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CITY OF NAPA GARBAGE RATE HIKE RAISES A STINK

SUMMARY

On July 25, 2019, the Napa City Council approved a garbage rate increase affecting more than 23,000 residential and commercial ratepayers in the City of Napa (City).¹ The rate increases were spread out over a three-year period beginning in August 2019 through December 2022, with annual increases in January of each year. The garbage rate increases were projected to help fill a \$3.3 million shortfall in the 2020 Solid Waste and Recycling program's budget. The 2019/2020 Napa County Jury (Jury) opened an investigation into the reasons behind the rate increases initially in response to concerns raised by Jury members. The Jury wanted to know if the rate increases were justified.

The last garbage rate hike for the City of Napa occurred in 2016. Many changes in the garbage service for the City have taken place since that time. The Jury's main focus was to examine the changes in the garbage service to determine if these changes were the primary reasons behind the new rate increases. Additionally, the Jury examined the City's Utilities Department's lines of communication to inform the ratepayers of the rate increases.

The City contracts their garbage service out to a private company called Napa Recycling and Waste Service (NRWS). NRWS has provided garbage service for the City since 2005. Recyclable materials are sorted and packaged for sale to foreign and domestic markets at the Materials Diversion Facility (MDF) on Devlin Road in southern Napa County. Solid waste materials are collected at the Napa Transfer Station (the "dump") then hauled to a landfill in Suisun City.

The City's Utilities Department is responsible for managing the Solid Waste and Recycling budget. In April 2019, three months before the rate increases were approved, they published a *Proposed Increase To Solid Waste And Recycling Rates* booklet outlining in detail the reasons behind the rate hike.² The booklet was mailed to all ratepayers as required by California law under Proposition 218, The Right To Vote On Taxes Act of 1996.³

The booklet contained a protest notice for ratepayers who wish to oppose the rate increases. It also contained information about the 2020 Solid Waste and Recycling budgeted revenues and expenditures. The Jury examined the booklet for a clear rationale in explaining to the ratepayers the reasons behind the rate increases. The Jury also looked for clarity in how the ratepayers were advised about how revenues and expenditures are allocated and spent in the 2020 Solid Waste and Recycling budget.

At the beginning of FY 2019, expenditures in the City's Solid Waste and Recycling budget began to exceed revenues. The shortfalls were related to several factors affecting the solid waste

¹ "Council OKs Garbage Rate Hike," July 25, 2019, <https://www.hyune@napanews.com>.

² City of Napa Publication, *Proposed Increases to Solid Waste & Recycling Rates*, July 25, 2019, p2.

³ Legislative Analysts Office.

https://lao.ca.gov/1996/120196_prop_218/understanding_prop218_1296.html. December 1996.

and recycling program.⁴ The most compelling factor was the loss of revenue from the sale of recyclable materials to overseas markets that led to higher NRWS costs to the City.

A factor affecting an increase in expenditures to the City was a need for major capital improvements at the MDF. These improvements ensure compliance with new state-mandated California recycling, clean air, and clean water regulations. All of these regulations impact the solid waste and recycling program both financially and operationally.

The Jury concluded that the recent changes in the garbage service were significant enough reasons to warrant the rate increases. The rate increases were justified and timely, given a projected budget shortfall in the 2020 Solid Waste and Recycling program's budget. The Jury found that the City could have been more transparent with the ratepayers by explaining in greater detail how the solid waste, recycling revenues, and expenditures are allocated and spent.

The Jury recommends that the City provide ratepayers within six months with more detailed information about each of the budget categories under the revenue and expenditures section of the annual budget. This information could be included with the monthly garbage bill.

GLOSSARY

Assembly Bill (AB) 1826 – State Mandated Commercial Organics Recycling Program

Assembly Bill (AB) 341 – State Mandated 75% percent Diversion Rate from Landfills by 2020

CNG – Compressed Natural Gas is an alternative fuel

CY – Calendar Year – A twelve-month period that begins on January 1 and ends on December 31

Enterprise Fund – Enterprise Funds under California law pertain to the costs of providing goods or services to the general public, which are primarily financed through user fees. Enterprise funds do not come from taxes. They come from the fees paid by the individuals who use the service. Enterprise funds are self-supporting and are separate from a City's general tax fund.

FY – Fiscal Year – A twelve-month financial period used by the City of Napa that begins on July 1 and ends on June 30

Gate Fees – Fees from individuals that are collected at a recycling or solid waste facility

MDF – Materials Diversion Facility is the facility where recyclable materials are sorted and processed for sale to global and domestic markets.

