



MEETING DATE: 9/17/07  
ITEM NO: 9

## COUNCIL AGENDA REPORT

DATE: September 7, 2007  
TO: MAYOR AND TOWN COUNCIL  
FROM: PAMELA JACOBS, INTERIM TOWN MANAGER *PJ Jacobs*  
SUBJECT: COUNCIL DISCUSSION REGARDING WEST VALLEY SOLID WASTE  
MANAGEMENT AUTHORITY BOARD CONSIDERATION OF HARD-TO-  
SERVICE RATES EFFECTIVE JULY 1, 2008

### RECOMMENDATION:

Council discussion regarding West Valley Solid Waste Management Authority Board consideration of hard to service rates effective July 1, 2008.

### BACKGROUND:

#### ***Collection Contract***

The Town contracts for solid waste collection and disposal services through the West Valley Solid Waste Management Authority (Authority), a joint powers entity consisting of the following four member agencies: Town of Los Gatos, City of Campbell, City of Monte Sereno, and City of Saratoga. The Authority Board of Directors includes one Council representative from each agency; Council member Glickman is the Los Gatos Board member, and Council member Wasserman is the alternate. Authority staff services are provided by HFH Consultants.

#### ***Report Purpose***

The purpose of this report is to provide Council with information about the Authority's process for setting collection service rates for hard-to-service customers to be effective July 1, 2008, and to ask Council to provide feedback to the Town's Authority representative regarding the rate structure. The Authority is scheduled to consider hard-to-service customer rates at its November 1 meeting.

PREPARED BY: Regina A. Falkner, Community Services Director

Reviewed by: \_\_\_\_\_ Assistant Town Manager *ok* Town Attorney  
\_\_\_\_\_ Clerk Administrator \_\_\_\_\_ Finance \_\_\_\_\_ Community Development

September 7, 2007

DISCUSSION:

***Hard to Service Rates***

As Council has discussed at previous meetings, the Authority executed a contract with West Valley Collection and Recycling (WVC&R) for collection services that began March 1, 2007. The Authority's contract with Green Valley Disposal Company expired at the end of February.

One of the issues the Authority has been managing during the transition in solid waste service providers is the increase in residential accounts designated hard-to-service. Green Valley used such a designation and charged a premium to serve these accounts, which were primarily hillside residences - though no official definition was ever given. WVC&R has defined hard-to-service as any location that cannot be served by its standard-size collection vehicle (28 cubic yards of capacity) and must instead be served by a smaller collection vehicle (14 cubic yards of capacity). Generally, these smaller vehicles must be used because of the width of the access road, turning space available, or overhanging trees or wires which would interfere with the automatic collection arm. A premium is charged to serve these residences, as the smaller collection vehicle must make twice the number of trips to the landfill each day to empty out, thereby increasing the cost of service on a per-account basis.

WVC&R initially designated 1,054 Los Gatos accounts as hard-to-service; in comparison, Green Valley had about 510 hard-to-service Los Gatos accounts. Town and WVC&R staff received many calls from residents contesting their hard-to-service status. In response, WVC&R sent out supervisors, including General Manager Paul Nelson, to work individually with residents to determine if a standard-size collection vehicle could indeed be used to service their home. Working creatively, WVC&R was able to remove the hard-to-service designation from 290 residences. The net increase is about 254 hard-to-service accounts.

***Hard to Service Rate Setting Process***

The West Valley Solid Waste Management Authority has held two special meetings to review this issue. At its June 21 meeting, the Authority Board reviewed a report from the Executive Director on the history of hard-to-service accounts in the West Valley cities and options for addressing concerns expressed by customers designated as hard-to-service under the new contract. The options presented ranged along a continuum from doing nothing to eliminating the hard-to-service designation altogether. The Board also took testimony from twenty-eight residents from Los Gatos, Monte Sereno, and Saratoga. The Board unanimously approved a resolution (1) reducing the hard-to-service rates in Los Gatos, Monte Sereno, and Saratoga by \$2.00 per month retroactive to March 1, 2007, and (2) directing the Executive Director to evaluate the impact of eliminating the hard-to-service rate on regular residential customers' rates in each jurisdiction.

At its second special meeting held on August 21, the Board received an informational report on the impact of eliminating the hard-to-service rate (Attachment 1). Based on that report and public testimony, the Board agreed to agendize the matter of hard-to-service rates for its regular meeting on November 1. In the meantime, West Valley Collection & Recycling continues to

September 7, 2007

work with individual residential customers to make physical arrangements, where possible, to allow for collection of their solid waste using the regular collection vehicle at the regular collection rate.

