



MEMORANDUM

DATE: October 26, 2020

TO: Eric Holmes, City Manager

Through: Dan Swensen, Interim Public Works Director

FROM: Rich McConaghy, Environmental Resources Manager
Julie Gilbertson, Solid Waste Supervisor

RE: **Fall 2020 Update: Garbage and Recycling Services & 2021 Rates**

An ordinance on proposed 2021 Solid Waste Rate Changes is currently scheduled to come before Vancouver City Council as a first reading on the Consent Agenda, November 9, and, with approval, as a second reading and public hearing on the Council's November 16 Agenda.

The purpose of this Memorandum is to provide additional background on key components affecting the City's Solid Waste Fund and further historical context to the proposed rate changes for 2021. Also highlighted are a few Solid Waste program activities over the past year.

Key Components Affecting Solid Waste Rates

The City of Vancouver's collection contract with Waste Connections of Washington, approved by City Council on February 25, 2019, is effective April 1, 2019, through April 30, 2030. This contract provides for a yearly rate review that considers changes in several key components: the consumer price index (CPI); the diesel fuel cost index; and Clark County adjustments to the waste tipping fee, recyclables processing surcharge fee and other disposal related charges planned for the start of the new year.

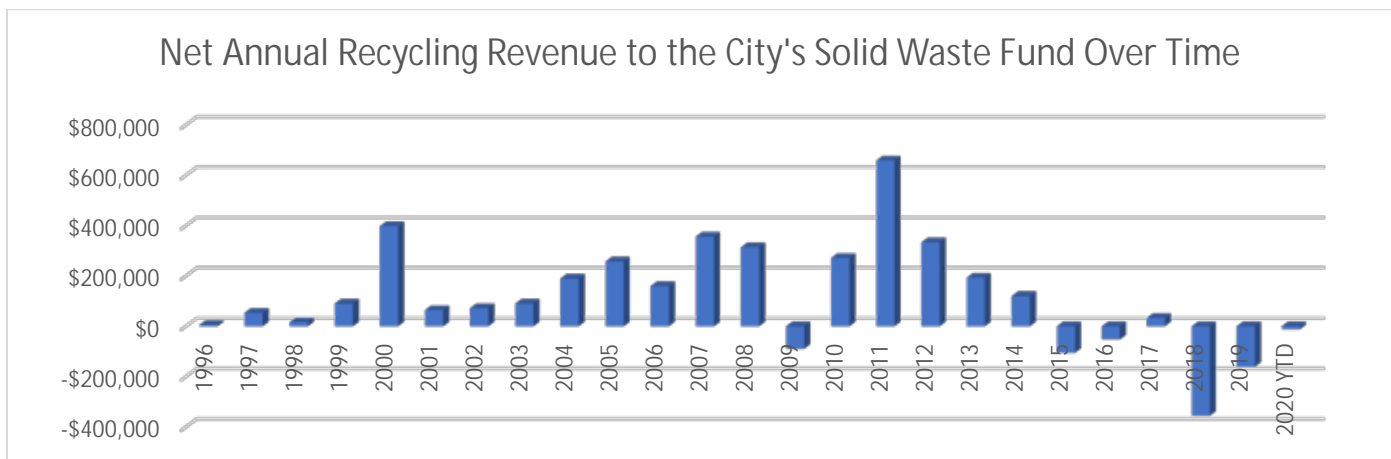
In addition to these components, the rate model, known as Exhibit D of the contract, incorporates any required adjustment of the City Fee and the Solid Waste Utility Tax (VMC 5.94). The City Fee supports Solid Waste programs, including neighborhood cleanups, spring cleanup coupons, fall leaf coupon and neighborhood leaf box program, Code Compliance, Talkin' Trash, Corrections litter crews, recycling education, and more. The Utility Tax, an embedded 28.9 percent Council-approved utility tax on city-owned and contracted utilities, supports General Fund needs including public safety. Basically, all of these components are part of rates.

Exhibit D details the annual adjustment to rates for each of the many services and service levels, 248 in all, included in VMC 6.12 Sections 208 through 213.

