You are receiving this Notice because our records indicate that you are a City of Santa Barbara utility customer. This Notice describes the proposed trash and recycling rate changes, and explains how you can file a protest and participate in the process. Some customers are billed by the City for some, but not all services. This notice applies only to the services that appear on your bill from the City.

How will the proposed changes impact my trash & recycling bill?

Your bill will be affected in two different ways:

1. Trash & Recycling Revenue Requirement Increases - The proposed rate schedule includes a total increase for all sectors by 16.3% due to inflation, increased disposal fees, abandoned waste program funding, and replenishing reserves spent in fiscal year 2018.

2. Changes to Sector Designations and Services – A revenue-neutral restructuring of services and sector designations. Sector designations, and associated services, are changing from Single Family Residential, Multi-unit Residential, and Business, to Small Residential, Large Residential, and Business, respectively. These changes are occurring in order to better align with State Legislation, to improve revenue stability, and to standardize services, resulting in a more easily understood bill.

Although the proposed rate schedule includes a total increase for all sectors by 16.3%, individual bills will be impacted differently depending on each account’s specific services. To preview your July 2019 estimated bill please visit our Trash & Recycling Bill Calculator at www.SBRecycles.org or call City Trash & Recycling at (805) 564-5631.

Trash & Recycling Revenue Requirement Increases

According to the contract terms with the City’s waste hauler, the City must increase rates to pay MarBorg for increases in inflation of 2.3% as measured by the Consumer Price Index, plus 11.6% for an increase in disposal fees. Additionally, rates will be increased 2.4% to fund abandoned waste programs and recover reserves used in fiscal year 2018 to pay for an increase in trash disposal fees. The resulting proposed rate schedule increase for all sectors is 16.3%.

Resource Recovery Project

In order to meet State of California’s 2020 recycling and climate legislative requirements, the City is working with the County of Santa Barbara and other regional cities to construct the Resource Recovery Project, a regional waste processing plant that will divert at least 60% of our brown bin waste from landfill disposal. To do this, the project includes a facility that will pull out recyclables mistakenly sent to the landfill and an anaerobic digester to process organic material. Among the project’s most significant achievements are:

- Increases in our community’s recycling rate to above 85%
- Generates enough green energy to power 2,000 homes annually
- Reduces greenhouse gas emissions equivalent to taking 24,000 cars off the road annually
- Extends the life of the Tajiguas landfill
The facility is currently being constructed at the Tajiguas landfill and is expected to begin processing our waste in 2021. To fund the construction of the Resource Recovery Project, the fee for receiving trash and recycling from the City of Santa Barbara is increasing from $102 per ton to $150 per ton on July 1\textsuperscript{st}, 2019. This cost increase is the driver of the 11.6% increase in disposal fees. For more information about the Resource Recovery Project please visit the County of Santa Barbara’s website, www.lessismore.org.

**Changes to Sector Designations and Services**

The 16.3% increase to revenues will be reallocated over a new rate structure through a revenue-neutral restructuring of services and sector designations. While this does not generate any additional revenue, individual bills may increase or decrease based on specific services. Most substantially, all single family residential customers and all multi-unit residential customers with two to four units will become the Small Residential sector, while all multi-unit residential customers with five or more units will become the Large Residential sector. See table below for a detailed description of changes.

<table>
<thead>
<tr>
<th>Service Profile</th>
<th>Current Rate Structure</th>
<th>Proposed Rate Structure</th>
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</thead>
</table>
| 1 Unit Single Family Residence | Designation: Single Family Residential Services (SFR)  
- Trash Service in packages, starting at 34.43 per month for one 32-gal can of trash. Each additional 32-gal increment of trash costs between $3.85 and $9.11, depending on total trash service level.  
- Recycling Service is unlimited at no extra cost, included in trash package.  
- Greenwaste Service up to 190 gallons in carts and cans included in trash package at no extra cost. Each 32-gal increment of greenwaste costs $2.44.  
- Greenwaste Service in dumpsters is charged.  
- No minimum bill, covered by trash package.  
- Flat In-Place charge for account with any carts not brought to curb on collection day.  
- Flat Slope & Distance charge for accounts with any containers on slope or greater than 100’ from curb. | Designation: Small Residential Services (SMR)  
- All accounts subject to $30 Base Service Charge, each 32-gal increment of trash costs $9.45, minimum one 32-gallon can of Trash Service, so lowest SMR bill is $39.45.  
- Recycling Service is unlimited at no extra cost, included in Base Service Charge.  
- Greenwaste Service in carts and cans is unlimited at no extra cost, included in Base Service Charge.  
- Greenwaste Service in dumpsters is charged.  
- No minimum bill, covered by Base Service Charge.  
- Flat In-Place charge for account with any carts not brought to curb on collection day.  
- No Slope & Distance charge. |