NRWS – Napa Recycling and Waste Service provides the City of Napa with their garbage service.

NVUSD – Napa Valley Unified School District

Proposition 218 (California) – The Right to Vote on Taxes Act, 1996

⁴ City of Napa, *Utilities Department, Solid Waste & Recycling Collection Service Rate Study For 2019-2020*, p 5.

PWD - Public Works Department

SWRB – Solid Waste Revenue Bonds

BACKGROUND

Garbage Service for the City of Napa

The City’s garbage service contract with Napa Recycling and Waste Service dates back to 2005. Prior to 2005, garbage service for the City of Napa was managed and operated by Waste Management Inc., a large, nationwide franchised garbage company. The City switched from Waste Management to NRWS in 2005 because NRWS was locally owned and more responsive to community needs.

In April 2018, the Napa City Council extended the City’s garbage service contract with NRWS for 14 years, through the year 2031. The contract extension allowed the City to expand their recycling programs already in place, to include a 75 percent diversion level of recyclable materials away from a landfill by the end of 2020. The contract extension allowed for long-term planning to comply with California’s new Mandatory Commercial Recycling Regulation, AB 341.⁵ AB 341 established the guidelines for the City to achieve this goal. This regulation established the new statewide goal of 75 percent diversion through source reduction, recycling, and composting.

NRWS provides garbage service to approximately 23,000 residential and commercial customers in the City limits. According to the City’s Utilities Department staff, the public/private working relationship between the City and NRWS is cooperative and cost-effective. The City’s agreement in 2018, to extend NRWS service contract for 14 years is one example of the confidence the City has in the quality of garbage service provided by NRWS.

NRWS collects recyclable materials daily and transports them to the Materials Diversion Facility (MDF) located on Devlin Road in southern Napa County. Employees at the MDF sort and process the recyclable materials for distribution on the global markets. Solid waste materials (non-recyclable items considered trash) are also collected daily and taken to a transfer station next to the MDF where they are eventually trucked to a landfill in Suisun City at a cost to the City. The City of Napa does not have a landfill. The City of Napa is projected to spend \$3.4 million dollars in 2020 to cover the cost of sending solid waste materials to a landfill outside Napa County.⁶

The City owns the property where the MDF and the composting facility is located, but NRWS manages the facility. NRWS owns and maintains their own fleet of 28 garbage trucks and employs approximately 70 personnel at the MDF.

Personnel from the City manage the weigh stations where the fees are collected. A majority of the solid waste and recyclable materials received at the MDF and transfer station comes from the City of Napa, although a small amount of these materials comes from areas outside of Napa County. The cities outside of Napa County who use the City of Napa’s recycling facility pay the standard gate fee.

⁵ California Legislative Information.

https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201120120AB341.

⁶ City of Napa, *Utilities Department, Solid Waste & Recycling Collection Service Rate Study For 2019-2020*, p 14.

Fiscal Responsibilities

NRWS is the collection and recycling contractor for the City of Napa. Besides providing curbside garbage service, NRWS is responsible for collecting the ratepayer's monthly garbage bills payments. The money collected by NRWS goes into the City's Solid Waste and Recycling Enterprise Fund. Enterprise funds are separate from the City's tax dollars. These funds come from the fees paid by the individuals who use the service. The City's Utilities Department manages the Enterprise Fund.

NRWS bills the City of Napa throughout the year for their garbage service as provided in their service contract. The budgeted cost to the City for FY 2020 for garbage service provided by NRWS is \$21.1 million. This cost represents 63 percent of the total expenditures the City of Napa spends to provide garbage service to their ratepayers.⁷

The budgeted City collection revenues for FY 2020 are \$19.6 million. These revenues represent 58 percent of the total revenues received by the City from their residential and commercial ratepayers. Other sources of revenue include collection fees at the MDF and from the sale of recyclable materials on global and domestic markets. The loss of revenue reflected in the 2020 budget accounts for the \$1.5 million shortfall.

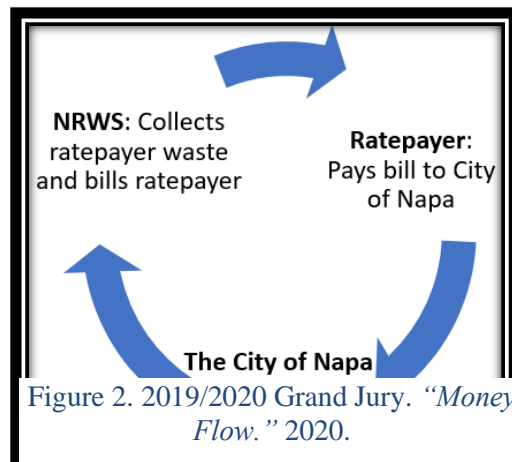


Figure 2. 2019/2020 Grand Jury. "Money Flow." 2020.

