

MEMORANDUM



TO: Mayor and Council
THROUGH: Ken Jones, Deputy City Manager, Chief Financial Officer
FROM: Terry Piekarz, Municipal Utilities Director *TP*
DATE: August 12, 2021
SUBJECT: 2021 Solid Waste Rate Study Recommendations

BACKGROUND INFORMATION

The City of Tempe's (City) Municipal Utilities Department contracted with Stantec Consulting (Stantec) to assist with execution of the 2021 Solid Waste Rate Study (Study). The purpose of the Study is to evaluate the cost to provide solid waste services, determine the revenue requirements necessary to maintain the financial stability of Tempe's Solid Waste Utility (Utility) and recommend adjustments to rates, fees and charges, where appropriate.

Sufficient financial resources are necessary to provide services, add, maintain and replace assets, and align costs with City Council's priorities and community values. As utility costs throughout the country continue to rise, the Utility is committed to managing costs and remaining efficient, while upholding the City's commitment to a sustainable future.

The City Council Strategic Priorities and Performance Measures that guided the Study are:



Safe & Secure
Communities

1.27 – City Infrastructure and Assets: Achieve 100% compliance with industry standards related to the replacement or rehabilitation of infrastructure and assets.



Strong Community
Connections

2.02 – Customer Service Satisfaction: Achieve satisfaction ratings of "Very Satisfied" or "Satisfied" with the "Quality of Customer Service" greater than or equal to the top 10% of the national benchmark cities as measured in the Community Survey.



Sustainable Growth
& Development

4.04 – Solid Waste Landfill Diversion: Achieve or exceed Council-adopted solid waste landfill diversion rates by the Fiscal Year 2025/2026.

4.12 – Composting: Achieve a cumulative composting usage across city parks, golf courses and rights-of-way of 2,000 yards per year.



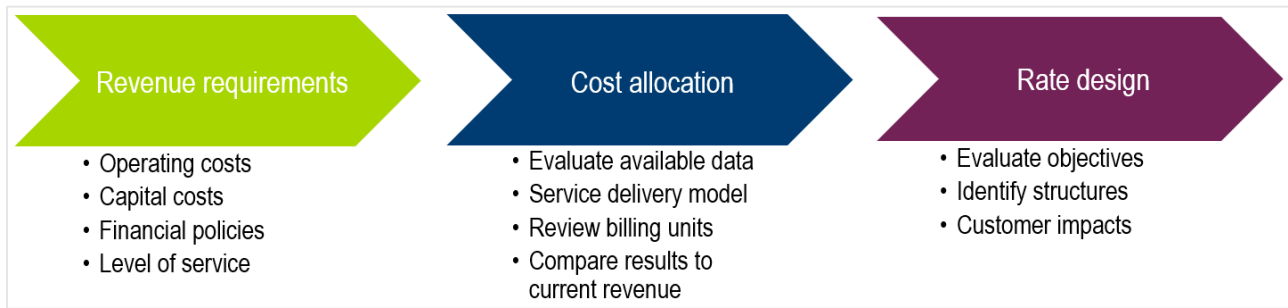
Financial Stability
& Viability

5.01 – Quality of Business Services: Achieve ratings of "Very Satisfied" or "Satisfied" with the "overall level and quality of business services provided by the City of Tempe" greater than or equal to the national benchmark cities as measured in the Business Survey.

Staff conducted the Study in accordance with guidance received from City Council at the April 8, 2021, City Council Work Study Session. Community input was gathered during the initial public comment period from April 8, 2021, through May 8, 2021. All public input received from the beginning of the rate study process, to date, is compiled and included as Attachment 2: Public Involvement Summary, Phase 1.

