

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 06/22/2009		Item Number: <u>PH-4</u>	
AGENDA ITEM: PUBLIC HEARING - Adoption of a Resolution of the City Council Establishing and Levying a Refuse Rate Schedule effective on July 1, 2009 and Rescinding Resolution Numbers 2008-R040 and 2002-R122 that Established the Existing Refuse Rate Schedule.			
Contact Person/Dept.: Damian Skinner		Phone Number: (310) 253-6421	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☒		Action Item: ☐ Attachments: ☒	
Public Notification: First Class Postcards were mailed to property owners on May 8, 2009. Master E-Mail Notification List (06/17/09).			
Department Approval: Charles D. Herbertson (06/12/09)		City Attorney Approval: Carol Schwab (by H. Baker) (06/18/09)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (06/17/09)		City Manager Approval: Mark Scott (06/18/09)	

RECOMMENDATION:

Staff recommends the Culver City Council adopt a Resolution establishing and levying a 5% increase in residential, commercial, and drop body refuse fees beginning July 1, 2009.

Procedure

Mayor:

Announce that this is the time and place for the public hearing to discuss the annual levy of assessments for the Refuse Rate Schedule for Fiscal Year 2009/2010.

City Clerk:

Announce that notice of this hearing has been given pursuant to the provisions of Chapter 5.01 of the Culver City Municipal Code and by resolution of the City Council, and that the following affidavits are on file in his office:

1. Affidavit of Publication; and
2. Affidavit of Posting.

Mayor and Council: Consider a Motion to receive and file all affidavits.

City Clerk: Announce the number of written protests received, if any, and announce that copies of all such protests have been

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delivered to the City Council or summarize the contents thereof.

Mayor: First, ask to hear from those who have filed a written protest. Next, ask to hear from those in the audience wishing to speak against the proposed assessments.

Then, ask to hear from anyone who wishes to speak in favor of the proposed assessments.

Mayor and Council: Consider a Motion declaring the Public Hearing closed.

Mayor and Council: Discussion.

Mayor and Council: By Motion, adopt the Resolution confirming the assessments.

BACKGROUND:

Sanitation Services Directly Supported by Fees

The City of Culver City operates an exclusive residential and commercial refuse collection and disposal service as a municipal enterprise. The Refuse and Recycling Divisions (Sanitation) operate solely on revenues generated from the provision of solid waste transfer and collection services to businesses and residences, grants, and the sale of recyclable material. These revenues cover the costs for refuse collection, disposal, recycling programs, and public outreach. Sanitation operations are 100% supported by its enterprise fund revenues and it does not receive other funds or tax contributions.

Sanitation Services Indirectly Supported By Fees

In addition to providing revenue to cover the cost of routine Sanitation operations, refuse fees cover the cost of the following additional services:

- An annual La Ballona Creek Cleanup Event at a cost of approximately \$2,300.
- An On-Call bulky item pickup program that provides up to two annual pickups for residential customers for a cost of approximately \$109,610.

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- Citywide street sweeping for an annual cost of \$290,472.
- Pedestrian container and all bus stop container collection services for an annual cost of approximately \$51,967.
- Removal of illegally dumped bulky items in the public right-of-way for an annual cost of \$23,954.

The Sanitation Enterprise fund will contribute \$1,555,238 to the City's General Fund to offset the cost of services rendered to Sanitation by other City Departments in Fiscal Year 2009/2010.

Sanitation Payments to City Funds

In 1985, the City's General Fund provided a loan to the Sanitation Enterprise Fund in the principal amount of \$2,000,000 for a term of 34 years. In 1999, the remaining outstanding loan amount was refinanced and additional funding was included from the Equipment Replacement Fund and the Innovation Fund. The interest rate is 7%. The annual aggregate payment due to the three funds is \$163,628. The Sanitation Enterprise Fund also pays its fair share of rental for City owned facilities in the amount of \$78,000 per year.

Refuse Rate Adjustment Fiscal Year 2008/2009

During Fiscal Year 2007/2008, a comprehensive revenue and expenditure estimate analysis of Sanitation services based on the projected operating budget for Fiscal Year 2008/2009 was conducted. The analysis demonstrated that the residential and commercial fees would need to be increased by 4% to balance revenues to the costs of providing services.

The City Council concurred with staff's recommendation and adopted a resolution implementing the current rate schedule.

Public Notification

Pursuant to City Council direction, and in compliance with Proposition 218, the Public Works Department mailed postcards to all property owners and business customers in the City, advising them of tonight's discussion and the proposed fee increases.