Grand Jury Investigative Focus

The 2019/2020 Napa County Grand Jury focused on two targeted areas of the City's garbage service during their investigation into the City's decision to raise the garbage rates in 2019. The first area of investigation was a thorough examination of the reasons behind the recent rate increases. The Jury's focus was on the changes in the garbage service for the City of Napa in recent years to determine how much the changes impacted the decision to increase garbage rates.

A second area of investigation was an examination of the *Proposed Increase To Solid Rate And Recycling Rate* booklet, which was published by the Utilities Department prior to the City

⁷ City of Napa Publication, *Proposed Increases to Solid Waste & Recycling Rates*, July 25, 2019, p 4.

Council's rate increases were approved. The booklet further contained a protest notice for ratepayers who wished to oppose the rate increases as required by Proposition 218.⁸ It also contained information for the ratepayer about what is included in the residential and commercial solid waste and recycling services.

The booklet further included pie charts showing different categories of the 2020 Solid Waste and Recycling revenues and expenditures. The Jury focused on the clarity of information published in the booklet and how the booklet was made available to all ratepayers.

METHODOLOGY

The Jury visited the following facilities:

The Materials Diversion Facilities (MDF) on Devlin Rd. in southern Napa County

The solid waste Transfer Station on Devlin Road in southern Napa County

GreenWaste Recovery Recycling and Materials Diversion Facility in San Jose

The Jury interviewed eight personnel/members from the following entities:

City of Napa Department of Public Works

City of Napa Utilities Department

City Manager's Office

Napa County Taxpayers Association

Napa Recycling and Waste Service (NRWS)

Napa's County Hispanic Chamber of Commerce

Napa City Council

The Jury researched the following recycling operations:

Placer County's City of Roseville's Single-Stream Recycling Program⁹

Santa Clara County's City of San Jose's GreenWaste Recovery Recycling program¹⁰

The Jury reviewed the following documents:

⁸ Legislative Analysts Office.

https://lao.ca.gov/1996/120196_prop_218/understanding_prop218_1296.html. December 1996.

⁹Roseville Trash and Green Waste.

https://www.roseville.ca.us/government/departments/environmental_utilities/at_your_service/trash_and_green_waste.

¹⁰San Jose Recycles. <https://www.sanjoserecycle.org/>.

City of Napa's *Solid Waste and Recycling Collection Service Rate Study, June 2019*

City of Napa Utilities Department's Budgets, 2014 through 2019

California Assembly Bill 341, Mandatory Commercial Recycling Act, 2012¹¹

California Assembly Bill 1826, Mandatory Commercial Organics Recycling Act, 2016¹²

California Proposition 218, The Right to Vote on Taxes Act, 1996¹³

Proposed Increase To Solid Waste And Recycling Rates booklet, Utilities Department, April 2019

City of Napa's Disposal Reduction Policy, 2012

Napa Valley Register articles, 2009-2019, City of Napa Solid Waste and Recycling Services

DISCUSSION

WHY ARE THE RATE INCREASES NEEDED?

The Utilities Department's Solid Waste and Recycling Enterprise Fund used their reserve funds in FY 2017/2018 to cover higher Napa Recycling and Waste Service expenditures. Several operational changes with the garbage service began in 2016 and continued through 2018. The Solid Waste and Recycling fund was reduced from \$7.2 million to \$4.2 million over this time to cover the costs for these operational changes. The reserve fund balance is anticipated to be exhausted by the end of FY 2019/2020.¹⁴ The City cannot fund the garbage service with revenue from tax dollars because the Solid Waste and Recycling fund is classified as an Enterprise Fund.

Without reserve funds, the Solid Waste and Recycling Enterprise Fund is not sustainable, which could result in a reduction of regular garbage service for the City's 23,000 ratepayers. The Utilities Department told the Jury that failure to maintain adequate capital reserves in the Enterprise Fund would necessitate some combination of future borrowing or higher rate increases for future ratepayers. Facing a \$3.3 million shortfall in the 2020 Solid Waste and Recycling budget and declining reserve funds, the City Council voted unanimously to approve the rate increases beginning in August 2019. The rate increases are expected to restore the reserve funds to the 2017/2018 levels by the end of 2022.