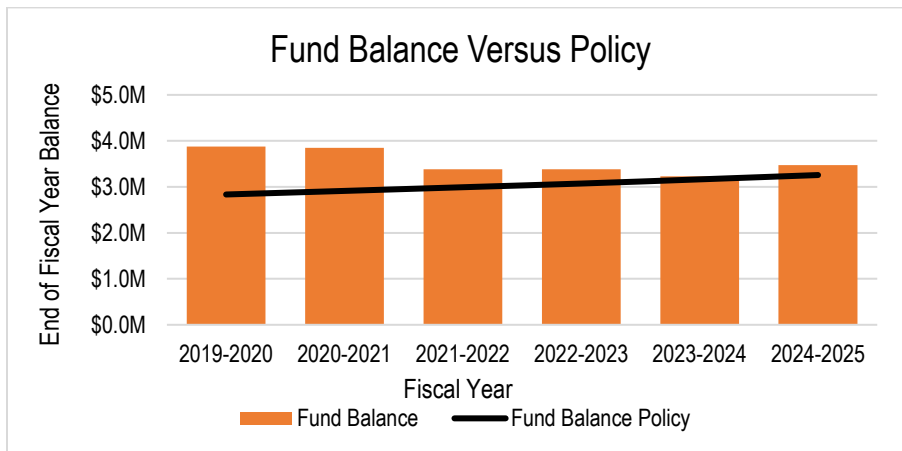
PROCESS

The Study utilized industry best practices in the United States. Following this standard, costs are allocated proportionally to each customer classification, based on the true cost to provide each respective service to that classification. This process of developing rates, fees and charges is just and reasonable, per State law, and legally defensible. In conducting the Study, staff and Stantec followed a three-step process, as shown on the following page:



Step 1: Revenue requirements analysis. A utility’s revenue requirements represent the total amount of money the utility must collect from customers to pay all costs associated with providing services. This was determined by identifying all current and estimated future operations, maintenance, programmatic and capital costs for a 10-year period. The Study identified that the gross revenue requirement to maintain and operate the Utility for Fiscal Year 2021-2022 is \$20.8 million. After subtracting miscellaneous offsets, such as the sale of assets and interest earned on investments, the net revenue requirement for the Utility is \$19.7 million. To achieve this revenue, an overall three (3) percent revenue adjustment is required.

The graph below demonstrates that a levelized rate increase of three (3) percent per year, over the next several years, will achieve and maintain the minimum fund balance policy, which is the amount equal to 15 percent of annual operating revenue. The latter years of the financial model and cost projections are more ambiguous and will be analyzed and refined during future rate studies to ensure the Utility is meeting fiscal year revenue requirements and fund balance policy.



Step 2: Proportional allocation of costs. Cost allocation is the process by which costs to provide solid waste services are assigned, proportionally, to each of the defined customer classifications, including the functionalization (collection or disposal) and allocation of Utility revenue requirements. Stantec performed a thorough audit of all customers and identified nuances in classification or service to ensure the most accurate cost allocation. For example, service delivery to certain customers in the residential classification is limited by operational constraints or restrictions that prevent all standard residential services from being delivered. The Utility will continue identifying opportunities for improvement to cost allocation models and provide better and more accurate cost allocation for residential customers receiving unique services.

Costs were then distributed, proportionally, by customer classification, based on the specific costs for which each classification of service is responsible.

The table on the following page summarizes the cost of service analysis compared to current revenue. While the Utility requires an additional three (3) percent revenue increase overall, rate adjustments to specific classifications or service charges may be higher or lower, depending on current revenue versus the actual cost of service.

Customer Classification	Fiscal Year 2020-2021 Revenue Projection	Fiscal Year 2021-2022 Net Revenue Requirement
Residential	\$13,300,000	\$13,744,277
Commercial Consolidated	\$6,300,000	\$5,989,207

Step 3: Rate design. Rate design is the development of the most appropriate rate structure to satisfy an organization’s strategic and operational goals. Rate design also includes an analysis of the impact of proposed rate adjustments, or rate structure changes, on Utility customers. This analysis includes seeking feedback from City Leadership, City Council and the community, and making adjustments where appropriate.

Non-Rate Study Year Revenue Adjustment Process

The Utility conducts a comprehensive cost of service rate study every other year. During the non-rate study year, the Utility completes a financial model update of the Solid Waste Fund to determine if revenue adjustments are necessary. This financial model update is not a comprehensive cost of service rate study. The process includes reviewing industry inflationary trends from the U.S. Consumer Price Index - Garbage and Trash Collection series, provided by the U.S. Bureau of Labor Statistics ([bls.gov](https://www.bls.gov)), and updating the financial model with revenues and expenses from the most recent fiscal year to determine revenue requirements for the next fiscal year. If revenue adjustments are necessary, staff will return to City Council, in the form of a Request for Council Action, to seek approval of the inflationary solid waste rate increase. The rate increase would apply to each solid waste service provided by the Utility and, if approved, would take effect in January of the following year.

As with recommendations for revenue adjustments resulting from comprehensive cost of service studies, the Utility will comply with the procedures and notification requirements established in Arizona Revised Statutes (A.R.S.) [§9-499.15](#) for any non-rate study year revenue adjustments, if recommended per the financial model update. This includes providing the pricing schedule and the written report supporting the proposed rates, fees and charges to the City Clerk’s Office and posting this information on the City’s website 60 days prior to the date the proposed rates, fees and charges will be considered by Tempe City Council. This process also includes posting a Notice of Intent on the City’s website at least 15 days before the date the proposed rates, fees and charges will be considered by Tempe City Council, and advertising the Notice of Intent through the City’s social media accounts or other electronic communication tools. Unlike during a full rate study, the Utility does not conduct the extensive public outreach campaign during the non-rate study year financial model update. The public has the opportunity to provide input on proposed revenue adjustments, if recommended, during the public hearing at the Regular Council Meeting at which they are proposed. This outreach and communication strategy for non-rate study years is comparable to other rate, charge, fee or tax changes proposed throughout the City.