History of Solid Waste Rates

The typical single-family residential customer in the City of Vancouver has a 32-gallon per week garbage service, with recycling and subscription organics service of 96-gallons collected every-other-week. Attached is a year-to-year history of how that typical customer’s rates have changed since 2013. (Please see City of Vancouver – Recent Solid Waste Rate Increases.) As shown in the attachment, through the years, the City of Vancouver has worked to successfully minimize impacts to customers to the extent possible. This includes absorbing increases in Utility tax without increasing the City Fee in a number of years in order to limit ratepayer impacts. This was possible because of revenue realized in prior years from the sale of recyclables and retained in the Solid Waste Fund.

For 21 years, from 1996 to 2017, funds from the sale of recyclables collected from curbside and multi-family recycling have provided the City with a positive net revenue, averaging about \$156,000 per year. Though this sometimes varied significantly from year to year, this income allowed the City to help off-set a portion of the annual solid waste operating expenditures. Historically, recycling market revenues covered roughly 30% of the expenditures in the solid waste budget. However, the global downturn in the value of recyclable commodities, particularly over the past six years, has resulted in an operating loss averaging \$176,000 per year over just the past three years. This impact is illustrated in the following chart and industry experts anticipate that it will likely take a few years for market returns to improve. This decrease in revenue from sales of recyclables is a critical factor reflected in proposed 2021 Solid Waste rates.



Note: The illustrated “Net” income is after paying \$39.50 per ton to the collector (since 2014 and a bit less prior to that) for recyclable materials delivered for processing. The City’s new contract with Waste Connections has helped to reduce this impact as the amount paid out dropped to just \$10.00 per ton on and after April 1, 2019.

Result of Impacting Factors and 2021 Proposed Rates

For the typical single-family residential customer in the City of Vancouver, the result is a proposed increase in the total rate of 2.4 percent, or \$0.77 per month, effective January 1, 2021. Of this scheduled increase, \$0.35, or 45 percent of the increase, is due to contract-specified increases – tipping fee, CPI and fuel adjustments – and \$0.42, or 55 percent of the increase, is due to an adjustment in the City Fee.

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Other customer rates and services are proposed to increase from between 1 percent to as much as 3.3 percent – with garbage only rates consistently adjusting by the later.

The monthly City Fee, which is embedded in the rates and comes back to residents as services, is expected to increase by as much as 28.7 percent in 2021. Under the current contract and based on the rate adjustments detailed above, the proposed City Fee paid by Waste Connections in 2021 is \$144,993.17 per month. The 2020 City Fee was set at \$112,645.42 per month. This adjustment to the City Fee reflects two impacting factors: 1) foremost, the reduced revenues over the past six years due to lower global recycling market commodity values and 2) City Financial Management Policies included in the 2021-2022 Biennial Budget associated with balancing current revenues with current operating expenditures (#3), exercising sound financial estimation of revenues through reasonably conservative but realistic assumptions (#8), applying the principle of full cost recovery in enterprise fund operations (#12), maintenance of working capital reserves (#21) and maintenance of designated liability funding reserves.

A brief summary of some 2020 Solid Waste program highlights follows:

2020 Bulky Item Pickup Day: When the COVID-19 pandemic prevented traditional neighborhood cleanup events from going forward as normal, City staff quickly worked with Waste Connections and Recollect, the RecycleRight app developer, to develop a special 2020 alternative. In lieu of cleanups this year, Vancouver single-family households with active garbage service were able to schedule a one-time curbside pickup of up to five bulky items, none weighing more than 100 pounds. This temporary solution was designed to maintain residents' annual opportunity to dispose of those items that might have otherwise been taken to a cleanup event, at no added cost to ratepayers, in a manner that adheres to health and safety guidance. Full details about the one-time program are available online at www.cityofvancouver.us/2020CleanupOptions and we have attached a one-page summary detailing results of this effort.

Funds originally dedicated for neighborhood cleanup event disposal costs (~\$50,000 annually) within the Solid Waste budget were used to support both the curbside bulky pickup option and costs associated with expanding the mobile app to allow customers to submit a request without having to call or email to schedule the special 2020 service. The app will again be updated to allow Vancouver residents the option to request curbside bulky item collection for a fee, on or before January 2021.

Talkin' Trash and Community Litter Response: In addition to residential programs and services, the City's Solid Waste program also funds the well-recognized Talkin' Trash program in partnership with the local nonprofit Share. Talkin' Trash provides economic opportunity and housing support while assisting the City in picking up litter and protecting public health. With grant funding from Washington State Department of Commerce, this program was expanded in late 2019 to increase service days, add crew members and offer enhanced benefits for crew members. In 2020, the projected total program expenses are anticipated to be \$269,000, covering services, disposal, and grant-reimbursed expenses - of which \$122,100 or 45 percent is expected to be reimbursed by the state grant.