OPERATIONAL CHANGES AT NRWS

1) Declining Sales of Recyclables

¹¹ California Legislative Information.

https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201120120AB341.

¹² Cal Recycle. <https://www.calrecycle.ca.gov/recycle/commercial/organics>.

¹³ Legislative Analyst's Office

https://lao.ca.gov/1996/120196_prop_218/understanding_prop218_1296.html.

¹⁴ City of Napa Publication, *Proposed Increases to Solid Waste & Recycling Rates*, July 25, 2019, p 4.

The most significant change affecting the higher expenditures for NRWS in 2017/2018 was the loss of revenue from the sale of recycling materials to overseas markets. Paper products and plastics are processed at the MDF and sold on the global markets. China was the largest overseas market for recyclables coming from the US prior to 2018. Beginning in 2017, China’s market for recyclables began to decline, forcing US recycling companies to explore other domestic and global markets for the sale of recyclable plastic and fiber material.¹⁵

Recyclable materials, such as plastics and paper products, that have the greatest impact on sales revenue has decreased from an average of \$98 per ton (2014) to \$54 per ton (2018). (See Figure 3.) The global markets for plastics and paper products are expected to rebound, but the NRWS officials could not offer a definitive timeline forecast. The revenue loss in materials sales for FY 2020 to the Solid Waste and Recycling budget is projected at \$1.2 million (20% of total revenues).

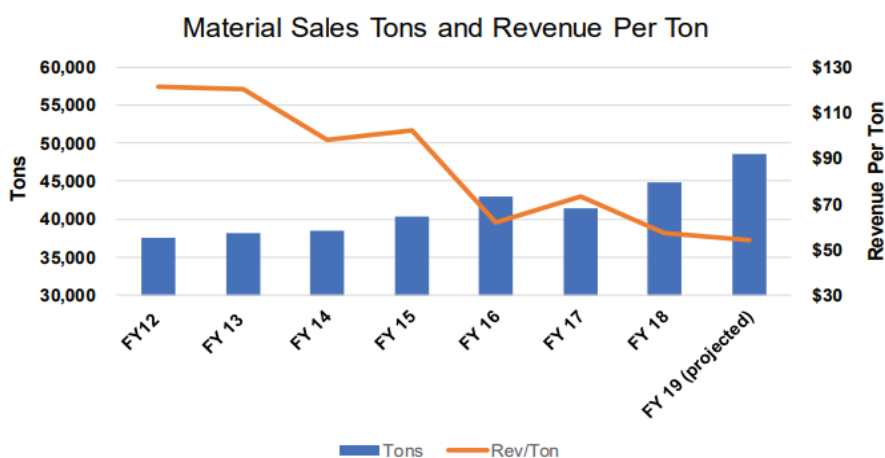


Figure 3. City of Napa. “Material Sales Tons and Revenue Per Ton.” 2019.

2) Upgrades to Collection Trucks and Recycling Equipment

NRWS currently has 28 collection trucks in operation. The average life span of a collection truck is 10 years, and many of the trucks in service were 13 years old before they were replaced. The City’s first contract in 2005 with NRWS extended for 13 years, which provided a timeline for the timely replacement of the collection trucks. The City’s 2018 14-year service contract extension with NRWS will enable the garbage company to continue to invest in the replacement of their collection trucks. The replacement cost of a new truck is \$ 500,000.

Twenty of the trucks currently in operation are new. All trucks are fueled by compressed natural gas (CNG). Seven of the older trucks were refurbished and converted to run on CNG. One remaining truck will be refurbished by the end of 2020. Compressed natural gas is one of the cleanest burning alternative fuels with reduced greenhouse gas emissions.¹⁶

¹⁵ Ibid

¹⁶ US Department of Energy. https://afdc.energy.gov/vehicles/natural_gas_emissions.html.

The new trucks are equipped with more rear-mounted and front-mounted cameras for improved pedestrian and traffic safety. The new trucks also have cameras mounted inside the collection hopper to identify large materials that are placed in the wrong container; e.g. electronic devices dumped in any of the three containers or non-recyclable materials dumped in the blue container. NRWS provides two written contamination letters to residents who violate this regulation. Beginning with the third contamination incident, NRWS can levy Council-approved contamination charges to the ratepayers who continue to violate the contamination regulation.