RESIDENTIAL SOLID WASTE SERVICES

The City provides once per week residential garbage and commingled recycling collection service to the Tempe community. Each week, approximately 1,010 tons of residential garbage is collected and transported for disposal and 223 tons of material is collected and diverted from the landfill.

Volume-based pricing provides certain customers that do not require a 96-gallon capacity garbage container the option of downsizing to a 48-gallon or 65-gallon container, at a reduced cost. This option is not available to residential customers whose property abuts an alley since alley collection customers share one 300-gallon garbage containers for every three customers.



Cost allocation factors are bifurcated into cost pools for collection or disposal. To execute this process, each function of the residential solid waste service was reviewed at the general ledger account line level to determine which costs are related to collection and which costs are related to disposal. In the Study, cost allocation to collection increased by four (4) percent and cost allocation to disposal decreased by four (4) percent, as compared to the last rate study. As a result, total costs for residential solid waste services are now allocated 52 percent to collection and 48 percent to disposal. In short, the cost to collect a 48-gallon, 65-gallon or 96-gallon container is the same, while the cost to dispose of the contents differs due to the associated volume and estimated weight of the material collected. Once these changes were incorporated into the financial model, to more accurately align costs with the actual cost of providing service, one result was less difference between volume-based rates because the cost differential related to disposal costs for smaller container sizes are reduced. Additionally, the cost allocation for green organics processing, Alley Maintenance Program and uncontained garbage collection and disposal, while previously absorbed into the collection or disposal cost pool, were separated out and are now applied on a per container basis. As a result, while still less expensive than the 96-gallon or shared 300-gallon rate, customers being serviced with a 48-gallon or 65-gallon garbage container will see a greater increase in their monthly solid waste bill.

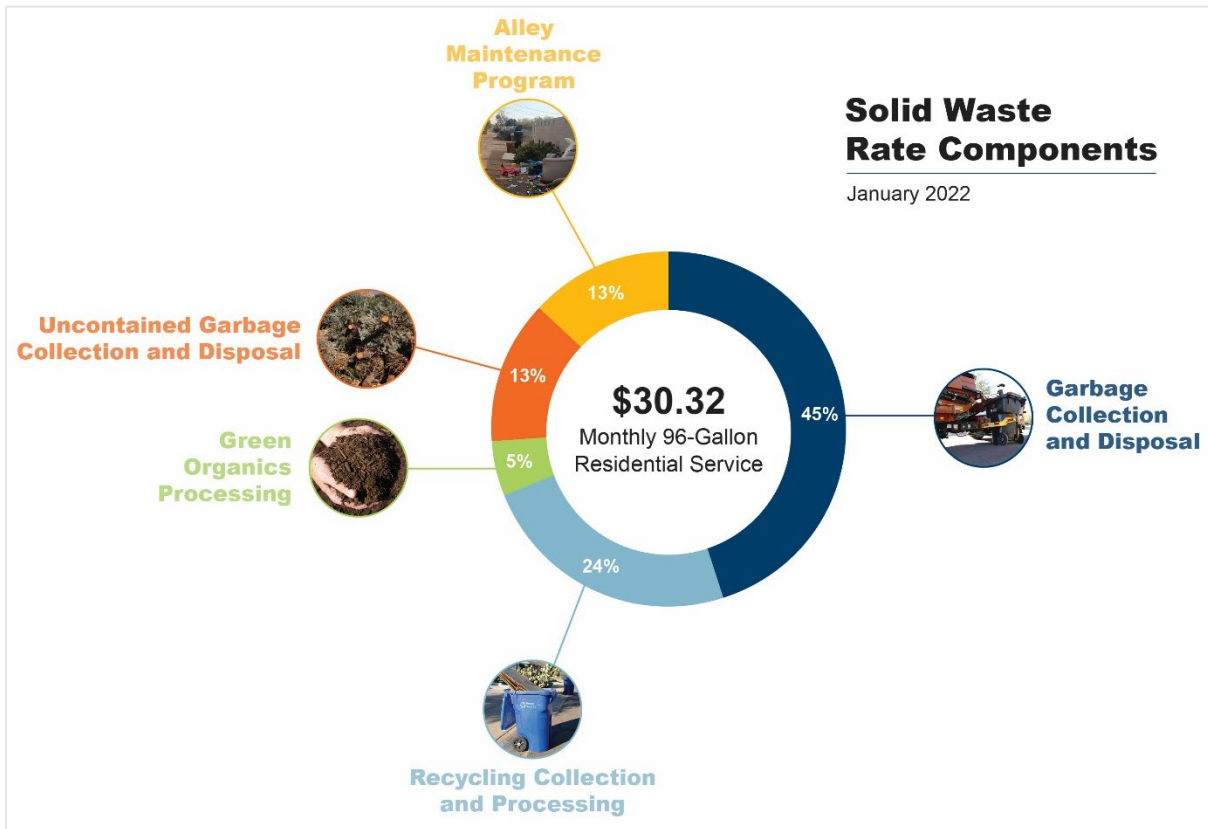
The Study also recommends a new monthly rate for an additional 96-gallon recycling container. Tempe's historical practice was to provide additional recycling containers at no additional cost. Changes to the national and worldwide recycling market, and the resulting limited revenue from the sale of recycled materials, necessitates that the Utility recognize and account for the true cost to collect and process recycling material. Staff will notify residential customers with additional containers of this change.

