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City of Las Cruces[®]
 PEOPLE HELPING PEOPLE

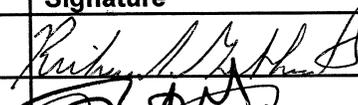
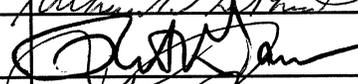
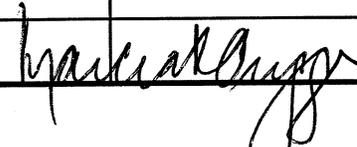
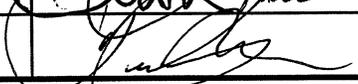
Council Action and Executive Summary

Item # 20 Resolution #11-078 Council District:

For Meeting of September 20, 2010
 (Adoption Date)

A RESOLUTION RECOMMENDING THAT THE SOUTH CENTRAL SOLID WASTE AUTHORITY BOARD APPROVE A SURCHARGE FOR CURBSIDE RECYCLING FOR CITY RESIDENTIAL SOLID WASTE CUSTOMERS.

PURPOSE(S) OF ACTION: To recommend that the South Central Solid Waste Authority Board ("Authority Board") approve one of two surcharge options to fund a curbside recycling program for all City residential solid waste customers.

Drafter and Staff Contact: Marcia B. Driggers		Department: Legal		Phone: 541-2128	
Department	Signature	Phone	Department	Signature	Phone
Department Director		528-3636	Budget		541-2107
Other			Assistant City Manager		541-2271
Legal		541-2128	City Manager		541-2076

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

The City of Las Cruces ("City") and the County of Dona Ana approved a Third Amended and Restated Joint Powers Agreement on April 14, 2009 which expanded the purposes of the South Central Solid Waste Authority ("Authority") thereby allowing it to offer and operate a regional recycling program within its boundaries with the consent of the necessary governing bodies. The Las Cruces Utilities Board thereafter approved on June 11, 2009 Resolution No. 08-09-065, which recommended approval of an Agreement Concerning a Regional Recycling Program and Regional Solid Waste Collection Services to be provided by the Authority ("Agreement"). The City Council thereafter approved Resolution No. 10-020 on July 6, 2009, which resolution approved the Agreement.

The Agreement recognized that the City's existing solid waste service rates currently contain a \$3.09 per month charge for non-senior citizen residential solid waste customers to fund the City's recycling program that previously existed. That recycling charge has since been dedicated by the City to the Authority solely for the Authority's recycling program. The Authority is now operating the recycling program that had previously been initiated by the City and has expanded that program to provide for single stream recycling at recycling centers throughout the City.

(Continue on additional sheets as required)

The Authority has put out a competitive request for proposal for a residential curbside recycling program, and proposes to award a contract to the top ranked respondent if a surcharge is approved that would generate the revenue to pay for the residential curbside recycling program proposed by the successful respondent. The Authority proposes to provide residential curbside recycling to all City residential solid waste customers.

Currently non-senior City residential solid waste customers pay \$3.09 per month for recycling which is part of the \$15.10 per month charge for solid waste services. Currently senior City residential solid waste customers pay \$-0- per month for recycling. At a City Council Work Session on August 9, 2010, the Authority Director proposed two (2) different surcharges which would generate approximately the same revenue for the Authority's proposed curbside recycling program.

The first surcharge option ("Surcharge Option I") would increase the non-senior residential solid waste customer charge for recycling by \$1.89 per month (being \$4.98 proposed minus \$3.09 existing), and would increase the senior residential solid waste customer charge for recycling by \$4.98 per month (being \$4.98 proposed minus \$-0- existing). With Surcharge Option I, all City residential solid waste customers would be paying \$4.98 per month for curbside recycling. The monthly recycling charge would be the same but the increase would be different.

The second surcharge option ("Surcharge Option II") would increase the non-senior and senior residential solid waste customer charge for recycling by \$2.59 per month. With Surcharge Option II, senior residential solid waste customers would be paying \$2.59 per month for curbside recycling and non-senior residential solid waste customers would be paying \$5.68 per month for curbside recycling. The monthly recycling charge would be different but the increase would be the same.