The NRWS contract extension also allocated approximately \$4 million for an improved sorting process at the Materials Diversion Facility. The upgrades included a new cardboard screen, new belts, a second baler, a glass cleaning system and a sorting “robot” (See Figure 4.) that can make over eighty “picks” per minute. The robot separates metal objects away from other recyclable material.



Figure 4. NRWS. “AI Sorting.” 2020.

According to the Utilities Department, the cost increase to the City for the upgrades to the trucks and facility is estimated at \$15 million, which equals an increase of \$2.1 million per year. Combined with the \$1.2 million in lost revenue from declining sales of recyclable materials, and the annual increased cost of \$2.1 million for facility upgrades, the Solid Waste and Recycling 2020 budget was left with a \$3.3 million shortfall.

3) Capital Improvements from the 2016 Bond Measure

In 2016, the City issued a \$12.5 million Solid Waste Revenue Bond (SWRB) to fund several major capital improvements at the MDF. The improvements were made to comply with new state-mandated clean water and clean air regulations.¹⁷ As new industries moved into properties near the MDF, the City was required to improve odor control at the composting facility. The City was also required to build specialized collection ponds that treat the water used in the composting process.

One of the major improvements included a covered aerated static pile (CASP) concrete bunker where food scraps and other materials that can produce odor will be received, pre-processed,

¹⁷ City of Napa, *Utilities Department, Solid Waste & Recycling Collection Service Rate Study For 2019-2020*.

and then composted (See Figure 5). The CASP bunker is fully operational. In 2016, a \$2.5 million organics receiving building was constructed at the MDF along with a \$ 2.9 million organics pre-processing system to receive, screen, sort, grind, and remove contamination from compostable organics received at the MDF.¹⁸



Figure 5. NRWS. “CASP Construction.” 2019.

The Solid Waste Revenue Bond measure also funded improvements to the storm-water system at the MDF to comply with new state clean-water regulations. These improvements are expected to be completed in 2020. The debt service for these bonds is \$900,000 per year, paid for by ratepayers in their monthly bills.

4) State-mandated Recycling Regulations

In 2011, the State of California’s legislature passed AB 341, requiring all cities and counties to reach a goal of diverting 75% of all recyclable materials away from a landfill by 2020. In 2015, the legislature passed AB 1826, requiring all cities and counties to participate in a Commercial Organics Recycling Program.¹⁹ The Utilities Department increased their staffing in FY 2016/2017 to keep pace with full compliance of California’s newest recycling regulations. The position of “Waste Prevention Specialist (WPS),” was created in 2018 to fully implement AB 1826 in an effort to increase the diversion of recyclable waste and food scraps away from landfills.

AB 341 is designed to meet California’s 75% diversion rate by the end of 2020. The law requires California commercial enterprises and public entities to adopt bold new recycling practices that help divert recyclable materials away from a landfill. AB 1826 requires businesses that generate a specified amount of organic waste per week to arrange for recycling services for that waste.²⁰ The Utilities Department staff expects that the program will be fully operational in more than 250 restaurants, schools, and grocery stores within the city limits by the end of 2020.²¹

The Waste Prevention Specialist works closely with the Napa Valley Unified School District to promote and implement the City’s recycling programs. The WPS also consults with local restaurants, fast food outlets, and grocery stores to ensure they are in full compliance with new state-mandated recycling regulations.

¹⁸ https://napavalleyregister.com/news/local/future-napa-recycling-plant-may-turn-s-wood-waste/article_85f2633d=c45d-5555-9020-73a93b1c4414.html. July 24, 2017, Howard Yune.

¹⁹ Cal Recycle. <https://www.calrecycle.ca.gov/recycle/commercial/organics>.

²⁰ Ibid

²¹ Ibid

CITY OF NAPA 2019/2022 GARBAGE RATE INCREASES

A garbage rate increase of 12 percent above the existing rate went into effect on August 1, 2019 affecting 23,000 residential and commercial ratepayers in the City of Napa. An additional 10 percent increase went into effect on January 1, 2020, to be followed by annual increases of 8 percent on January 1, 2021 and 6 percent on January 1, 2022. These annual rate increases amount to a 36 percent rate hike over the course of three and a half years.

Table 1. Proposed Rate Increases for 2019/2022

Service	Previous Rate	Aug-2019	Jan-2020	Jan-2021	Jan-2022	Total
20 gal	\$21.65	\$24.25	\$26.68	\$28.81	\$30.54	\$8.89
35 gal	\$27.14	\$30.40	\$33.44	\$36.12	\$38.29	\$11.15
65 gal	\$41.63	\$46.63	\$51.29	\$55.39	\$58.71	\$17.08

Source: 2019/2020 Grand Jury. 2020.