***Rate alternatives***

The Agency's Executive Director recommends that the rate structure adopted by the Board stay in place; with this strategy, the additional cost of serving customers designated as hard to service will continue to be borne by those ratepayers. Although other options exist, the alternative being considered by the Board is to allocate the cost of this service to all ratepayers.

Information regarding rates, the number of customers, and rate change impacts are included in the attached report prepared by the Agency's Executive Director. The number of hard-to-service accounts has decreased slightly since the report was written. As a result, if the Board chooses to spread the hard-to-service premium over all customers, the increase will be slightly less than what the report estimates. The number of hard-to-service Los Gatos accounts currently stands at about 760; this is an increase of about 250 accounts compared to accounts under the previous service contract.

The rate for weekly collection service (32 gallon can) is \$17.88/month. The hard to service rate is \$23.50. Customers qualifying as low income are eligible for a discounted rate of \$21.51. These rates are within the range of rates charged by neighboring cities for similar services.

**CONCLUSION:**

The Authority Board will consider whether to leave the existing rate structure in place or to spread the additional costs of serving hard-to-service customers among all rate payers. This issue will be considered by the Board at its regular meeting scheduled for November 1, 2007. Council discussion and any additional public input is requested by the Authority member to help guide his vote.

**ENVIRONMENTAL ASSESSMENT:**

This action is not a project defined under CEQA, and no further action is required.

**FISCAL IMPACT:**

No fiscal impact is anticipated. Franchise fees received from WVC&R will change only if the total service fees collected by the company change.

PAGE 4

MAYOR AND TOWN COUNCIL

SUBJECT: COUNCIL DISCUSSION REGARDING HARD-TO-SERVICE RATES

September 7, 2007

Attachments:

1. West Valley Solid Waste Management Authority Board Memo: Hard-to-Service Accounts and Rates
2. Emails from community members

Distribution:

Scott Hobson, Executive Director, West Valley Solid Waste Management Authority

Paul Nelson, General Manager, West Valley Collection and Recycling

Marva Sheehan, HFH Consultants

Kurt Voester, Los Gatos Resident

Richard Ruh, Los Gatos Resident

AGENDA ITEM NO. 5  
MEETING DATE: AUGUST 21, 2007

WEST VALLEY  
SOLID WASTE MANAGEMENT  
AUTHORITY

---

## AGENDA REPORT

Date: August 14, 2007  
To: West Valley Solid Waste Management Authority Board  
From: Executive Director  
Subject: **Hard-to-Service Accounts and Rates**

---

### RECOMMENDED ACTION

Discuss eliminating the hard-to-serve collection rates by increasing the regular collection rates.

### DISCUSSION

At a Special Meeting on June 21, the Board reviewed a report summarizing the history of hard-to-serve (HTS) accounts in the West Valley Cities, comparing the HTS rates to others in the San Francisco Bay Area, and outlining alternative approaches to the current rate system. The Board also heard testimony from 28 residents regarding the HTS classification and rates. At the meeting, the Board directed West Valley Collection & Recycling (WVCR) to reduce the HTS rate by \$2.00 per month retroactive to March 1, 2007 and asked the Executive Director to evaluate the impact of eliminating the HTS rate on the regular residential collection rates in each jurisdiction.

#### HTS Accounts Update

At the June 21 meeting, I reported that for its first billing, WVCR had 1,458 HTS customers, or 311 more than anticipated in the RFP. Because WVCR converted some of these HTS customers to regular service subsequent to the first billing, WVCR had a total of 1,413 HTS customers as of June 21. Since that meeting, WVCR has converted or agreed to convert an additional 138 customers (including all of the Los Gatos Woods development) to regular service, leaving a total of 1,275 HTS customers remaining. On a net basis, there remain 128 more HTS customers now than were reported by GVDC under the previous contract.

Eliminating the HTS Rate Classification

Residential collection rates are calculated by WVCR by first determining the amount of revenue required to be collected from each jurisdiction based on the number of customers in each jurisdiction. The revenue required is then allocated among each jurisdiction's rate payers in accordance with the rate policies approved for that jurisdiction. Thus, if the HTS rate classification were eliminated, the total cost of serving residential customers in each jurisdiction, both regular and currently HTS, would be spread over all residential customers in that jurisdiction. The effect would be to decrease the rate for the current HTS customers and increase the rate for all regular customers.

