



Memorandum

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Date: June 16, 2022
To: Mayor and Council Members
From: Michael Rogers, City Manager *MR*
Via: Don Scholl, Director of Public Works
CC: Connie Vieira, Management Analyst II
Subject: Information on Smaller Waste Containers and Grants Applied to Assist with SB 1383 Implementation

During the Council meeting on May 17, 2022, there were two residents that made comments and asked questions regarding solid waste items, prompting Council to request a memo from staff to address the items mentioned. One item was the status of adding a smaller waste container as an option for residents and the other item was regarding grants related to SB 1383.

Smaller Waste Containers

At the December 21, 2021 Council meeting, when a Public Hearing was first held for the solid waste rate study, Council requested that staff return at a future date with options to lower the financial impact to residents. One of the options explored was to offer a 35-gallon waste container in addition to the 60-gallon and 90-gallon containers currently offered.

During the continuation of the Public Hearing, held on April 5, 2022, staff presented the cost impact to residents if a 35-gallon container was added. Per the tables below, the addition of the smaller container would lower the cost for the customers selecting that size but would, however, increase the cost for customers that choose to have the 60- or 90- gallon containers. The explanation from the Consultant during the meeting was that the total operating costs remain the same. If the cost was reduced for customers with smaller containers, then the cost would have to be increased for the other customers to equal the full operating cost. In addition, since the smaller container was not included in the original solid waste rate study that was before Council for approval, a new rate study would have to be performed to update the costs of service, and a new Proposition 218 notification would have to be sent out. That process would have taken a few months and would have delayed the rate increase, which in turn would have led to a higher increase for all customers.

Proposed Rates from Rate Study in Prop 218 Notice													
Select Rates	Existing Rates	Year 1	\$ Change	Year 2	\$ Change	Year 3	\$ Change	Year 4	\$ Change	Year 5	\$ Change	Total Increase	% Increase
Residential 60 Gal	\$ 36.50	\$ 44.38	\$ 7.88	\$ 52.35	\$ 7.96	\$ 61.18	\$ 8.83	\$ 65.75	\$ 4.56	\$ 70.40	\$ 4.66	\$ 33.90	92.87%
Residential 90 Gal	\$ 43.20	\$ 52.57	\$ 9.37	\$ 60.87	\$ 8.30	\$ 70.21	\$ 9.35	\$ 75.50	\$ 5.29	\$ 80.89	\$ 5.39	\$ 37.69	87.24%
Inclusion of 35 Gallon Container													
Select Rates	Existing Rates	Year 1	\$ Change	Year 2	\$ Change	Year 3	\$ Change	Year 4	\$ Change	Year 5	\$ Change	Total Increase	% Increase
Residential 35 Gal	\$ -	\$ 39.24	\$ 39.24	\$ 47.91	\$ 8.67	\$ 56.48	\$ 8.57	\$ 60.69	\$ 4.21	\$ 65.05	\$ 4.36	\$ 25.81	65.77%
Residential 60 Gal	\$ 36.50	\$ 47.18	\$ 10.68	\$ 56.34	\$ 9.16	\$ 65.43	\$ 9.09	\$ 70.35	\$ 4.92	\$ 75.45	\$ 5.10	\$ 38.95	106.71%
Residential 90 Gal	\$ 43.20	\$ 57.19	\$ 13.99	\$ 65.55	\$ 8.36	\$ 75.11	\$ 9.56	\$ 80.68	\$ 5.57	\$ 86.44	\$ 5.76	\$ 43.24	100.09%

Council decided to approve the solid waste rate study and not implement the smaller container option at this time. This will allow the residents time to make the adjustments needed to comply with State mandates for organics processing (SB 1383). The current study is through 2026 and a new rate study will begin prior to the expiration of the current one. Smaller containers will be looked at as an option at that time, given that residents would have had enough time to right-size for their needs.

Grants for Organics Processing and SB 1383

Inquiries from Council and residents were made during the previously mentioned Council meetings regarding which grants have been applied for to assist in the implementation of SB 1383 mandates.

Tracy Material Recovery and Solid Waste Transfer, Inc. (TMRF), applied for the CalRecycle Organics Grant Program (ORG1) in July 2014. A grant amount of \$3,000,000 was requested for FY 2014/15 for the construction of an ASP composting system to compost new tons of food and green waste materials. They did not receive the grant funding because the TMRF facility is already existing and incremental new tons were not adequate in comparison to awarded facilities which are located in underserved markets.

TMRF applied for a second grant (Organics Grant Program (ORG 2)) in early 2017. The grant funding request was again for \$3,000,000 for construction of an ASP composting system and addition of food waste processing depackager. Preliminary analysis by the consultant working for TMRF revealed the potential for additional new tons was inadequate to justify higher scoring, so the decision was made to terminate the grant application process as the application would not be competitive at that time.

The City applied for the CalRecycle SB 1383 Local Assistance Grant in January 2022. The initial amount that would be awarded to the City was \$130,344. The City received an approval notice from CalRecycle at the end of April 2022 stating that the amount approved had been increased to \$139,987. The City submitted an updated application budget, per CalRecycle's request, based on the new awarded amount. The City received approval for the updated budget in May 2022. Funding was mailed and received last week. The grant funds are one-time only and will be used for education and outreach to all customers on upcoming changes to the waste pickup schedule and requirements, and to obtain a program to assist the City in tracking compliance of State mandates. This grant is the only one that the City of Tracy qualified for with assistance in implementation of SB 1383 mandates.

A resident called into the May 17, 2022 Council meeting with comments about grant applications. She mentioned that she contacted CalRecycle, and through the Freedom of Information Act, she requested information on any grants that the City or Delta Disposal had applied for from February 2016 through February 2021. The caller was told that no grants were applied for by either the City of Tracy or Delta Disposal. This information is correct since the City did not apply for the grant until January 2022 and Delta Disposal never applied for any grants, the grant(s) applied for were done under Tracy Material Recovery and Solid Waste Transfer, Inc. It would appear that the resident may have used the incorrect business name when requesting the information from CalRecycle.

In addition, the resident mentioned that she had attended a webinar held by CalRecycle earlier that day. The City's Management Analyst for Solid Waste and Recycling also attended the same webinar. The resident stated that there was \$270 million in grant funding available that the City and Delta Disposal did not apply for. Out of the six grants mentioned that made up the \$270 million available, the City of Tracy only qualified for one, and that was the SB 1383 Local Assistance Grant noted previously, which was applied for and awarded. The City did not qualify for any of the other

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grants because it did not meet the criteria required. The grants are for infrastructure, businesses, wastewater treatment co-digestion, and community composting for community groups. With regards to surplus food recovery, the City is partnering with the County to meet the requirements for SB 1383. The additional \$30 million available later this year, as mentioned by the resident, is also for infrastructure. Therefore, the City will not be eligible for that particular grant funding opportunity. The City continuously seeks out, researches, and applies for grant funding opportunities when it meets the criteria required to qualify for grant funding.