The City Council also approved rate increases in November 2019, for residential and commercial customers who bring their own recyclables to the MDF (Self-Haul). The new self-haul rate increases stretch over a four-year period with successive rate increases scheduled each July from 2020 to 2023. Revenue from higher fees for self-haul customers is expected to add \$63,000 to the 2020 Solid Waste and Recycling Enterprise Fund.

GARBAGE SERVICE RATES (NINE BAY AREA COUNTIES)

The Jury used the data in a survey provided by the Solid Waste and Recycling manager to compare the City of Napa’s new monthly rates with those 25 neighboring cities. The average rate for a 65-gallon residential container ranged from \$24 per month in Fairfield (Solano County) to \$100 per month in Palo Alto (Santa Clara County). The survey did not have any documented evidence to evaluate the overall quality of garbage service for the 25 cities. The survey showed that the City of Napa’s new rates are competitive and fall within mid-range for all 25 cities (See Table 2).

Table 2: Comparing Garbage Rates of Nine Bay Area Counties

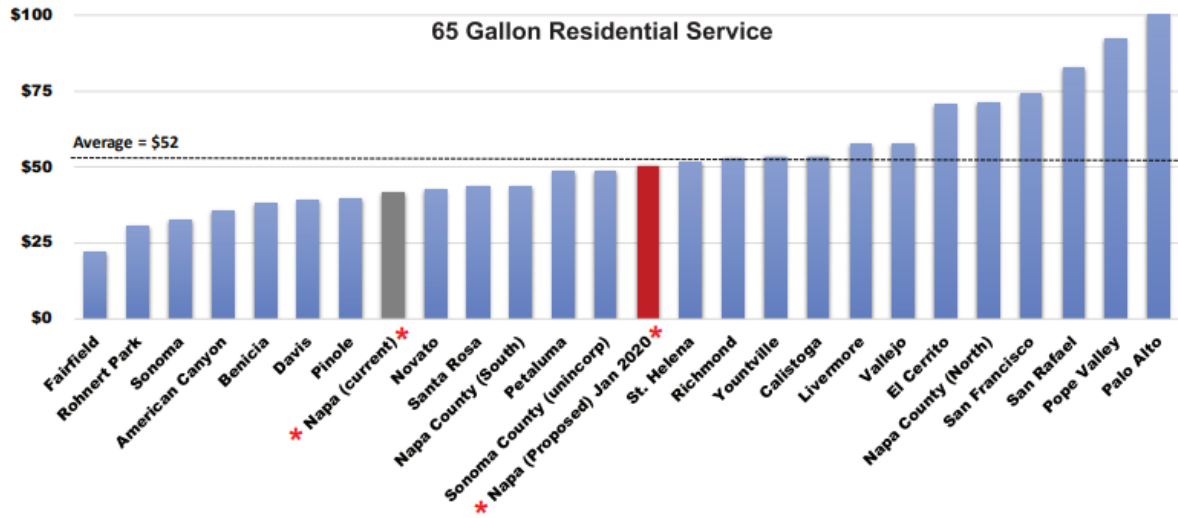


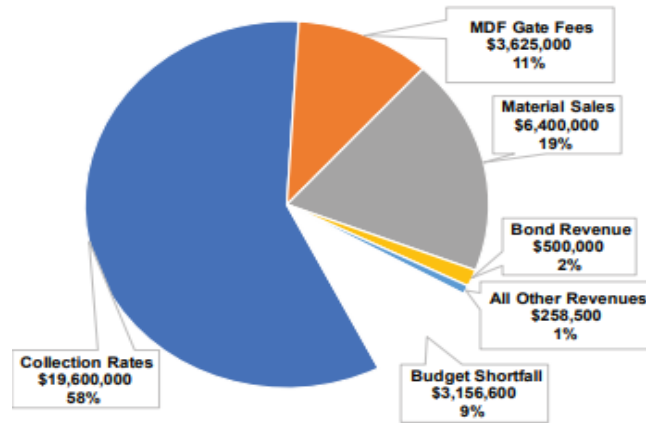
Chart based on current jurisdiction rates, many of which will likely increase over the next year.

Source: City of Napa, 2019.

