

November 2006



Dear Belmont Refuse Collection Customer:

There has been a change in the rates for the collection of refuse here in Belmont. By now you probably know that has happened. Okay, but why did it happen? Well, let's go back to the beginning.

The City Council approved the new rates in June 2006. After the quarterly bills were received in September, customers began asking questions about the rationale for the rate increase. This letter responds to these most frequently asked questions that have been posed.

The most frequently asked question is why such a large percentage increase (25.65%). There are several reasons for the increase. As you know, Allied Waste (formerly BFI) provides refuse collection services, to residential and commercial customers in Belmont. Under the terms of the cost reimbursable franchise agreement, the refuse collection customers are responsible for paying Allied's actual operating costs, which are provided for by the agreement. Refuse collection costs have exceeded revenues over the past year, as there have been significant increases in fuel costs and employee costs. There have also been service delivery changes, e.g., street-sweeping. There is a "pie" chart that illustrates the allocation of refuse revenue by cost category on the other side of this letter. The annual increase in refuse collection rates would have been an estimated 8.75%, which would have been 39.88% compounded, through the end of the contract. Well okay, you get that.

The annual increase in operating costs is 8.75% or more. But, why a 25.65% increase? Because, a one time rate increase is the best way for the City to address and resolve its past and future contractual financial obligations. The refuse collection franchise agreement runs through 2010. After analyzing the estimated aggregate costs and cost increases through the term of the franchise agreement, the Council determined that there would be overall rate savings with a single rate increase that covered cost increases through 2010. The 25.65% rate increase is projected to cover cost increases over the remaining 4 ½ years of the of the franchise agreement. In essence, the recently adopted rates are intended to remain the same through 2010. That is the best part; you will not likely have another rate increase, until 2011.

The next most frequent question is whether a customer is able to reduce the impact of the monthly collection rate. The answer requires a brief explanation of the progressive rate system. Per State law (AB939), the progressive rate system is intended to encourage recycling. The residential collection rates are progressive and are based on the size of the container multiplied by the cost per gallon. The rates are based on container size, e.g. up to a 32-gallon container is 63 cents per gallon; up to a 64-gallon container is 64 cents per gallon; up to a 96-gallon container is 66 cents per gallon; up to a 128-gallon container is 67 cents per gallon; and up to a 160-gallon container is 69 cents per gallon. Simply stated, to reduce your 'per container' rate, you reduce the size of container. If you do decide to reduce your container size, you would need to notify Allied of the change.

It is important that you, the customer, be informed of rate changes and changes in services delivered before the changes become effective. We acknowledge the lack of timely notice and apologize for not informing you of the rate and service delivery changes sooner. We hope you understand and appreciate the rationale for the rate changes. If you have further questions or comments, please call (650) 610-5715 or email [pworks@belmont.gov](mailto:pworks@belmont.gov).

Sincerely,

A handwritten signature in black ink that reads "Terrence L. Belanger".

Terrence L. Belanger  
Interim City Manager