| 2-4 Unit Multi-unit Residence | Designation: Multi-unit Residential Services (MUR)  
- Trash Service in individual containers.  
- Recycling Service up to 95 gallons in carts and cans at no extra cost, included with Trash Service.  
- Greenwaste Service up to 95 gallons in carts and cans at no extra cost, included with Trash Service.  
- $39.66 minimum bill, equivalent to 95 gallons of Trash Service. | Designation: Small Residential Services (SMR)  
- All accounts subject to $30 Base Service Charge, each 32-gal increment of trash costs $9.45, minimum one 32-gallon can, so lowest SMR bill is $39.45.  
- Recycling Service is unlimited at no extra cost, included in Base Service Charge.  
- Greenwaste Service in carts and cans is unlimited at no extra cost, included in Base Service Charge. Greenwaste Service in dumpsters is charged.  
- No minimum bill, covered by Base Service Charge. |
<table>
<thead>
<tr>
<th>Service Profile</th>
<th>Current Rate Structure</th>
<th>Proposed Rate Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-4 Unit Multi-unit Residence (continued)</td>
<td>• In-Place surcharge of 30% for each cart not brought to curb on service day.</td>
<td>→ Flat In-Place charge for account with any carts not brought to curb. No Slope &amp; Distance charge.</td>
</tr>
</tbody>
</table>
| 5+ Unit Multi-unit Residential | Designation: Multi-unit Residential Services (MUR)  
• Trash Service in individual containers.  
• Recycling Service up to 95 gallons in carts and cans at no extra cost, included with Trash Service.  
• Greenwaste Service up to 95 gallons in carts and cans at no extra cost, included with Trash Service.  
• $39.66 minimum bill, equivalent to 95 gallons of Trash Service.  
• In-Place surcharge of 30% for each cart not brought to curb on service day. | Designation: Large Residential Services (LGR)  
→ Trash Service in individual containers.  
→ No Recycling Service included with Trash Service.  
→ No Greenwaste Service included with Trash Service.  
→ No minimum bill.  
→ In-Place surcharge of 30% for each cart not brought to curb on service day. |
| Business | Designation: Business Services (BUS)  
• Trash Service in individual containers.  
• Recycling Service up to 95 gallons in carts and cans at no extra cost, included with Trash Service in carts/cans.  
• Greenwaste Service up to 95 gallons in carts and cans at no extra cost, included with Trash Service in carts/cans.  
• $30.12 minimum bill, equivalent to 65 gallons of Trash Service.  
• All service is in-place at no additional charge. | Designation: Business Services (BUS)  
→ Trash Service in individual containers.  
→ No Recycling Service included with Trash Service.  
→ No Greenwaste Service included with Trash Service.  
→ No minimum bill.  
→ All service is in-place at no additional charge. |

The rate restructuring achieves several goals:

**Revenue Stability.** The proposed solid waste rate structure simplification establishes a system to calculate a base rate for fixed costs in operating the solid waste system, and includes a variable cost for container size. This is the first step to apply consistent costs across all customers and provide additional predictability and reliability in revenue projections for the fund.

**Alignment with State Legislation.** Current state solid waste law (AB 341 and AB 1826) categorizes small multi-unit properties with four or fewer units as “single family”, and five or greater units as “MURs”. The proposed sector redesign aligns City and State classifications, thus increasing our ability to demonstrate compliance with state regulations via CalRecycle’s annual reporting and inspection process.