The table below provides the Study-recommended monthly rates for each residential solid waste service option.

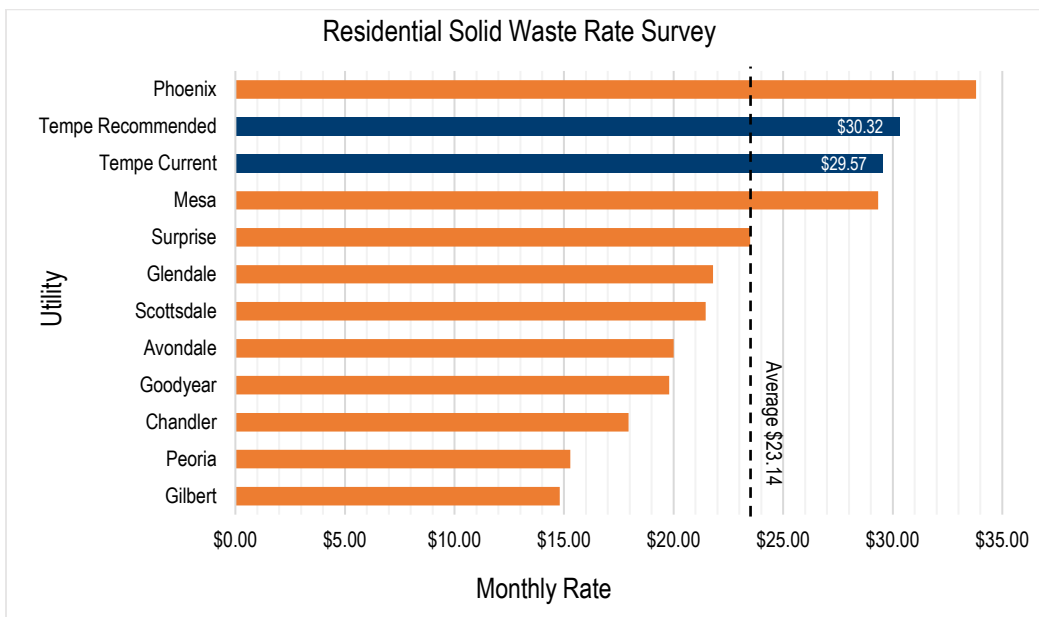
Residential Solid Waste Service Options	Current Rate	Recommended Rate
96-gallon garbage, 96-gallon recycling	\$29.57	\$30.32
65-gallon garbage, 96-gallon recycling	\$25.63	\$27.72
48-gallon garbage, 96-gallon recycling	\$23.47	\$26.30
Additional 96-gallon garbage container	\$18.28	\$20.17
Additional 96-gallon recycling	--	\$13.98

Approximately 92 percent of residential solid waste services receive the 96-gallon garbage and 96-gallon recycling service, which includes customers that share a 300-gallon garbage container. The 300-gallon garbage containers are deployed in alleys at a ratio of three customers to one 300-gallon container, providing each residential alley collection customer with the equivalent of 96 gallons of disposal capacity.

The Study analyzed and determined the amount each rate component contributes to the new recommended monthly rate. The contribution of each respective rate component for the 96-gallon or shared 300-gallon garbage container service are shown in the image on the following page, providing customers a clear understanding of the costs that make up their monthly solid waste rate.