Tables 3-5 show the rate impact in the three cities with HTS customers assuming that rates are adjusted *at the beginning of the rate year*. (Because of the rate methodology described above, there is no impact on Campbell residents.) If rates were adjusted mid-year to be retroactive to the beginning of the rate year, the increases would be larger than those shown in the tables.

Table 3  
 Rate Impact on  
 35-Gallon Regular Collection Rate

Jurisdiction	# of Customers	Current Rate	New Rate	\$ Difference	% Difference
Los Gatos	5,883	\$17.88	\$18.38	\$0.50	2.8%
Monte Sereno	762	22.88	23.26	0.38	1.6%
Saratoga	5,955	19.83	20.34	0.51	2.5%

Table 4  
 Rate Impact on  
 65-Gallon Regular Collection Rate

Jurisdiction	# of Customers	Current Rate	New Rate	\$ Difference	% Difference
Los Gatos	1,199	\$35.76	\$36.77	\$1.01	2.8%
Monte Sereno	197	45.77	46.52	0.75	1.6%
Saratoga	1,873	39.67	40.68	1.01	2.5%

Table 5  
Rate Impact on  
95-Gallon Regular Collection Rate

Jurisdiction	# of Customers	Current Rate	New Rate	\$ Difference	% Difference
Los Gatos	381	\$53.64	\$55.15	\$1.51	2.8%
Monte Sereno	108	68.65	69.78	1.13	1.6%
Saratoga	816	59.50	61.01	1.51	2.5%

Recommendation

I recommend that the Board leave the current HTS rates in place, based on the following:

1. There is a cost basis for the rate differential – that is, the HTS accounts cost more to service.
2. The rates of over 17,000 residential customers would be increased by 1.6% to 2.8% to provide a rate reduction to 1,275 customers, most of whom have been paying the HTS rate for many years.

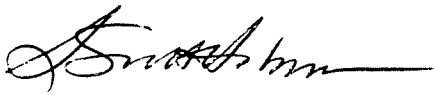
Nevertheless, should the Board wish to eliminate the HTS rate differential, I recommend that the new rates be effective July 1, 2008, in connection with the next contractual rate adjustment. When rates were adjusted on March 1, rate payers were told that the rates would be effective through June 30, 2008. Contractual disposal fee increases were not passed through to the rate payers on July 1 (but will be paid from jurisdiction funds) in an effort to hold to this representation. To increase rates mid-year would be contrary to this pledge.

**DOCUMENTS ATTACHED**

None.

**FISCAL IMPACT**

No impact on Authority funds.



---

L. Scott Hobson  
Executive Director



To: <cpage@saratoga.ca.us>  
Cc: <cwright@montesereno.org>; <sglickman@losgatosca.gov>;  
<donb@cityofcampbell.com>  
Sent: Saturday, September 01, 2007 2:02 PM  
Subject: West Valley Solid Waste Management Authority

Dear Board Members,

One of the requirements for a healthy community is that its garbage and trash is picked up regularly. We no longer have a choice whether to use this service or not; each household has a responsibility to the community at large to dispose of its garbage weekly and to pay its share of the cost. I don't expect to pay more than my neighbor nor should he expect to pay more than me. If I live on a wide street why should I pay less for this important community function than my neighbor who happens to live on a narrow street?

I believe each household should pay the same amount for garbage service. I urge you to eliminate the surcharge for those areas deemed "hard to serve".

Thank you.

Kurt Voester  
14251 Burns Way  
Saratoga, CA

From: "Wendy Palmer and Richard Ruh"  
To: <sglickman@losgatosca.gov>  
Sent: Tuesday, August 28, 2007 9:31 PM  
Subject: Garbage Whiners!

Hi Steve,

One solution for the garbage rate increase whiners is to produce less garbage!

Recycle and get a smaller garbage can than they had before.

We've got two adults and two LG HS students in our house. Our garbage bill went down with the new service since we now can have a shorty 20 gallon half garbage can. We pay less than we used to pay for the old 32 gallon service. (I haven't seen any other red button handle 20 gallon cans in town, yet, however.)

We never had more than a grocery bag full of garbage, with recycling and a compost pile. We've been subsidizing all the garbage slobs these years and finally have a chance to be rewarded for polluting less.

No, I don't care to subsidize the polluters and people who live in exclusive estates.

Let people pay their fair share.

Richard Ruh