Talkin' Trash adapted quickly to the impacts of the COVID-19 pandemic by implementing new health procedures to protect the health of staff while out in the public. The City has relied on Talkin' Trash to assist with monitoring and providing litter support at the Safe Park Zones at Van Mall, the C-Tran Evergreen Station and at two Sanitation Sites and to support the citywide need for addressing litter and

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illegal dumping. From January through September 2020 the Talkin' Trash crew collected 63.42 tons of litter from City rights-of-way and other properties.

Organics Program First Year: With the new Waste Connections contract, the previous subscription yard debris program transitioned on October 1, 2019, to a subscription Organics program, allowing for the addition of food waste. This program now offers a variety of cart size options and is also accessible to commercial customers interested in diversion of food waste from the landfill at more affordable rates. Overall, community participation in the subscription service has been good. In June 2019, there were 28,972 yard debris customers, including 7,850 on-call customers. In June 2020, there were 28,560 Organics customers, all using the service year-round, with varying cart sizes to fit their needs and budget. Of these customers, 78.8 percent have the full-size 96-gallon cart; 17.2 percent use a 64-gallon cart; 2.2 percent use a 32-gallon cart; and 1.8 percent have chosen a 20-gallon cart. Dirt Hugger, the Dallesport, Wash., processor for organics material reports that the quality of the delivered material has been consistently high and is being made into a certified organic compost. It is now available for purchase in Vancouver.

Response to Unprecedented 2020 Community Health Issues:

– **COVID-19 Impacts:** The solid waste industry is seeing more residential waste and adjusted service levels as customers right-size to meet their household's garbage and recycling needs, higher rates of glass bin set outs and increased curbside bulky item collection requests; overall resulting in more tons collected from single family and multifamily routes than commercial and drop box routes. In addition an uptick in self-haul volumes was seen while people stayed home and cleaned. While some communities have had to reduce offered curbside services, Vancouver's residents did not experience a reduction in curbside garbage, organics or recycling services and Waste Connections worked with households and businesses on payment plans as needed. Waste Connections maintained services and kept its call center local and available over phone/email/chat features during normal days and hours, despite other private haulers reducing collection services or reducing call center hours.

– **Smoke / Air Quality** Fires and regionwide smoke in early September resulted in several days of hazardous air quality where regular collections were not safe or feasible. Residential and commercial collection was impacted for four weekdays and transfer station hours were reduced to limit staff exposure to harmful air quality and hazardous working conditions. Waste Connections did a call blast to residential customers whose routes were impacted and the City used the RecycleRight app and social media to alert customers to these impacts and keep them informed of conditions.

Staff contacts: Rich McConaghy, Environmental Resources Manager – 360-487-7165
Julie Gilbertson, Solid Waste Supervisor – 360-487-7162

Attachment(s):

- City of Vancouver – Recent Solid Waste Rate Increases – October 26, 2020
- Special One-time Bulky Item Pickup Days



To request other formats, please contact:
Public Works/Solid Waste
(360) 487-7160 | WA Relay: 711
solidwaste@cityofvancouver.us

City of Vancouver – Recent Solid Waste Rate Increases

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Proposed Adjustment to Typical * Residential Service Level (Proposed for **2021** on 11/16/20)

| Available Service Levels | | Jan - 2020 | Jan- 2021 | % Change | \$ Change | * Notes for bills |
|-----------------------------------|---------------------------------|------------|------------------|----------|---------------|------------------------|
| A | 32-Gallon Weekly Garbage | \$19.98 | \$20.63 * | 3.3% | \$0.65 | * + \$0.74 |
| B | Single Family Weekly Curbside | \$3.27 | \$3.30 | 0.9% | \$0.03 | |
| B' | Recycling Processing Surcharge | \$1.59 | \$1.60 | 0.7% | \$0.01 | Itemized on bill |
| C | Organics Collection (Subscribe) | \$7.80 | \$7.88 | 1.0% | \$0.08 | |
| TOTAL A + B + (B') | | \$24.84 | \$25.53 | 2.8% | \$0.69 | Values will be updated |
| TOTAL A + B + C (Organics) | | \$32.64 | \$33.41 | 2.4% | \$0.77 | |

