



Notice of Public Hearing Proposed Solid Waste Rate Adjustments

The Costa Mesa Sanitary District Board of Directors will hold a public hearing to consider adopting new rates for providing solid waste service to residential customers on: **Thursday, May 23, 2019** at **5:30 p.m.** at **Costa Mesa Sanitary District Headquarters, 290 Paularino Ave, Costa Mesa, CA 92626**

All persons interested and/or owning property in the Costa Mesa Sanitary District service area may appear and be heard as to the reasonableness of the proposed rates. Property owners may file a written protest against the rates with the District Clerk at the above address up to the time of the hearing. The property address must be included in the written protest. Protests that are mailed or delivered must arrive at CMSD Headquarters by 5:30 p.m. on May 23, 2019 to be counted. In accordance with Article 13D, Section 6 of the California Constitution, if written protests against the proposed solid waste rates are presented by a majority of parcel owners affected, the District cannot approve the proposed changes in rates. **Protests received by telephone or e-mail will NOT be considered.**

Costa Mesa Sanitary District
290 Paularino Ave
Costa Mesa, CA 92626

Background: The Costa Mesa Sanitary District (“CMSD” “District”) provides solid waste collection service to approximately 22,808 residential homes. The Costa Mesa Sanitary District has an exclusive franchise agreement with CR&R Environmental Services (“CR&R”) for the collection and handling of solid waste, including garbage, yard materials, recycling, and organics (collectively, “solid waste services”). All single family and small multifamily homes within the boundaries of the CMSD are required to subscribe to the weekly solid waste services provided by CR&R. Pursuant to the CMSD Operations Code; CMSD collects solid waste service fees from parcel owners who receive solid waste services from CR&R on their annual property taxes. The District uses the revenues from the fees to pay CR&R for the solid waste services provided under their agreement, and to recover its operational and administrative costs of providing these services. The District continues to look at cost reduction measures to mitigate impacts to customers. The proposed rates are based on analysis conducted by a rate consultant (a copy of the rate study can be downloaded from the District’s website at www.cmsdca.gov or viewed at District Headquarters).

Proposed Action: The Board of Directors will consider the first solid waste rate increase in 15 years at the May 23, 2019 public hearing referenced above. The District is proposing to increase solid waste rates due to increased costs of providing such services. The District’s solid waste rates have remained the same since 2013 despite the addition of organics collection services. In fact, District residents received two rate decreases in 2012 and 2013. The District’s last solid waste rate increase was in 2004.

Due to these factors, revenue from solid waste service charges is not sufficient to meet projected expenses, and the proposed increases to service charges have been established to cover expenses. The proposed service charges will provide revenue to cover the costs of providing solid waste services, including the following:

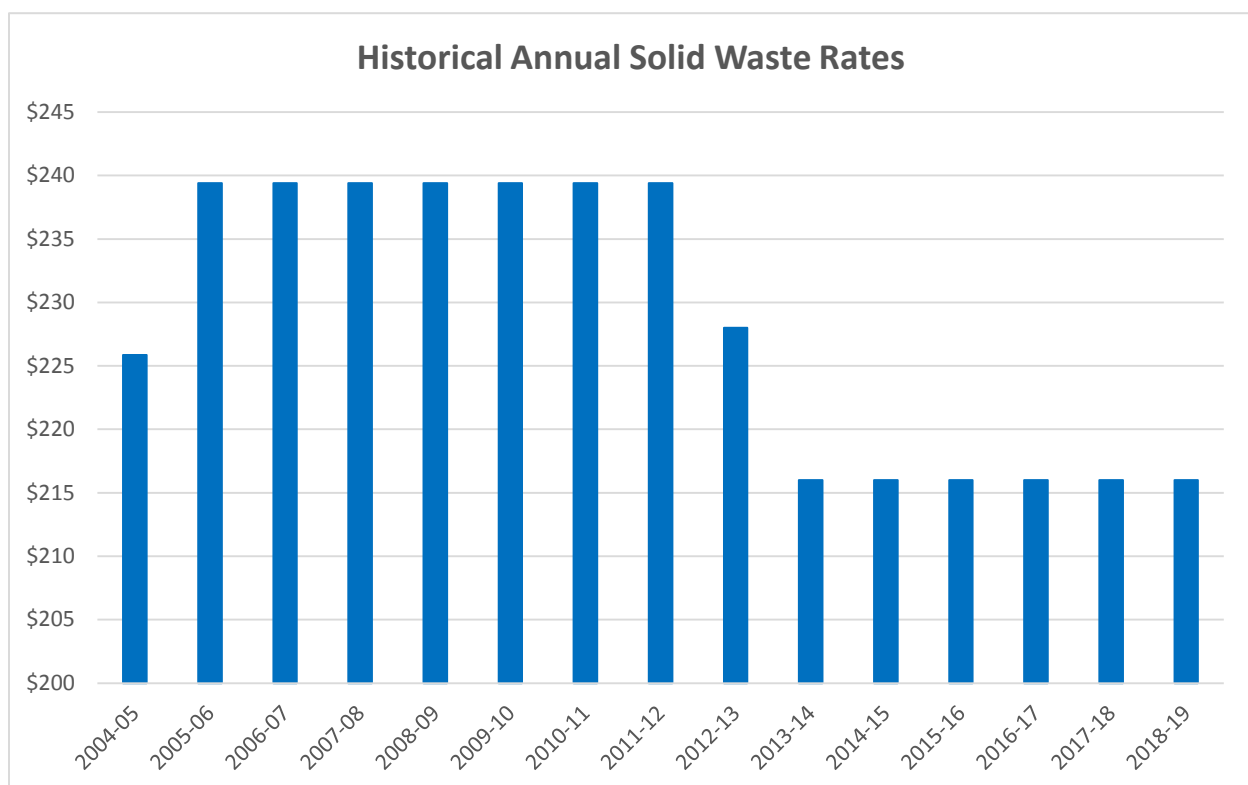
1. Current budget deficits in the District’s Solid Waste Fund: It is a District goal to have at least 2 million dollars in reserves. District charges are placed on the annual tax roll; property taxes are paid twice a year by parcel owners which are when the District receives revenue. The \$2 million in reserves help pay invoices during the months when no money is received (June-October).
2. Organics Program: CMSD has been subsidizing the organics program costs with its reserves. The organics program is necessary due to a State regulation going into effect January 1, 2020 that requires agencies to divert organic material from the landfill.
3. Projected increases in the costs of operations provided by CR&R for solid waste collection, disposal, and processing services: Per the new contract with CR&R, the hauler is expected to submit annual Consumer Price Index (CPI) increase requests to their rates. Increases are not automatic; CR&R must go to the Board of Directors for approval.