PROPOSED INCREASE TO SOLID WASTE AND RECYCLING RATES BOOKLET

In April 2019, The Utilities Department published a well-illustrated, six-page informational booklet called the *Proposed Increase To Solid Waste And Recycling Rates*. This booklet was mailed to all property owners and ratepayers. The booklet outlined the reasons behind the rate increases and provided the ratepayers with information about the different levels of service. It also included two budget pie charts outlining the expenditures and revenues of the 2020 Solid Waste and Recycling budget (See Figure 6). The budget pie charts were helpful, but the Jury found that they lacked full clarity in explaining to the ratepayers how revenues are collected and how expenditures are spent.

Fiscal Year 2020 Budgeted Revenues



Total: \$30,383,500

Fiscal Year 2020 Budgeted Expenditures

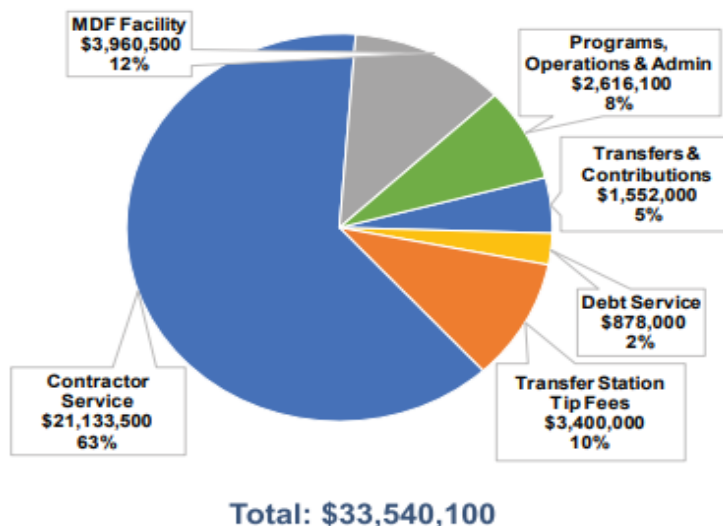


Figure 6. City of Napa. "Fiscal Year Revenues and Expenses." 2019.

Several of the budget categories under expenditures could be better clarified. For example, the Jury learned through interviews that the City of Napa has incurred to date, costs in the amount of \$5 million related to the settlement of a lawsuit in 2001 involving the closure of the old Coombsville dump on Coombsville Road.²² The Jury did not investigate the details of the lawsuit. The Jury’s interest was with how the Utilities Department’s pie charts showed these expenditures.

The City’s Solid Waste & Recycling budget is sharing the burden with the City’s Risk Management Fund of paying down the lawsuit debt. The Solid Waste and Recycling Enterprise fund is paying \$2.5 million of this debt, and the City’s Risk Management Fund is paying the remaining \$2.5 million.²³ The pie chart did not make this expenditure clear. Further, there wasn’t any reference material the ratepayer could access to get better clarification about the City’s Risk Management Fund’s agreement with the Utilities Department to share equally this cost with the ratepayers. The annual cost to the Solid Waste and Recycling budget for this lawsuit debt is \$400,000.

An additional expenditure under Programs, Operations, and Administration was the costs for repair and maintenance of streets due to impacts caused by the weight of solid waste, recycling and yard waste collection trucks. The costs to the city for these repairs in FY 2018/2019 was \$1.9 million. The Jury found that this expenditure was not fully explained as to how street repair costs are charged to the Solid Waste and Recycling Enterprise Fund budget.

RATE INCREASE PROTEST NOTICE (PROPOSITION 218)

Rate increases to public services in the State of California, such as garbage, water and sanitation are subject to guidelines as outlined in California’s Proposition 218, The Right To Vote

²² https://napavalleyregister.com/news/local/city-of-napa-pays-millions-to-settle-lawsuit-over-planned/article_fbf96af-5b68-b69e-60b25c75b8d.html. August 29, 2018, Howard Yune.

²³ City of Napa, *Utilities Department, Solid Waste & Recycling Collection Service Rate Study For 2019-2020*, p 22.

On Taxes Act of 1996. Proposition 218 mandates that the proposed rate increases must be published and sent to all property owners, followed by a 45-day public review period. The law further states that within the 45-day public review period, the ratepayer must be notified that they have the right to protest the rate increases. If 50% plus one of the total number of ratepayers return the protest notice, the rate increase cannot be enforced by the City Council.

The law does not say that local cities have to provide a hard copy of the protest notice. It only specifies that a city must notify the ratepayer about the proposed rate increases and give the ratepayer the opportunity to protest the rate hike. The Utilities Department went beyond the requirements of Proposition 218 with the publication of the *Proposed Increase To Solid Waste And Recycling Rates* booklet, which included the protest notice. The protest notice could be hand delivered or mailed to City Hall.