* Note: This table compares only the most typical residential service levels – more than 200 service level options available

Current and Past Rates (in reverse order by noted **year**)

Prior Adjustment to Typical Residential Service Level (Approved for **2020** on 11/18/19)

| Available Service Levels | | Apr - 2019 | Jan- 2020 | % Change | \$ Change | * Notes for bills |
|-----------------------------------|---------------------------------|------------|-----------|----------|-----------|-------------------|
| A | 32-Gallon Weekly Garbage | \$19.22 | \$19.98 * | 4.0% | \$0.76 | * + \$0.72 |
| B | Single Family Weekly Curbside | \$3.20 | \$3.27 | 2.2% | \$0.07 | |
| B' | Recycling Processing Surcharge | \$1.77 | \$1.59 | -9.9% | -\$0.18 | Itemized on bill |
| C | Organics Collection (Subscribe) | \$7.43 | \$7.80 | 5.0% | \$0.37 | |
| TOTAL A + B + (B') | | \$24.19 | \$24.84 | 2.7% | \$0.65 | |
| TOTAL A + B + C (Organics) | | \$31.62 | \$32.64 | 3.2% | \$1.02 | |

Utility Tax (Impacting A only) was increased by 1.6% (w/ 2.3% impact) – **28.9%**

Prior Adjustment to Typical Residential Service Level (Approved for **April 1, 2019** on 2/25/19)

| Available Service Levels | | Jan - 2019 | Apr- 2019 | % Change | \$ Change | * Notes for bills |
|-----------------------------------|---------------------------------|------------|-----------|------------|-----------|-------------------|
| A | 32-Gallon Weekly Garbage | \$19.22 | \$19.22 * | 0.0% | \$0.00 | * + \$0.69 |
| B | Single Family Weekly Curbside | \$3.01 | \$3.20 | 6.3% | \$0.19 | |
| B' | Recycling Processing Surcharge | NA | \$1.77 | NEW | \$1.77 | Itemized on bill |
| C | Organics Collection (Subscribe) | \$7.43 | \$7.43 | 0.0% | \$0.00 | |
| TOTAL A + B + (B') | | \$22.23 | \$24.19 | 8.8% | \$1.96 | |
| TOTAL A + B + C (Organics) | | \$29.66 | \$31.62 | 6.6% | \$1.96 | |

New Contract & Start of Recycling Processing Surcharge Fee and Transition to NEW Organics (food scraps + yard debris) service in Fall 2019

Prior Adjustment to Typical Residential Service Level (Approved for **2019** on 10/1/18)

| Available Service Levels | | Jan - 2018 | Jan- 2019 | % Change | \$ Change | * Notes for bills |
|--------------------------------|------------------------------------|------------|-----------|----------|-----------|---|
| A | 32-Gallon Weekly Garbage | \$17.97 | \$19.22* | 7.0% | \$1.25 | * + \$0.69 |
| B | Single Family Weekly Curbside | \$2.90 | \$3.01 | 3.8% | \$0.11 | |
| C | Yard Debris Collection (Subscribe) | \$7.15 | \$7.43 | 3.9% | \$0.28 | |
| TOTAL A + B | | \$20.87 | \$22.23 | 6.5% | \$1.36 | * 3.6% State Solid Waste Tax – applies to garbage portion of customer rate. WAC 458-20-250 |
| TOTAL A + B + C (w/ YD) | | \$28.02 | \$29.66 | 5.9% | \$1.64 | |

Utility Tax (Impacting A only) was increased by 2.4% (w/ 3.3% impact) - **27.3%**

Prior Adjustment to Typical Residential Service Level – 2018 (Approved for 2018 on 11/20/17)

| Available Service Levels | Apr - 2017 | Jan- 2018 | % Change | \$ Change |
|--------------------------------------|------------|-----------|----------|-----------|
| A 32-Gallon Weekly Garbage | \$17.28 | \$17.97 * | 4.0% | \$0.69 |
| B Single Family Weekly Curbside | \$2.80 | \$2.90 | 3.6% | \$0.10 |
| C Yard Debris Collection (Subscribe) | \$6.90 | \$7.15 | 3.6% | \$0.25 |
| TOTAL A + B | \$20.08 | \$20.87 | 3.9% | \$0.79 |
| TOTAL A + B + C (w/ YD) | \$26.98 | \$28.02 | 3.9% | \$1.04 |