The proposed solid waste rates would go into effect on July 1, 2019 (4.1%), July 1, 2020 (7%), July 1, 2021 (7%), July 1, 2022 (6%), July 1, 2023 (6%), with all solid waste service charges being increased by the same percentages. These increases will not exceed the cost of providing the service.

The table below shows the annual solid waste service charges to be considered for all CMSD solid waste customers. The annual solid waste service charge includes the following solid waste services:

1. Weekly pick-up of dual stream garbage and recycling
2. Weekly pick-up of organics cart for items such as meat, cheese, fruits and vegetables, fats, oil, grease and yard materials such as grass, clippings, leaves, and yard trimmings.
3. Large Item Pick-Up Program – 3 a year
4. Door-to-Door Household Hazardous Waste (HHW) pickups – 3 a year
5. Sharps Collection Dropbox
6. Pharmaceutical Waste Collection Dropbox
7. Fluorescent light bulbs, light tubes and alkaline battery collection program at OCC Recycling Center
8. American Flag Retirement Dropbox
9. Annual Alkaline Battery Collection Contest for schools within District Boundaries
10. Annual Free Mulch Giveaway
11. Annual Textile Collection Event

Service Type	Current Rates	Proposed Rates				
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Annual Increases	0.00%	4.1%	7.00%	7.00%	6.00%	6.00%
Annual Rates						
Flat Rate	\$216.00	\$224.88	\$240.60	\$257.40	\$272.88	\$289.20
Monthly Rates						
Flat Rate	\$18.00	\$18.74	\$20.05	\$21.45	\$22.74	\$24.10



Additional Information: The Board of Directors meeting agenda and staff report for the Public Hearing should be available by 6:30 p.m. on Thursday, May 16, 2019 at www.cmsdca.gov. At the Public Hearing, the Board of Directors will hear and consider all written and oral protests to the solid waste service charges. **Oral comments at the Public Hearing, however, will not qualify as formal protests unless accompanied by a written protest.**

At the conclusion of the Public Hearing, the Board of Directors will consider approval of the resolution authorizing the proposed solid waste rates as described herein.

If written protest against the proposed rate increases is not presented by a majority of the property owners of the identified parcels upon which the rates are proposed to be imposed and tenants directly responsible for the payment of the solid waste service fees, the Board of Directors will be authorized to impose the rate increases as outlined above. **If adopted, the proposed solid waste rates will take effect beginning July 1, 2019.**

If you have questions regarding this notice or how it may impact your property, contact the Costa Mesa Sanitary District at (949) 645-8400 Monday through Thursday from 7:30 a.m. to 4:30 p.m. and every other Friday from 7:30 a.m. to 3:30 p.m., email info@cmsdca.gov or visit www.cmsdca.gov for answers to frequently asked questions.