gallon	\$15.00/month (no change in rate)
65 gallon & shared 300 gallon	\$16.25/month
95 gallon	\$17.25/month
Additional Container	\$11.00/month (no change in rate)
Res. Container Delivery Fee	\$20.00 for more than two container size exchanges
APC Fuel Surcharge	\$0.37 03 per month for each \$0.10 per gallon above \$3.30 gallon charged on a quarterly basis to reflect the price of fuel.
APC removal and delivery fee	\$40.00
Residential account activation fee	\$ 5.00
Residential account deposit	\$65.00
Account reconciliation fee	\$50.00

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Note: The \$40.00 APC removal and delivery fee is for customers who elect to temporarily discontinue service by having their container removed when they are out of town; subsequent restoration of service and container delivery is included in this fee. The residential account activation fee and a residential account deposit are required for those customers who do not receive Tucson Water and are billed solely for ES services (approximately 4,000 of ES' 130,000 customers). The account reconciliation fee will be imposed in the event it is discovered that a resident has removed cans from another location. The residential account activation fee recovers the administrative cost of account startups for all residential customers.

Commercial Refuse Collection - These fees will be increased across all the service levels by approximately 2%. ES will also increase the volume base collection service to commercial APC customers at monthly rates of \$19.50, \$20.50 and \$61.50 for 65, 95 and 300 gallon services respectively.

Disposal Service – A landfill fuel surcharge, applied only to loads over 2000 pounds, will be reduced from \$0.63 to \$0.05 per ton for \$0.10 per gallon of city fuel price above \$3.30. The residential self-hauler waste disposal fee will increase \$5.00 to \$15.00 for loads 2000 pounds or less to be consistent with the cost of service study. Residential self-hauler rates have not increased since FY2005. The Household Hazardous Waste disposal for non-city residents not funded through an IGA with Pima County will be \$5.00 per load. Pima County has withdrawn funding for incorporated cities. With the exception of South Tucson, the cities declined to participate through a new IGA. If they reconsider, staff will return to Mayor and Council. Recycled paint will increase from \$5.00 per gallon to \$10.00 per gallon for non-white paint and \$15.00 per gallon for white paint. The disposal of hazardous materials under the Small Business Waste Acceptance Program will be reflected in the published schedule of fees based on current disposal costs.

Groundwater Protection Fee (GPF) - Beginning July 1, 2010, ES implemented a new GPF of \$0.72 per month for a standard household meter at 5/8 inches. This fee will be increased in order to recover the costs associated with billing services, sampling costs and the initial design of the Silverbell Landfill groundwater clean-up. The GPF is based upon meter size and will be capped at \$5.30 for all meters sized at 1 1/2 inches and greater. The groundwater protection fee shall be assigned as follows:

Meter Size (inches)	Fee per Month
5/8	\$1.06
3/4	\$1.59
1	\$2.65
1 1/2 and larger	\$5.30

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Current Considerations – The Environmental Services Advisory Committee (ESAC) approved the fee increases and changes to Chapter 15.

Legal Considerations – ES fees are not required by state law to be subject to a public hearing requirement. After the public hearing, Mayor & Council may adopt the relevant fee increases proposed or adopt increases that are *less than, but not greater than, those advertised*. An ordinance changing fees is included.

Financial Considerations – Adoption of all the proposed fee changes will result in total additional annual revenue to the ES fund of \$1.8 million. This is an increase of approximately 2% over this year's projected revenues. The projected long-term liability has been reduced to \$12.3 million.

Respectfully submitted,

Richard Miranda
Deputy City Manager

RM/Andrew H. Quigley/PMJ/dg
Environmental Services
PH/MAY17-11

Ordinance – Tucson City Code – Chapter 15 Environmental Services