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DISCUSSION:

The City Council establishes refuse fees to ensure that revenues cover the costs of services provided. During the Fiscal Year 2009-2010 budget preparation process, staff projected that operating costs will increase by approximately \$473,991. The following table provides a line item description of the increased costs:

<u>Description</u>	<u>Maintenance of</u>		<u>Difference</u>	<u>Percent Increase</u>
	<u>Adopted Budget Fiscal</u>	<u>Effort Budget Fiscal</u>		
	<u>Year 2008-2009</u>	<u>Year 2009-2010</u>		
Personnel Services	\$4,451,081	\$4,524,963	\$73,882	1.66%
Administrative Charges	\$1,395,421	\$1,555,238	\$159,817	11.45%
Street Sweeping Contract	\$282,308	\$290,472	\$8,164	2.89%
*OPEB	\$0	\$112,203	\$112,203	100.00%
**Trash Disposal	\$1,952,755	\$2,072,680	\$119,925	6.14%

**Total Increase
From Previous
Fiscal Year: \$473,991**

*Other Post Employment Benefits (OPEB) – Medical benefits for current and future retirees.

**It is important to note that the Los Angeles County owned Puente Hills Landfill is annually increasing their trash disposal rates by 13% to prepare for its closure in the Year 2013. Once it's closed, the landfill will be converted into a waste-to-rail inter modal facility to transport trash to the Mesquite Regional Landfill located in Imperial County located over 150 miles away.

Proposed Rate Schedule Increase

The cost of Sanitation operations is projected to increase significantly for Fiscal Year 2009/2010 from the previous fiscal year. As a result, staff believes that it is necessary to reevaluate the Refuse Rate Schedule in order to match revenues with costs.

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Taking into account refuse collection rates of other local municipalities and private solid waste companies that service local municipalities, staff determined that a 5% fee increase for commercial and residential service will bring rates in line with the market while covering Sanitation's expenses.

The following is the proposed fee schedule:

<u>Sanitation Service</u>	<u>Current Fees</u>	<u>Proposed Fees FY</u>
		<u>09'-10'</u>
Residential Cans (monthly)	\$27.90	\$29.30
Commercial Cans (monthly)	\$25.37	\$26.64
Commercial Can Recycle	\$11.96	\$12.56
2-CY Scheduled Trash	\$108.48	\$113.90
2-CY Scheduled Greenwaste	\$41.23	\$43.29
2-CY Scheduled Recycle	\$27.56	\$28.94
3-CY Scheduled Trash	\$133.26	\$139.92
3-CY Scheduled Greenwaste	\$43.51	\$45.69
3-CY Scheduled Recycle	\$29.21	\$30.67
*Communal Compactor Variable- Restaurant	\$140.00	\$147.00
**Communal Compactor Variable- Commercial	\$50.00	\$52.50
***Temp Bin Rental	\$44.10	\$46.31
Lock Set	\$9.16	\$9.62
Bin Pull-Out	\$30.26	\$31.77

*The fee is based on restaurants with an average size of 2,582 square feet. The fee is increased or decreased by dividing the square footage of a restaurant by 2,582 and multiplying that number by \$147.

**The fee is based on commercial business with an average size of 4,829 square feet. The fee is increased or decreased by dividing the square footage of a business by 4,829 and multiplying that number by \$52.50.

***The rental fees shown in the table above are the monthly cost to rent a bin; however, the fees are prorated per day if the customer rents the bin for less than a month.

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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 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 marginally increasing the commercial and residential refuse rates and still remain competitive when compared to the surrounding market.

<u>City</u>	<u>Proposed Residential Service</u>	<u>Proposed Commercial Service (3 cubic-yard)</u>
Culver City	\$29.30	\$139.92
Santa Monica	\$31.50	\$140.09
Beverly Hills	\$60.00	\$110.40 (Commercial) \$171.11 (Restaurant)
Burbank*	\$21.75	\$173.46
Los Angeles**	\$36.32	\$104.24
Pasadena	\$22.10	\$137.10

* Burbank has a City operated disposal site and does not include the cost of disposal in their rates.

** Published rates from private haulers do not include street sweeping or other City related services.

FISCAL ANALYSIS:

The proposed rate schedule will balance the Sanitation Enterprise Fund operating budget by generating approximately \$11,633,926 in revenue for Fiscal Year 2009-2010, which is slightly lower than the projected expenditures of \$11,741,923. To bridge the gap between revenue and expenditures, staff will ask the City Council to enter into an agreement with an outside agency to process trash through the Culver City Transfer Station in July 2009. The agreement will generate approximately \$220,000 in revenue. The Refuse Fee Schedule will be revisited annually to determine the impact of the disposal costs and whether further rate increases are necessary. Given this, staff is recommending adopting the proposed fee increase effective July 1, 2009.

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ATTACHMENTS:

- Proposed Resolution

MOTION:

That the City Council:

1. Conduct a Public Hearing related to the proposed Refuse Rate Schedule; and,
2. Adopt a Resolution to increase the Residential and Commercial Rate Schedule by 5%, effective July 1, 2009, and rescind Resolutions 2008-R040 and 2002-R122 that established refuse rates for Fiscal Year 2008-2009.