The Council needs to recommend approval of Surcharge Option I or Surcharge Option II or some other funding option if it wants the Authority to fund and implement a curbside recycling program.

This Resolution was originally drafted to provide that the Council would recommend approval of Surcharge Option I or Surcharge Option II to the Utilities Board. However, at the Council agenda meeting on Monday, September 13th, the title to the Resolution was changed to provide that the Council would recommend approval of Surcharge Option I or Surcharge Option II to the Authority Board, not to the Utilities Board. Therefore, the Council Action and Executive Summary and the Resolution have been redrafted accordingly.

SUPPORT INFORMATION:

1. Resolution.
2. Table comparing the existing charges for recycling with the proposed surcharges for Option I and Option II.
3. PowerPoint presentation from the August 9th Work Session.

SOURCE OF FUNDING:

Is this action already budgeted? N/A	Yes	<input type="checkbox"/>	See fund summary below
	No	<input type="checkbox"/>	If No, then check one below:
	<i>Budget Adjustment Attached</i>	<input type="checkbox"/>	Expense reallocated from: _____
	<input type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)	
<input type="checkbox"/>	Proposed funding is from fund balance in the _____ Fund.		
Does this action create any revenue?	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: _____
	No	<input checked="" type="checkbox"/>	There is no new revenue generated by this action.

FUND SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A					

(Continue on additional sheets as required)

OPTIONS / ALTERNATIVES:

1. Vote "Yes" for Surcharge Option I; this will recommend that the Authority Board approve Surcharge Option I for curbside recycling for all City residential solid waste customers.
2. Vote "Yes" for Surcharge Option II; this will recommend that the Authority Board approve Surcharge Option II for curbside recycling for all City residential solid waste customers.
3. Vote "No"; this will not recommend approval of either surcharge option; therefore, the Authority Board will not be able to fund and implement a curbside recycling program for City residential solid waste customers. The Council may also use this option to recommend that the Authority continue with the existing recycling program and not expand to curbside recycling.
4. Vote to "Amend"; this would require that the City Council recommend approval of a modified or new surcharge option to fund curbside recycling.
5. Vote to "Table"; this will require that the Authority proceed without funding direction from Council.

REFERENCE INFORMATION

N/A.

(Continue on additional sheets as required)

RESOLUTION NO. 11- 078**A RESOLUTION RECOMMENDING THAT THE SOUTH CENTRAL SOLID WASTE AUTHORITY BOARD APPROVE A SURCHARGE FOR CURBSIDE RECYCLING FOR CITY RESIDENTIAL SOLID WASTE CUSTOMERS.**

The City Council is informed that:

WHEREAS, the City of Las Cruces ("City") and the County of Dona Ana approved a Third Amended and Restated Joint Powers Agreement on April 14, 2009 which expanded the purposes of the South Central Solid Waste Authority ("Authority") thereby allowing it to offer and operate a regional recycling program within its boundaries with the consent of the necessary governing bodies; and

WHEREAS, the Las Cruces Utilities Board thereafter approved on June 11, 2009 Resolution No. 08-09-065, which recommended approval of an Agreement Concerning a Regional Recycling Program and Regional Solid Waste Collection Services to be provided by the Authority ("Agreement"); and

WHEREAS, the City Council thereafter approved Resolution No. 10-020 on July 6, 2009, which resolution approved the Agreement; and

WHEREAS, the Agreement recognized that the City's existing solid waste service rates currently contain a \$3.09 per month charge for non-senior citizen residential solid waste customers to fund the City's recycling program that previously existed; and

WHEREAS, that recycling charge has since been dedicated by the City to the Authority solely for the Authority's recycling program; and

WHEREAS, the Authority is now operating the recycling program that had previously been initiated by the City and has expanded that program to provide for single stream recycling at recycling centers throughout the City; and

WHEREAS, the Agreement recognizes that the Utilities Board is empowered to set City utility rates and that the Utilities Board may establish the amount, if any, to be allocated for the Authority's recycling program and to which class of City solid waste customers the recycling allocation would apply; and

WHEREAS, the Authority has put out a competitive request for proposal for a residential curbside recycling program, and proposes to award a contract to the top ranked respondent if a surcharge is approved that would generate the revenue to pay for the residential curbside recycling program proposed by the successful respondent; and

