

# SULTAN CITY COUNCIL

## AGENDA ITEM COVER SHEET

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**ITEM NO:** Consent - 7

**DATE:** January 22, 2009

**SUBJECT:** Ordinance 1014-09, Second Reading  
Setting Interim Garbage Collection Rates

**CONTACT PERSON:** Connie Dunn, Public Works Director

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**ISSUE:**

Approve on the consent agenda second reading of Ordinance 1014-09 (Attachment A) to increase interim Garbage Rates for 2009 until the budgeted 2009 Garbage Rate Study can be completed.

**STAFF RECOMMENDATION;**

Approve second reading of Ordinance 1014-09 adopting interim garbage rates; providing for severability; and establishing an effective date.

**SUMMARY:**

The City Council held a public hearing on the proposed rate increases on December 11, 2008 to adopt an interim twenty percent (20%) increase to garbage rates and establish the interim rates by Ordinance No. 1014-09.

The new rates will be effective February 1, 2009. Customers March 2009 utility bill will reflect the new interim garbage rates.

**BACKGROUND:**

The garbage rates were last set by Ordinance 849-04 effective July 1, 2004.

Since that time:

- The cost to purchase of dumpsters has doubled in price over the last four years,
- The cost of fuel has doubled since 2004,
- Employee wages have continued to raise by the cost of living annually
- Health care benefits have increased over the last several years,
- The cost of maintaining dumpsters and the garbage truck have increased,
- Snohomish County Solid Waste Rates will increase by 15% January, 2009, and
- Allied Waste increased recycling rates by 20% effective January 1, 2009

During the October 18, 2008 Council Budget Retreat 2008 an interim rate increase of 20% was a proposed option until the City can complete a garbage rate study in mid to late 2009.

Increasing the Garbage Rates was evaluated at the November 13, 2008 Council meeting during discussion period.

December 11, 2008 the Council conducted a Public Hearing regarding interim garbage rate increase, receiving three comments. (Attachments B & C)

Below is a staff provided garbage analysis:

Year	Actual Budget 2005	Actual Budget 2006	Actual Budget 2007	Adopted Budget 2008	Estimated Actual Budget 2008	Proposed Budget 2009
Revenues	540,128	579,658	561,326	573,198	559,350	683,402
% increase/decrease		6.8%	(3.3%)	2.6%		16.1%

Expenses	487,270	477,298	595,585	556,027	509,921	685,902*
% increase/decrease		(2.1%)	19.9%	7.1%		18.9%

**2005-2009 Average percentage increase**

Revenues            5.55%  
 Expenditures      7.40%

The 2009 proposed garbage fund budget includes:

- Vehicle operation and maintenance cost increase of \$20,000, this includes fuel, oil, tires, electronic and hydraulic repair as necessary
- 15% increase in tipping fees payable to Snohomish County, from \$89.00 to \$105.00 per ton.
- 20% increase in recycling costs charged by Allied Waste.

At the December 11, 2008 City Council conducted a Public Hearing on the proposed rate increase.

Public Comments Received, Minutes from the Public Hearing (Attachment B)

1. Sam Simpson – requesting revenues for garbage remain in the garbage utility enterprise fund.
2. Debbie Copple – has heard from the business community the increase in garbage rates is too much for them to adsorb. Also, questioned difference in the temporary dumpsters rates for service and the commercial rates. That has been reviewed the difference is the number of calls to the temporary is per service and the commercial is bi-monthly.
3. Received a written comment from Dan. (Attachment C)

On January 8, 2009 No comments were received during the first reading of Ordinance 1014-09 – Interim Garbage Rate Increase

**FISCAL IMPACT:**

The cost for a customer with one can a week service will be increased by \$3.10 from \$15.50 to \$18.60 per month. Other proposed increases are listed in Attachment A. The Senior Citizen rate will not increase for garbage or recycling. The proposed increases will generate approximately \$100,000 per year above the existing rate revenue.

The City received a letter from Snohomish County Solid Waste Division informing the rate for tipping fees will increase from \$89.00 to \$105.00 per ton effective March 1, 2008.

The City received notice from Allied Waste in late October 2008 that recycling rates will increase by 20% to the City per customer on January 1, 2009. The City encourages recycling by having this cost as a pass through cost increase.

**RECOMMENDED ACTION:**

Approve second reading of Ordinance 1014-09 adopting interim garbage rates; providing for severability; and establishing an effective date.

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**ATTACHMENTS:**

Attachment A	Ordinance 1014-09 Garbage Rate Increase
Attachment B	Minutes from the December 11, 2008 Public Hearing
Attachment C	Written Comment received November 12, 2008