* + \$0.65

Prior Adjustment to Typical Residential Service Level – 2017 (Approved for 4/1/2017 on 2/6/17)

| Available Service Levels | Jan - 2016 | Apr- 2017 | % Change | \$ Change |
|--------------------------------------|------------|-----------|----------|-----------|
| A 32-Gallon Weekly Garbage | \$16.53 | \$17.28 * | 4.5% | \$0.75 |
| B Single Family Weekly Curbside | \$2.80 | \$2.80 | 0.0% | \$0.00 |
| C Yard Debris Collection (Subscribe) | \$6.90 | \$6.90 | 0.0% | \$0.00 |
| TOTAL A + B | \$19.33 | \$20.08 | 3.9% | \$0.75 |
| TOTAL A + B + C (w/ YD) | \$26.23 | \$26.98 | 2.9% | \$0.75 |

* + \$0.62

Utility Tax (Impacting A only) was increased (4/17) by 3.4% (w/ 4.5% impact) – 24.9%

Prior Adjustment to Typical Residential Service Level – 2013-2016 (Approved for 2016 on 11/2/15)

| Available Service Levels | Jan - 2013 | Jan- 2016 | % Change | \$ Change |
|--------------------------------------|------------|-----------|----------|-----------|
| A 32-Gallon Weekly Garbage | \$16.22 | \$16.53 * | 1.9% | \$0.31 |
| B Single Family Weekly Curbside | \$2.80 | \$2.80 | 0.0% | \$0.00 |
| C Yard Debris Collection (Subscribe) | \$6.90 | \$6.90 | 0.0% | \$0.00 |
| TOTAL A + B | \$19.02 | \$19.33 | 1.6% | \$0.31 |
| TOTAL A + B + C (w/ YD) | \$25.92 | \$26.23 | 1.2% | \$0.31 |

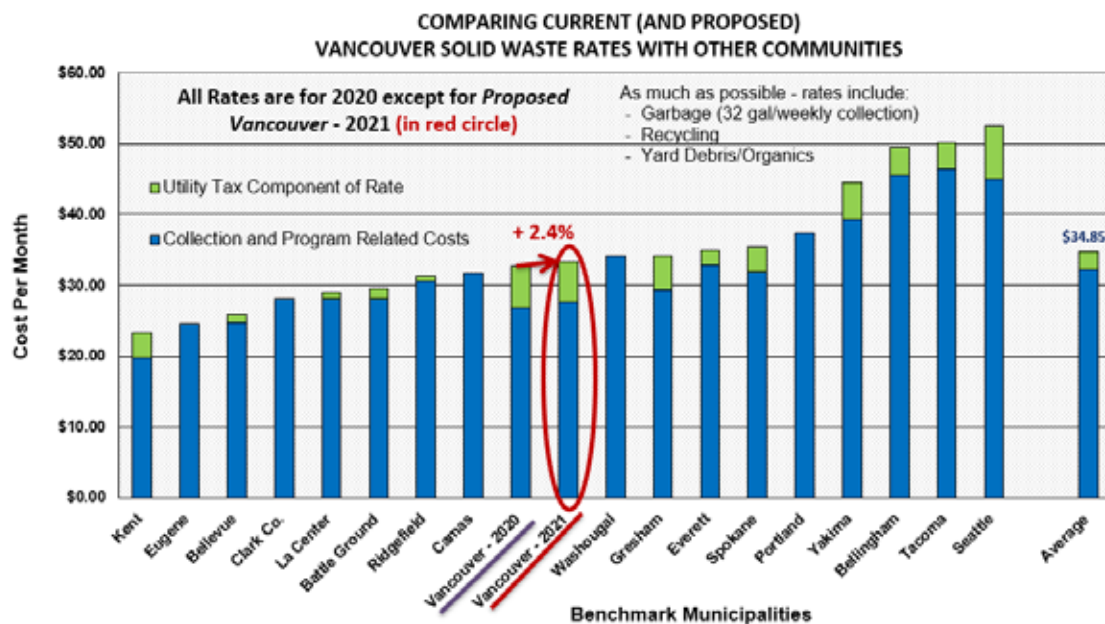
* + \$0.60

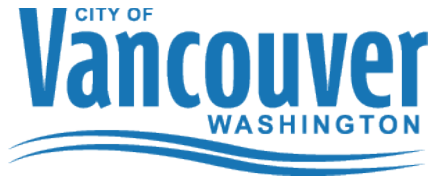
* 3.6% State Solid Waste Tax – applies to garbage portion of customer rate. WAC 458-20-250