WHEREAS, the Authority proposes to provide residential curbside recycling to all City residential solid waste customers; and

WHEREAS, the City's Utilities Attorney has opined that the Utilities Board may approve a pass-through surcharge that would generate the revenue to pay for the Authority's residential curbside recycling program because that revenue requirement was derived as a result of a competitive request for proposal process; that the cost is a pass-through from the successful respondent to the Authority on a per customer basis; and that it is not necessary for the Utilities Board to have a solid waste rate hearing to provide for a surcharge which would be independently itemized on future City residential solid waste utility bills; and

WHEREAS, currently non-senior City residential solid waste customers pay \$3.09 per month for recycling which is part of the \$15.10 per month charge for solid waste services; and

WHEREAS, currently senior City residential solid waste customers pay \$-0- per month for recycling; and

WHEREAS, at a City Council Work Session on August 9, 2010, the Authority Director proposed two (2) different surcharges which would generate approximately the same revenue for the Authority's proposed curbside recycling program; and

WHEREAS, the first surcharge option ("Surcharge Option I") would increase the non-senior residential solid waste customer charge for recycling by \$1.89 per month (being \$4.98 proposed minus \$3.09 existing), and would increase the senior residential solid waste customer charge for recycling by \$4.98 per month (being \$4.98 proposed minus \$-0- existing). With Surcharge Option I, all City residential solid waste customers would be paying \$4.98 per month for curbside recycling. The monthly recycling charge would be the same but the increase would be different; and

WHEREAS, the second surcharge option ("Surcharge Option II") would increase the non-senior and senior residential solid waste customer charge for recycling by \$2.59 per month. With Surcharge Option II, senior residential solid waste customers would be paying \$2.59 per month for curbside recycling and non-senior residential solid waste customers would be paying \$5.68 per month for curbside recycling. The monthly recycling charge would be different but the increase would be the same; and

WHEREAS, the Council needs to recommend approval of Surcharge Option I or Surcharge Option II if it wants the Authority to fund and implement a curbside recycling program.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF LAS CRUCES:

(I)

THAT the City Council recommends that the South Central Solid Waste Authority Board approve curbside recycling Surcharge Option _____ plus applicable New Mexico gross receipts tax for all City residential solid waste customers, and that all revenue generated from the surcharge be dedicated to the Authority to pay for the proposed curbside recycling program for all City residential solid waste customers.

(II)

THAT City staff is authorized to do all deeds necessary to accomplish the intent of this Resolution.

DONE AND APPROVED on this 20th day of September, 2010.

APPROVED:

(SEAL)

Mayor

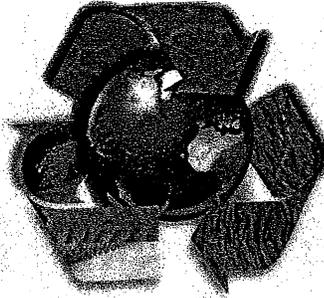
ATTEST:

City Clerk

COMPARISON TABLE**EXISTING CHARGES FOR RECYCLING
PROPOSED SURCHARGE OPTIONS I & II**

	Non-Senior Residential Solid Waste Customers	Senior Residential Solid Waste Customers
Existing Charges Currently Pay for Recycling Per Month	\$3.09	\$-0-
Proposed Surcharge Option I Per Month (Equal Charge/Different Increase)	\$4.98	\$4.98
Proposed Surcharge Option II Per Month (Different Charge/Equal Increase)	\$5.68	\$2.59

Bringing Curbside Recycling to the City of Las Cruces



Patrick Peck

South Central Solid Waste Authority
CLC Work Session August 9, 2010

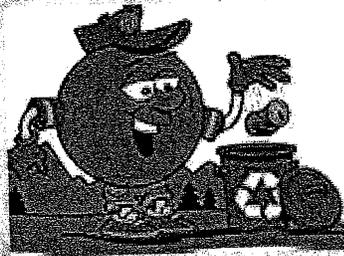
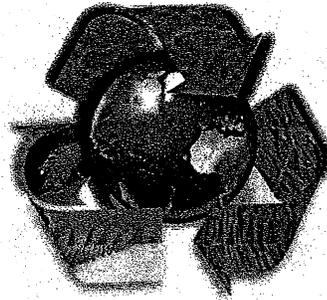
Making Curbside a Reality in the City of the Crossroads