The graph below compares Tempe’s residential monthly solid waste rate for the 96-gallon or shared 300-gallon garbage container service to other utilities in the Valley. Tempe’s current rate of \$29.57 per month, and recommended rate of \$30.32 per month, are among the highest in the region. Tempe residents receive additional services that residents of some other municipalities do not. These additional services support the community’s values and investment in a safe, clean and sustainable environment.



The table below highlights the additional solid waste services provided to residential solid waste service customers, compared to the utilities listed in the previous monthly rate comparison graph. The respective utilities are ordered from left to right, based on their monthly residential solid waste rate, from highest to lowest. Tempe offers several services not offered by other utilities, including volume-based container sizes, uncontained garbage and green organics collection, self-haul to the transfer station at no additional cost, a stand-alone household products collection center open three days a week, several Zero Waste Day events annually, curbside green organics collection in a limited-service area, compost and inert material processing and alley maintenance funded and executed by Solid Waste.

Utility	Phoenix	Tempe	Mesa	Surprise	Glendale	Scottsdale	Avondale	Goodyear*	Chandler*	Peoria	Gilbert
Monthly Rate	\$33.80	\$30.32 (Recommended)	\$29.34	\$23.50	\$21.80	\$21.51	\$20.00	\$18.80	\$17.95	\$15.29	\$14.80
Volume Based Containers	X	X	X							X	X
Uncontained (Bulk) Garbage	Four per year	Six per year	**	Two per year	Twelve per year	Twelve per year	Twelve per year	Twelve per year	Every six weeks	Two per year	Ten per year
Uncontained (Bulk) Green Organics		Six per year								Two per year	
Self-haul at no added cost	X	X	**	X	X	X			X		
Household Hazardous Waste Facility		X	X					X	X		X
Zero Waste Day		X					X			X	
Green Organics Collection	**	**	**								
Compost/Inert Facility	X*	X									
Alley Maintenance	2	3	1	4	1	1	1	1	1	1	4

* = Third party.

** = Not included in the standard residential solid waste rate; available at an additional fee.

1 = Funded by General Fund. Executed by Streets/Transportation.

2 = Primarily funded by General Fund, exceptions funded by Solid Waste Fund. Executed by Streets/Transportation.

3 = Funded by Solid Waste Fund. Executed by Solid Waste.

4 = No alleys.

The City understands that the rising costs of solid waste services must be evaluated and examined not only during the rate study process, but also during the day-to-day management of the Utility. The City is committed to being stewards of the community's financial resources, while advancing the community's goals.

Uncontained (Bulk) Collection and Disposal

Historically, uncontained garbage collection was executed utilizing five, two-person crews, providing six uncontained collection occurrences annually for residential solid waste service customers. Throughout the years, in support of various other programs and initiatives, staff from Uncontained was reassigned, leaving four, two-person crews to execute the same amount of work.

In response to customer feedback during the Study, and in consideration of the Utility's inability to consistently achieve the posted uncontained garbage collection schedule, staff recommends returning to a staffing level of five, two-person crews and the Study includes associated costs in Fiscal Year 2022-2023. Municipal Utilities will be submitting a supplemental request seeking Council approval for two full-time equivalent Solid Waste Equipment Operators, one rear load garbage truck, one flatbed trailer and one skid steer loader to outfit an additional Uncontained garbage collection crew.

In the interim, the Utility has implemented various strategies and measures to bolster the Uncontained Collection and Disposal function and address this identified service delivery shortcoming.

Alley Maintenance Program

The City's 165 miles of alleys are public rights-of-way that must be maintained to ensure access, ingress and egress for provision of City services, including vehicles and equipment needed to provide police, fire, water, wastewater, solid waste and other services. Alleys also serve as utility corridors for both public and private utilities such as power, gas, cable, water, sewer and stormwater. Alley maintenance includes regular vegetation and debris removal and control, repair of erosion or other damage, grading and applying material for dust mitigation.

Council approved additional, recurring funding in the amount of \$301,444, bringing the total annual operating budget to approximately \$1.5 million, and one-time funding in the amount of \$300,000, effective July 1, 2021. This additional funding will be used for procurement of rental equipment, abatement support, contracted services, staff overtime and to purchase a motor grader. The City's objective is to serve residents and support a higher quality of life. Regular and prescribed alley maintenance advances our community's quality of life through functional, visually appealing alleys, access for public safety personnel and improved air quality.

A refocused Alley Maintenance Program, leveraging Council-approved resources, is underway. This effort is focused on the objective of rehabilitating 40 miles of alleys per year and recognizing the role and responsibility the community has in maintaining alleys adjacent to residential and commercial properties.

