

**City of Culver City, California
Agenda Item Report**

Meeting Date: 07/13/2015		Item Number: <u>PH-1</u>	
CITY COUNCIL AGENDA ITEM: PUBLIC HEARING - Adoption of a Resolution Confirming the Levy and Collection of Municipal Solid Waste Handling Fees, Effective July 1, 2015			
Contact Person/Dept.: Damian Skinner/PW		Phone Number: 310-253-6421	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☒		Action Item: ☐	Attachments: ☒
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (E-Mail) Agenda and Meetings – City Council (07/08/15); (USPS) Notice to All Postal Addresses in the City			
Department Approval: Charles D. Herbertson (07/01/15)		City Attorney Approval: Carol Schwab (by H. Baker) (07/07/15)	
Chief Financial Officer Approval: Jeff Muir (07/07/15)		City Manager Approval: John M. Nachbar (07/07/15)	

RECOMMENDATION:

Staff recommends the City Council adopt a resolution confirming the levy and collection of municipal solid waste ("MSW") handling fees, effective July 1, 2015.

PROCEDURE:

1. The Mayor seeks a motion to receive and file the affidavits of publication and posting of notices and correspondence received in response to the public hearing notices; and,
2. The Mayor calls for a staff report, and the City Council Members may pose questions to staff as desired; and,
3. The Mayor seeks a motion to open the public hearing; and,
4. The Mayor seeks a motion to close the public hearing after all public testimony has been presented; and,
5. The City Council discusses the item and arrives at its decision.

BACKGROUND:

The City operates an exclusive residential and commercial refuse collection and disposal service as a municipal enterprise. The Refuse and Recycling Division (R&R) of the Public Works Department operates solely on revenues generated from charges for the provision of solid waste transfer and collection services to businesses and

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residences, grants, and the sale of recyclable material. These revenues cover the costs for the City's municipal solid waste handling services, including refuse collection, disposal, recycling programs, and public outreach.

In addition to providing revenue to cover the cost of routine R&R operations, MSW fees cover the cost of the following additional services: La Ballona Creek Cleanup Event, residential on-call bulky item pickup, citywide street sweeping, pedestrian container collection, recycling program marketing, and removal of illegally dumped bulky items.

The current MSW fees were last adjusted in 2009. Since then, staff has worked diligently to reduce operating cost and increase revenues from sources other than the service charge. In 2010, staff identified the transportation of refuse from the City's transfer station as a major cost center and recommended privatizing it. In March 2011, the City entered into an agreement with CR&R to take over the service which saved the City hundreds of thousands of dollars each year. The savings realized from this action enabled the City Council to maintain existing MSW fees for six years, even though other operating costs continued to rise.

During the budget preparation process for Fiscal Year 2015/2016, staff realized the escalating costs associated with expanding the commercial recycling and composting programs, street sweeping, disposal, labor, fuel, vehicle maintenance, transfer station improvements, and other operational costs will surpass projected revenues. As a result, the MSW fees would need to be adjusted to eliminate the projected deficit.

On December 8, 2014, the City Council authorized entering into an agreement with NBS, an independent consulting firm, to conduct a comprehensive refuse rate analysis and develop a schedule of MSW fees (which was incorporated into the Engineer's Report) that balances projected expenditures and capital costs with forecasted revenues.

NBS determined that the residential service fees need to be increased by 7% and commercial service fees to be increased an average of 4% to balance revenues with cost of service. It is important to note that a major cost driver for the residential service fees and the drop-body tonnage charges is the composting of green waste. Under the current fees set in 2009, green waste was recycled as Alternative Daily Cover (ADC) at the Puente Hills Landfill (which closed on October 31, 2013) for \$23 per ton. Green waste is now being composted at American Organics, a large organics processor located in Victorville, as part of the City's Organics Recycling Program. The cost of composting is 51% higher than ADC.

Rate Schedule Comparison to Other Cities

Staff surveyed local municipalities that provide solid waste services to their communities. The survey revealed that Culver City's proposed rate schedule is in

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the range of what other cities charge for similar services. Based on this fact, Sanitation Enterprise Fund revenues can be realigned with projected costs by increasing commercial, residential and drop-body service charges and still remain competitive when compared to the surrounding market.

<u>City</u>	<u>Current Residential Service Charge</u>	<u>Percent Difference From Proposed Rate of \$31.38</u>
Los Angeles	\$36.32	+14%
Santa Monica	\$35.54	+11%
Beverly Hills	\$36.40*	+14%

**Beverly Hills residents are charged \$0.0104/square foot of lot every two months. Residential rates are estimated for a 7,000 sq. ft. lot.*

On May 11, 2015, the City Council adopted a resolution that approved the Engineer's Report, declared its intention to order the assessment levy and collection of assessments, and set the date, time, and place for this public hearing.

DISCUSSION:

A notice was mailed to each property owner advising them that the MSW fees will be increased as authorized effective July 1, 2015.

Pursuant to Culver City Municipal Code Section 5.01.070 and applicable law, any interested persons may file a written protest with the City Clerk (or withdrawal a previously filed protest) until the conclusion of the Public Hearing. At the conclusion of the hearing, the City Council shall consider any objections. Unless there is a majority protest, adoption of the proposed Resolution shall overrule any objections received and confirm and levy the MSW fees, effective July 1, 2015.

Copies of all written protests will be given to the City Council on the night of the meeting.

FISCAL ANALYSIS:

As detailed in the Engineer's Report, the proposed user service charges for Fiscal Year 2015/2016 will balance the Sanitation Enterprise Fund operating budget for Fiscal Year 2015/2016.

The user service charge schedule will be revisited annually to determine the impact of changing costs and whether further rate adjustments are necessary. Given this,

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staff is recommending adopting the proposed charge increases effective July 1, 2015.

ATTACHMENT:

1. Proposed Resolution
2. Engineer's Report

MOTION:

That the City Council:

(Absent a majority protest) Adopt a resolution confirming the assessment and ordering the levy and collection of municipal solid waste ("MSW") handling fees, effective July 1, 2015.