Utility Tax (Impacting A only) was increased by 1.5% (w/ 1.9% impact) – 21.5%

Note: Many other residential rates are offered, 32-gal. Weekly is the most typical service level – others: <https://www.cityofvancouver.us/publicworks/page/garbage-and-recycling-rates-your-home>

Benchmarking – for 2021 Rates





CITY OF VANCOUVER SOLID WASTE: 2020 RESPONSE – SPECIAL ONE-TIME BULKY ITEM PICKUP DAYS

Faced with the need to cancel our traditional neighborhood cleanup events due to the COVID-19 pandemic, City of Vancouver Solid Waste, Waste Connections and our RecycleRight App provider (Recollect) worked together to develop a special 2020 option in lieu of the cleanup events. The objective of this project was to equitably cover all City neighborhoods, fit these optional pickup days into Waste Connections' already tightly honed schedule of trucks/drivers, and meet neighbors' need for the one-time bulky item disposal that the traditional cleanups have provided but in a manner that adheres to health and safety guidelines.

Although the Bulky Item Pickup Days could not take the place of the long-time, community-building, traditional neighborhood cleanups that Vancouver neighborhoods depend on and enjoy, given the difficulties and challenges presented by the pandemic, this special 2020 option was well-received and the response generally favorable, based on the feedback Solid Waste staff received. Over 13 weeks, more than 1,600 residents throughout the city participated in the one-time free Bulky Item Pickup Day. Approximately 90 tons of materials – broken furniture, old mattresses and more – were picked up and properly disposed of in the process.

BACKGROUND: Under this Bulky Item Pickup Day option, every single-family residence with active garbage service was eligible to set out up to 5 items for free curbside pickup – no item weighing more than 100 pounds – on a designated day. Residents needed to sign up in advance to participate so that Waste Connections could balance demand with limited trucks/drivers. This special project, rolled out amid the continued background of the pandemic, was continuously monitored and adjustments made throughout as needs arose.

Each week from mid-July through October, one or more Vancouver neighborhoods were notified when their two-week signup window opened to schedule a bulky item pickup. Without traditional channels provided by neighborhood meetings and events, reaching residents within specific areas was one of the biggest challenges. To get out the word, the City relied on emails and calls to neighborhood leaders, two NextDoor postings per neighborhood, and 10,574 notices directly to those Vancouver residents signed up for RecycleRight app reminders/alerts. Neighborhood associations were also encouraged to get involved in promoting the one-time service to residents, as typically done with traditional cleanups. The City created a webpage that provided project details, instructions, list of common bulky items, list of neighborhoods open for signup, and list of areas already served. (www.cityofvancouver.us/2020CleanupOptions) Designated pickup days were set by Waste Connections, based on amount of pickup requests and availability of drivers/trucks. Customers signed up by contacting Waste Connections directly via phone and email, or by using the RecycleRight mobile app or web tool on City and Waste Connections webpages. City Solid Waste staff also assisted residents with phone and email support.

OUTCOMES: Bulky Item Pickup Days started on the west side of the city and moved east. As the project advanced, news spread among neighborhoods and Waste Connections was able to refine its operations. Participation increased over time, and these factors are believed to have contributed to that success. As noted above, more than 1,600 residents participated in the one-time free Bulky Item Pickup Day for a total disposal of about 90 tons of materials. Residents also expressed appreciation in the ease of using the RecycleRight app for requesting a special bulky item pickup. As a result, this feature created for the 2020 project is now being developed so Vancouver residents can request bulky item pickup for a fee. We hope to have it available by or before early 2021.

PLANNING FOR 2021: At this time, City Solid Waste and Waste Connections remain hopeful about the future return to Saturday cleanup events. Neighborhood cleanup events are more than simply helping residents dispose of unwanted bulky items. These events also provide beneficial community-building opportunities and help facilitate neighborhood association involvement and participation. We will continue to monitor and evaluate conditions, keeping safety of the community as the highest priority. Vancouver Solid Waste is committed to keeping neighborhood leaders and residents informed of future developments.