**Integration into the City’s Utility Billing System.** The proposed revisions to the solid waste rate structure also facilitates an update of the City’s utility billing system, “CIS”. This CIS was designed primarily as a water billing system but has been heavily customized to function for solid waste billing. Simplifying the rates enables the solid waste charges to be billed without custom programming. Eliminating complexity is also an opportunity to standardize services and refine customer sector designations.

The underlying challenge in CIS is the presence of interdependent billing codes. Interdependent billing codes are the result of rates that charge for services differently based on the presence or absence of other services. The proposed simplification removes interdependent billing codes in a way that remains revenue neutral, does not shift costs from one sector to another, and minimizes the overall bill changes for customers.
Please see billing comparisons below for impact to typical customers.

**How will the proposed changes impact bills for specific service levels?**

Representative trash & recycling service levels are demonstrated in the table below. The percentage ranges indicate the amount a bill changes due to both the restructuring and the system-wide 16.3% rate schedule increase.

To preview your July 2019 estimated bill please visit our Trash & Recycling Bill Calculator at www.SBRecycles.org or call City Trash & Recycling at (805) 564-5631.

<table>
<thead>
<tr>
<th>Customer Profile</th>
<th>Representative Service</th>
<th>Current Sector</th>
<th>New Sector</th>
<th>Current Rates*</th>
<th>Proposed Rates*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Unit Single Family Residential</td>
<td>65-gal trash, 65-gal greenwaste, 65-gal recycle, 1x/week</td>
<td>SFR</td>
<td>SMR</td>
<td>$41.42</td>
<td>$48.90</td>
</tr>
<tr>
<td>2-4 Unit Multi-Unit Residential (Cart/Can Service)</td>
<td>3-65 gal trash, 95-gal greenwaste, 3-95 gal recycle, 1x/week</td>
<td>MUR</td>
<td>SMR</td>
<td>$79.35</td>
<td>$86.70</td>
</tr>
<tr>
<td>5+ Unit Multi-Unit Residential (Cart/Can Service)</td>
<td>5-95 gal trash, 95-gal greenwaste, 5-95 gal recycle, 1x/week</td>
<td>MUR</td>
<td>LGR</td>
<td>$277.71</td>
<td>$348.160</td>
</tr>
<tr>
<td>5+ Unit Multi-Unit Residential (Small/Medium Dumpster Service)</td>
<td>4 yard trash, 2 yard recycle, 1x/week</td>
<td>MUR</td>
<td>LGR</td>
<td>$418.46</td>
<td>$459.10</td>
</tr>
<tr>
<td>Business (Cart/Can Service)</td>
<td>3-95 gal trash, 3-95 gal recycle, 2x/week</td>
<td>BUS</td>
<td>BUS</td>
<td>$404.26</td>
<td>$487.56</td>
</tr>
<tr>
<td>Business (Dumpster Service)</td>
<td>4yd trash, 4yd recycle, 2x/week</td>
<td>BUS</td>
<td>BUS</td>
<td>$1200.64</td>
<td>$1371.51</td>
</tr>
</tbody>
</table>

* Not including 6% utility tax on trash/recycling collection, as applicable

**How Can I Lower My Bill?**

In general, some customers may be able to lower their bills by “right-sizing” their service. Customers can make sure that they are diverting lower-cost recyclables from their higher-cost trash containers, increasing recycling service while decreasing trash service, if possible. Many Business and Large Residential (5+ unit) customers are also subscribed to more greenwaste service than they need, especially if they have landscapers that can self-haul trimmings instead of using greenwaste containers for disposal.

**How do I protest?**

If you wish to protest any of the above increases, you must deliver your protest signed and in writing, including your name and service address, to the City Clerk of the City of Santa Barbara at 735 Anacapa Street, Santa Barbara, CA, 93101, prior to or during the City Council’s consideration of this item on June 11, 2018. You may also submit your protest during the public hearing by presenting it to City Staff in the Council Chambers. During the hearing, the City Council will consider all protests delivered at or before the hearing as well as public testimony. Protests are public records.
**When do the new rates take effect?**
City Council will consider adopting these rates on June 18, 2019 (one week after the public hearing). The new rates will be effective starting July 1, 2019.

**How can I get more information and copies of the proposed rate schedules?**