Green Organics Collection and Processing

The Utility's green organics collection and processing began during Fiscal Year 2008-2009. In that year, the Utility audited its uncontained garbage collection service and identified that 70 percent of the material collected consisted of green organics from neighborhoods with verdant vegetation. The result was a piloted initiative where customers from a limited number of neighborhoods were asked to separate their uncontained green organics from their garbage, in separate piles, in advance of their normal uncontained collection week. The green organics were then collected and transported to what is now called the Compost/Inert Facility, for processing into nutrient-rich compost.



Green organics collection and processing has grown over the last 12 years and is now an eight-acre operation, processing an average of 6,000 tons of green organics annually. Uncontained green organics collection is available six times per year for every residential solid waste service customer. Curbside green organics collection, piloted in 2015, became an official service, offered in limited areas at an additional fee, in January 2020. For several years, the Community Services Department has diverted green organic material from City parks and the City's two municipal golf courses at the Compost/Inert Facility and purchased nutrient-rich compost for reuse.

Although the sale of compost began in January 2020, with a piloted pricing schedule, the total cost of operations for green organics processing has never been fully recovered. These unrecovered costs have been paid for by residential solid waste service customers, accounting for five (5) percent of the recommended monthly residential solid waste service rate of \$30.32.

The Study reviewed operating and capital expenditures for the Compost/Inert Facility between January 2019 and December 2020, to establish a baseline for estimating future operating costs at various service levels. The revenue requirement for Compost/Inert Facility operations is \$1,417,522, with green organics processing accounting for \$1,283,001 and inert material

processing accounting for \$134,521. It is necessary to establish these costs, and set appropriate rates, to recover the cost of the operation.

Currently, the Compost/Inert Facility does not have the equipment necessary to process all inert material. Capabilities are limited to basic screening of asphalt millings, which is then reused in alley repair as reconditioning material. It was determined during the Study that insufficient data exists to model future cost projections or set pricing for inert material processing. While a large amount of inert material has been collected over the past few years, mainly from construction debris from the Tempe Streetcar Project, purchase of processing equipment was postponed in Fiscal Year 2020-2021 to allow staff time to assess previous short-term strategies and develop long-term, financially viable solutions to handle inert material diverted from the landfill. The Study recommends assigning unrecovered inert material processing costs, totaling \$65,488, to commercial rates since all costs associated with inert material collection and processing are functions unrelated to residential service. This is an example of more precise proportional cost allocation.

The Study found that compost revenue and gate rate revenue from green organics drop off generates approximately \$332,052, annually. Operating costs of \$1,011,077, offset by \$332,052 in revenue generated, leaves \$679,025 in unrecovered costs. At current production levels, the Study calculated a sales price of \$72.00 per cubic yard of compost is necessary to reach full cost of service recovery.



The City's piloted pricing for three cubic yards of Compost #1 is \$20.00 for residents and \$30.00 for non-residents, with various other price points for wholesale purchase. For example, the City currently pays an average of \$7,500 for 2,000 cubic yards of compost per year used at City parks, and \$4,670 for 686 cubic yards of compost per year used by the City golf courses. Stantec completed a market analysis comparing the Utility's cost of service price of \$72.00 per cubic yard to other regional green organics processing facilities. Compost sold from other facilities ranged in price from \$45.00 to \$50.00 per cubic yard. The Utility's cost of service price point for compost is not competitive at cubic yard quantities, but is competitive in smaller quantities in the retail market. Two cubic feet is the typical size of a bag of compost commonly found for sale at home improvement stores or nurseries, where the price range is between \$4.00 and \$9.00. Bagged, smaller quantities of compost will improve accessibility for some customers.

Staff recommends ending pilot pricing for compost and adopting the rate recommended in the Study to maximize cost of service recovery, with the ability for the Municipal Utilities Director to adjust the rate for market competitiveness. Wholesale and retail compost pricing will be established based on market competitiveness to maximize revenue. Staff recommends adding these rates in Tempe City Code, Appendix A, Rates, Fees and Charges.

Until compost revenues achieve full recovery of the associated operating costs, a portion of the residential monthly solid waste service rate will continue subsidizing green organics processing.

The Study also established the cost of an alternative to continued operation of a City-owned Compost/Inert Facility. The Study modeled costs to transport green organic material, collected from uncontained and curbside containers, to two different processing facilities in the Valley. The total cost is estimated at \$230,784, annually. This model would be consistent with the City's landfill diversion goals and save residential solid waste service customers \$780,293, collectively, per year. The City will continue to evaluate opportunities to partner with other municipalities or private entities to provide alternative means of delivering green organics processing to the community.