The rate increases booklet, along with the protest notice, were printed in English without any notification directing the Spanish-speaking ratepayers where they could access the Spanish version of the booklet. The Jury was told that a Spanish version was available online, and at City Hall upon request. The Utilities Department informed the Jury that the next rate hike notification will include instructions written in Spanish, directing the Spanish-speaking ratepayers to a website link where they can access the Spanish version of the entire rate increases booklet, including the protest notice.

The Utilities Department exceeded the minimum requirements of Proposition 218. Notification was mailed to ratepayers in advance of the rate hike approval. They provided ratepayers with a hard copy of the protest notice, and they also provided ratepayers with information on how to lower their monthly garbage bills by recycling more of the materials they may be putting into the solid waste container (gray).

Residential ratepayer's monthly garbage bills are calculated on the size of the gray solid waste container. They range from 20 gallons to 95 gallons. The Utilities Department is encouraging ratepayers to save money by using smaller gray containers while using the other containers (blue and brown) for recyclable materials.

The rate increases in the *Proposed Increase To Solid Waste and Recycling Rates* booklet were well documented and the reasons behind the rate hike were explained in detail. The booklet contained budgetary pie charts showing revenues and expenditures for the 2020 Solid Waste and Recycling budget. The Jury felt that the pie charts were well illustrated but lacked clarity in explaining how all of the expenditures were spent.

FINDINGS

- F1. The garbage rate increases were timely and justified, given the need to offset a \$3.3 million shortfall in the Utilities Department 2020 Solid Waste and Recycling Enterprise Fund.
- F2. The 2020 Solid Waste and Recycling expenditure budget pie chart showing expenditures lacked full clarity in outlining the cost of the 2001 Coombsville dump lawsuit liability debt.
- F3. The 2020 Solid Waste and Recycling budget pie chart showing expenditures lacked clarity in outlining the cost of repairs to city streets caused by the weight of the garbage trucks.

F4. The reduction of sales in recyclable materials to global markets negatively impacted the City of Napa’s Solid Waste and Recycling 2020 budget and is contributing to the \$3.3 million budget shortfall.

RECOMMENDATIONS

The Napa County Grand Jury recommends that

R1. The City of Napa’s Utilities Department Director notify all ratepayers through their monthly bill where to locate information explaining in detail how all revenues and expenditures are allocated and spent for the 2020 Solid Waste and Recycling budget. The Jury recommends that this information is to be sent out no later than December 31, 2020 and update annually.

R2. The City of Napa’s Deputy Public Works Director continue to explore new sources of revenue for the sale of recyclable materials to both domestic and foreign markets to offset any future Solid Waste and Recycling budget shortfall.

COMMENDATIONS

C1. The Jury commends the City of Napa’s Utilities Department staff and the City’s Community Relationships Officer for their efforts in exceeding the minimum Proposition 218 guidelines that require notification to ratepayers of any proposed rate increase.

REQUIRED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the grand jury requests responses as follows:

From the following elected county officials within 60 days:

- City of Napa City Council Members (F2, F3, F4) (R1, R2)

INVITED RESPONSES

- City of Napa’s Community Relationships Officer (F2, F3, F4,) (R1, R2)
- Materials Diversion Manager (F2, F3, F4) (R1, R2)
- Utilities Department Director (F2, F3, F4,) (R1, R2)

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.
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APPENDIX 1

CITY OF NAPA
SOLID WASTE RATES PROTEST FORM

You do not need to complete this form if you do not oppose the proposed rate increase. If you wish to protest the proposed rate increase, you may use this sample form.

_____ Check here if you protest the proposed rate increase and agree with the following:

I protest the proposed rate increase for the collection of solid property owner and/or responsible for paying the solid waste rates for this property.

Comments or Reasons for the Protest (optional):

Street Address _____

Signature

Printed name

Mail to:
Napa City Clerk
P.O. Box 660
Napa, CA 94559-0660

Deliver in Person to:
Napa City Clerk
955 School Street
Napa, CA 94559-0660

-OR-

*** Please mail this protest form back in a stamped envelope**

In order to be counted, all written protests must be received by the City, whether sent by mail or delivered in person, by the close of the public hearing on July 23, 2019 at 6:30 pm.



**NAPA COUNTY GRAND JURY
2019-2020**

**FINAL REPORT
May 27, 2020**

**NAPA COUNTY JUVENILE HALL:
EXCEPTIONAL COSTS**