- SCSWA is willing to offer the following as a Curbside Recycling program for all City of Las Cruces residential customers.
 - Bi-weekly service
 - 26 times per year
 - Fully automated 2-cart system
 - For every residential customer in the city limits with a 96 gallon cart
 - Single Stream Format
 - Fully supported with public education, school programs, neighborhood meetings and a professional PR Campaign



What is it Going to Cost?

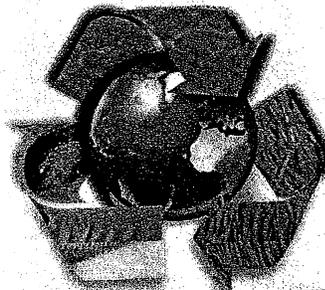
- The costs is \$4.98 per household
 - That's \$1.7 million dollars (Rounded based on 28,000 customers)
- Current revenue from residential recycling is \$805,000
- Additional revenue needed is \$879,000



Effect On Current Fees

- Option 1
 - Base rate on total program cost
 - From \$3.09 to \$4.98 for all customers
 - Increase of \$1.89 and \$4.98 for seniors
 - Residential & Seniors
- Option 2
 - Increase rates based on additional revenue needed
 - Increase rate by \$2.59 for all customers
 - Residential \$5.69
 - Seniors \$2.59
- Option 3
 - Pass on program and go back to the drawing board
 - Possibly a subscription program offered by the Authority
 - Will be very expensive and not cost effective
 - Continue to expand the existing drop-off program

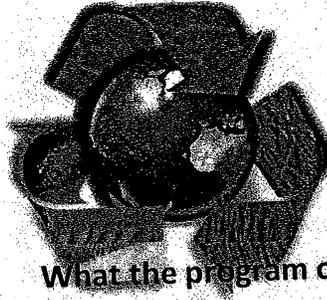
Cannot look at restructuring the current rate because this will require a cost of service analysis and that takes at least 12 months to complete. Offer from vendor will be pulled from table by then.



Why?

From what people are saying

- Critical quality of life issue for many Las Cruces residents
 - Our demographic is changing
- More than 10,000 curbside programs in the United States
- It is the single most asked question by citizens calling SCSWA
 - Second is glass
 - Third is plastic types
- Our children are being bombarded daily with the recycling message

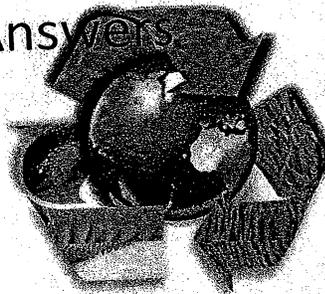


What the program can do

- Dollar for dollar curbside is the most economical solution
- Expecting 85% participation rate
- Will double the amount of material currently being handled

Some Answers

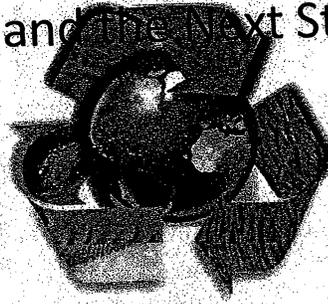
- Can people choose to opt in or out of the program?
 - No, every residential customer will get a container
- What will be in the container
 - Normal single-stream material



Does Recycling make money?

- Yes a small amount and that amount goes toward offsetting the transportation costs
- The \$4.98 per month charge is for the convenience of a curbside program.

Recommendations and The Next Steps



- The Solid Waste Authority Board and the City of Las Cruces Utilities Board await direction from City Council
 - Both bodies are ready to act on this issue this month
- Once received, both Boards will adopt the direction given and the proposed rate increase needed to continue with the program implementation
 - Or drop the subject
- If guidance is given, program can be in effect around the first of the calendar year (January)
- Contract with vendor can be finalized and signed
- Containers and trucks can be ordered
- Educational process will begin