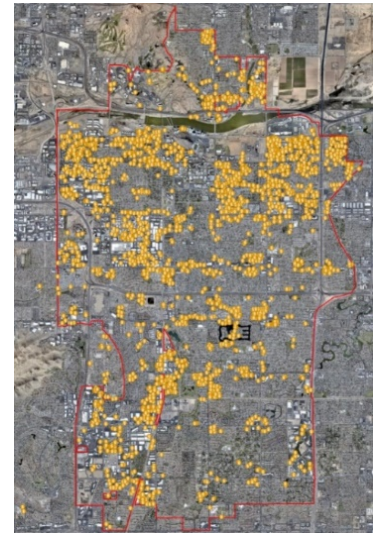
COMMERCIAL SOLID WASTE SERVICES

The Utility provides solid waste services to commercial customers in the form of 96-gallon or 300-gallon sideload, front load

and roll-off containers. The service delivery model for commercial service differs from that of residential service, as the Utility operates in competition with private market commercial service providers. The implications of a competitive commercial service market must be recognized in the development of rates for commercial customers. The Utility must aim to achieve overall direct cost recovery, while being cognizant of its market position.

Commercial front load customers are provided garbage and recycling service through the use of front load containers that can range in size from two cubic yards to eight cubic yards. Additionally, customers designate how many times per week they require the container emptied, ranging from one collection per week to daily collection. The Utility serves several large accounts that have multiple containers collected multiple times per week, and these customers account for a sizeable portion of the overall revenue collected. Given the dynamic nature of this service, the Study devoted considerable analysis to the cost allocation and rate design questions relevant to this service.

Commercial Front Load Container Map



The City has a schedule of rates that prices front load garbage service based on the size of the container. This dollar amount is multiplied by the number of containers and then by the number of times the containers are emptied each week, generating the unique bill amount per customer. This structure is standard in the solid waste industry and allows customers to pay for the level of service they require. The City provides discounts for customers with more than one container on site. These discounts recognize the efficiencies of servicing multiple containers at one location, once the solid waste collection vehicle is on site to service the first container.

The Study did not recommend adjusting rates for garbage front load collection service but did recommend decreasing the current multiple container discount. Based on Stantec's analysis and industry knowledge, it was determined that discounts offered in the City's current rate structure are higher than what is normally observed. As such, it is recommended that discounts be reduced by five (5) percent, which will bring them into closer alignment with industry standard. This is shown in the table below.

Number of Containers	Current Discount	Recommended Discount
2	10.0%	5.0%
3	12.5%	7.5%
4	15.0%	10.0%
5+	17.5%	12.5%

The Utility also offers front load recycling service to commercial customers. Front load recycling containers are billed separately from garbage containers and current rates are structured as a flat rate, regardless of container size. From a customer's perspective, this often means that an oversized container is preferable to maximize available recycling capacity at no additional charge. The recommended front load recycling monthly rate per container, assuming weekly collection, shown in the table below, reflects higher costs associated with larger containers.

Recycling Containers Type	Current Rates	Recommended Rates
2 cubic yards	\$54.86	\$54.86
3 cubic yards	\$54.86	\$58.04
4 cubic yards	\$54.86	\$61.22
6 cubic yards	\$54.86	\$68.36
8 cubic yards	\$54.86	\$76.62

Roll-off service is offered for customers in need of large containers for disposing of construction debris or large, bulky items. Rates are based on delivery and collection of the container, plus disposal costs. The delivery or collection of a roll-off container is usually provided on a next-day basis. Roll-off revenue has increased over the last two years, as more customers have been utilizing this service. The Study did not recommend adjusting rates for roll-off service.

SPECIAL EVENTS

Tempe offers unique venues for hosting special events. Special events are permitted through the Community Services Department and many require solid waste services provided by either the Utility or a private entity. Large events can require hundreds of garbage and recycling containers, while small events may require only a dozen. Rates for associated solid waste services are listed in the Special Events Handbook on the City of Tempe website. Solid waste services provided at special events is a commercial service. While special events garbage and recycling service is operating below full cost recovery, the City continues to explore new and innovative ways to encourage and support “zero waste” or “low-waste” events.

In 2019, the Utility provided solid waste services for 88 special events throughout the City, at an approximate cost of \$79,000. The Utility received approximately \$44,000 in event revenue reimbursement from these events, leaving \$35,000 in unrecovered costs. Some of these unrecovered costs are the result of the Utility not being reimbursed for certain citywide events. Internal discussions to identify opportunities for mitigation of these unreimbursed costs are ongoing.

