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Attachments: 1. Microsoft Word - Final_Rate_Recommendation_Reportv041009.pdf

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Final Report of the Commercial Solid Waste Rate Schedule Oversight Committee
Attached for your review is the final report of the Commercial Solid Waste Rate Schedule Oversight Committee authorized by City Council on January 20, 2009. Committee membership was offered to all previous members of the Commercial Recycling Committee. The following members chose to serve on the Commercial Solid Waste Rate Schedule Oversight Committee:

- | | |
|--------------------|-------------------------------|
| John Teeter | First Martin Corporation |
| Kyle V. Mazurek; | Ann Arbor Chamber of Commerce |
| Douglas G. McClure | Conlin, McKenney & Philbrick |
| Nancy Rucker | Zingerman's |
| Steve Bean | Environmental Commission |
| David Stead | Environmental Commission |
| Maggie Ladd | South University Association |
| Rachel Murphy | Borders |
| Jay Uzoigwe | Google |
| Margie Teall | City Council |
| Carsten Hohnke | City Council |

The Task Force initially worked on developing a set of guiding principles to be used in developing the rates. The group recommended that the rates be:

- a. Commercially Competitive
- b. As Simple as Possible
- c. Systematically Replicable to Enable Easy Annual Updates
- d. Provide for Equity between User Types
- e. Provide Incentive to Recycle and Not Present Barriers to Recycling and Waste Reduction
- f. Include Cost Allocation System to Accommodate and Encourage Shared Dumpster Use

Using these guiding principles, the Rate Committee developed a set of rates for the new commercial solid waste franchise. These rates are included in the attached report, and have also been incorporated in the recommended Public Service rates being submitted separately to City Council. The Rate Committee is also recommending that these guiding principles and the underlying formulas that developed the rates be used to help develop future solid waste rates.

In addition, the Rate Committee also addressed rates for commercial locations that are currently receiving subsidized dumpster service from the City. This charge, which is currently \$39 per month per dumpster, covers about half of the actual cost of providing the service. These locations, which number just under 300 dumpsters, will be transferred to the franchise service starting July 1, 2009. The Rate Committee is recommending that the subsidy being provided to these locations be gradually phased out over 4 years, as outlined in the attached report.

Finally, the Rate Committee also reviewed the issue of nonprofits. Historically, nonprofits have been receiving solid waste dumpster services at no charge. This created certain inequities, particularly with the fact that private nonprofit schools were receiving services at no charge while the Ann Arbor Public Schools were receiving a charge. To remedy that situation, the recommendation in the attached report specifies that in order to receive solid waste services at no charge, organizations must be a 501(c)(3) charitable tax-exempt organization, and be further defined as a public charity under 509(a)(2). Under this change, private schools and churches will no longer be receiving the solid waste services at no charge unless they qualify as a public charity under 509(a)(2). To ease the transition, the Rate Committee is recommending that these locations receive the same subsidy as outlined in the previous paragraph, with the same four year phase out.

Prepared by: Tom McMurtrie, Systems Planning Unit

Reviewed by: Sue F. McCormick, Public Services Administrator

Approved by: Roger W. Fraser, City Administrator