The Study analyzed the cost of solid waste services provided at special events between 2017 and 2020. Due to the variability in the size of each event, the Study recommends a new pricing model that includes mobilization fees and pricing for each container size that may be required. This model provides scalability and better transparency for services rendered, as described in the Study. Staff recommends adding these rates in Tempe City Code, Appendix A, Rates, Fees and Charges.

ANCILLARY FEES

The Study reviewed ancillary fees and is recommending adjustments to certain fees and the addition of others so associated costs are recovered from the users of the service. These adjustments and additions align with the Utility’s proportional cost allocation objectives and operational and strategic objectives.

TEMPE CITY CODE CHAPTER 28 – SOLID WASTE REVISIONS

Coinciding with the Study, staff has reviewed and is proposing revisions to Chapter 28 – Solid Waste, of the Tempe City Code, last revised in 2010. The revisions clarify and reinforce property owners’ and occupants’ responsibility to maintain alleys, administrative processes related to licensing of private entities providing solid waste services within the City, the department’s name change and new and updated definitions.



PUBLIC OUTREACH

Throughout any rate study, communication is key to ensuring customer engagement, involvement and understanding of the rate study process and the potential need for adjustments based on national trends and Council priorities. Encouraging and providing opportunities for stakeholder involvement is an effective way of engaging the community served, receiving input and ensuring transparency.

Municipal Utilities, Neighborhood Services and Communication and Media Relations, in consultation with Strategic Management and Diversity, developed a robust public involvement plan that incorporated the equity and inclusion objectives of the organization. Staff conducted an initial public comment period, which took place April 8, 2021, through May 8, 2021, to gather input on items to consider during the Study. All public input received since the beginning of the Study, through the end of July 2021, has been compiled and included as Attachment 2: Public Involvement Summary, Phase 1.

Responses are provided below to a few areas in which a number of comments were received:

- Uncontained collection and alley maintenance service levels: A large portion of the feedback indicated that current service levels for uncontained garbage and green organics collection, and alley maintenance, are not meeting customer expectations. This input led to further financial and operational analysis and the inclusion of recommended additional resources in the Study. The recommended rates reflect these increases.
- Requests to mandate recycling at multi-family dwellings: Community members commented that the City should mandate recycling at commercial establishments, such as multi-family dwellings and apartment complexes. Recycling is a service with an associated cost. Owners of commercial establishments and multi-family dwellings have to choose to purchase recycling services for their community, either from the Utility or through a private entity. Residents living within multi-family dwellings are encouraged to bring their requests for recycling services to their ownership or property management company.
- Volume-based containers for alley collection customers: Residents with alley service share one 300-gallon garbage container for three customers. Volume-based containers are only available for residents that receive curbside service since 96-gallon containers are deployed to individual residences. To optimize routing efficiency and not incur additional costs to provide garbage collection services, the Utility cannot interchange curbside and alley garbage collection service for customers on the same alley, which would result in the necessity of increasing the residential solid waste service rate.
- Expansion of the green organics curbside collection service area: Like all other solid waste collection services, the cost to provide green organics curbside collection is minimized the closer customers are in proximity to one another. The Utility is exploring ways to strategically expand the service area while also maintaining routing efficiencies, not incurring additional costs, which would result in the necessity of increasing the rate to provide this service, and maintaining the customer base.

Presentation of the Study recommendations at the Tempe City Council Work Study Session on August 12, 2021, marks the beginning of the second phase of community outreach and engagement efforts to collect customer and community input on the Study results and communicate potential impacts. This will include a second month-long public comment survey, available at tempe.gov/forum, from August 12, 2021, through September 12, 2021, and a virtual public meeting on August 20, 2021. The second Public Involvement Summary will be provided to Council prior to the October 14, 2021, Regular Council Meeting. On October 14, 2021, Council will be asked to consider adoption of proposed solid waste rate adjustments. If adopted by Council, new rates, fees and charges will become effective in January 2022.

While communicating the recommendations and potential impacts of the Study, staff will use the survey and public meeting as an opportunity to also gather public input on suggested changes to Chapter 28 of Tempe City Code. At the September 9, 2021, Regular Council Meeting, proposed changes to Chapter 28 will be introduced and open to the first public hearing. The second public hearing, and final adoption of proposed changes, will take place at the October 14, 2021, Regular Council Meeting.

Residents, business owners and other interested parties can visit tempe.gov/UtilityRateStudy for more information on the rate study process, to view a calendar of upcoming presentations and engagement opportunities and learn about ways to participate and provide input.

ATTACHMENTS:

Attachment 1: 2021 Solid Waste Rate Study Recommendations Presentation

Attachment 2: 2021 Solid Waste Rate Study – Public Involvement Summary, Phase 1