

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 06/09/2008		Item Number: <u>PH-3</u>	
AGENDA ITEM: PUBLIC HEARING Adoption of a Resolution of the City Council Establishing and Levying a Refuse Rate Schedule effective on July 1, 2008 and Rescinding Resolution No. 2007-R033 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 April 24, 2008. An advertisement for tonight's meeting was published in the May 1, and May 8, 2008 issues of Culver City News. Master E-Mail Notification List (06/04/08).			
Department Approval: Charles D. Herbertson (05/29/08)		City Attorney Approval: Carol Schwab (by H. Baker) (06/02/08)	
Fiscal Impact Review: Jeff Muir (by M. Noller) (06/04/08)		City Manager Approval: Jerry B. Fulwood (06/04/08)	

RECOMMENDATION:

Staff recommends the City Council adopt a Resolution establishing and levying a 4% increase in residential, commercial, and drop body refuse fees beginning July 1, 2008 and rescinding Resolution No. 2007-R033.

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 2008/2009.

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 pursuant to the provisions of the City Council's Resolution 2008-R027, and that the following affidavits are on file in his office:

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

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

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City Clerk: Announce the number of written protests received, if any, and announce that copies of all such protests have been delivered to the City Council OR, summarize the contents thereof.

Mayor: Seek a motion declaring the Public Hearing Open

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: Seek 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 Sanitation Bureau (Sanitation) operates solely on revenues generated from the provision of solid waste transfer and collection services to businesses and residents, 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:

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- An annual La Ballona Creek Cleanup Event at a cost of approximately \$2,200.
- An On-Call bulky item pickup program that provides up to two annual pickups for residential customers for a cost of approximately \$97,000.
- Citywide street sweeping for an annual cost of \$282,308.
- Pedestrian container and all bus stop container collection services for an annual cost of approximately \$45,990.
- Removal of illegally dumped bulky items in the public right-of-way for an annual cost of \$21,198.

The Sanitation Enterprise fund will contribute \$1,263,495 to the City's General Fund to offset the cost of services rendered to Sanitation by other City Departments in Fiscal Year 2008/2009.

Sanitation Payments to the City General Fund

The Sanitation Enterprise fund continues to make payments on a 7% loan of \$3 million to the City's General Fund in the amount of \$163,628 annually. The loan balance will be reduced to \$1,149,262 by June 30, 2008, and the annual payment will end in 2018. Sanitation also pays rent for City property in the amount of \$78,000 per year.

Refuse Rate Adjustment Fiscal Year 2007/2008

During Fiscal Year 2006/2007 a comprehensive revenue and expenditure estimate analysis of Sanitation services based on the projected operating budget for Fiscal Year 2007/2008 was conducted. The analysis demonstrated that the residential and commercial fees would need to be increased by 10% to balance revenues to cost.

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

Public Notification

Pursuant to City Council direction, a public notice of this item was published in the May 1 and 8, 2008 issues of Culver City News. In addition to publishing notices, the Public Works Department mailed postcards to all property owners and business

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customers in the City, advising them of tonight's discussion and the proposed fee increases.

DISCUSSION:

The City establishes Refuse Fees to ensure that revenues cover the costs of services provided. During the Fiscal Year 2008-2009 budget preparation process, staff projected that costs will increase by approximately \$468,532 due to significant increases in street sweeping, capital outlay and landfill costs. These increased costs are based on a maintenance of effort budget projection. The following table details the increased costs:

<u>Description</u>	<u>Maintenance of Effort</u>		<u>Difference</u>	<u>Percent Increase</u>
	<u>Adopted Budget Fiscal Year 2007-2008</u>	<u>Budget Fiscal Year 2008 2009</u>		
Personnel Services	\$4,413,597	\$4,432,394	\$18,797	0.43%
Administrative Charges	\$1,214,899	\$1,263,495	\$48,596	4.00%
Street Sweeping Contract	\$190,000	\$282,308	\$92,308	48.58%
Capital Outlay – Building – Axle Scales	\$79,885	\$120,000	\$40,115	50.22%
Capital Outlay – Building – Transfer Station Floor	\$0	\$100,000	\$100,000	100.00%
Garage Expenses	\$1,608,666	\$1,695,739	\$87,073	5.41%
–Trash Disposal*	\$1,844,357	\$1,926,000	\$81,643	4.43%

**Total Increase From
Previous Fiscal Year: \$468,532**

* 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 Eagle Mountain located over 150 miles away.

Proposed Rate Schedule Increase

The cost of Sanitation operations is projected to increase significantly for Fiscal Year 2008/2009 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.

Taking into account refuse collection rates of other local municipalities and private solid waste companies that service local municipalities, staff determined that a 4% fee increase for commercial and residential service will bring rates in line with the market while covering Sanitation's expenses.

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The following is a proposed fee schedule:

<u>Sanitation Service</u>	<u>Current Fees</u>	<u>Proposed Fees</u> <u>FY 08'-09'</u>
Residential Cans (monthly)	\$26.83	\$27.90
Commercial Cans (monthly)	\$24.39	\$25.37
Commercial Can Recycle	\$11.50	\$11.96
2-CY Scheduled Trash	\$104.31	\$108.48
2-CY Scheduled Greenwaste	\$39.64	\$41.23
2-CY Extra Bin Pick-Up	\$20.33	\$21.14
On-call 2-CY Trash	\$26.70	\$27.77
On-call 2-CY Greenwaste	\$8.01	\$8.33
3-CY Scheduled Trash	\$128.13	\$133.26
3-CY Scheduled Greenwaste	\$41.84	\$43.51
3-CY Extra Bin Pick-Up	\$24.18	\$25.15
On-call 3-CY Trash	\$40.07	\$41.67
On-call 3-CY Greenwaste	\$8.70	\$9.05
Re-spot 8, 10, 40, cu.yd.	\$35.00	\$36.40
*Temp Bin Rental	\$42.40	\$44.10
Lock Set	\$8.81	\$9.16
Temp Bin Delivery/Removal	\$8.01	\$8.33
Bulk Pickup Basic/Illegal	\$39.55	\$41.13
Bulk Pickup > 3 cu.yd. each	\$19.77	\$20.56
Bin Pull-Out	\$29.10	\$30.26
Temp Bin Pull-Out	\$6.42	\$6.68
Drop Body/Compactor Empty or removal	\$156.12	\$162.36
Trash Disposal < 11 Tons	\$77.76	\$80.87
Trash Disposal > 11 Tons	\$155.53	\$161.75
Asphalt Disposal > 11 tons	\$88.88	\$92.44
Asphalt Disposal < 11 tons	\$44.44	\$46.22
Metal Disposal > 11 tons	\$21.52	\$22.38
Metal Disposal < 11 tons	\$10.76	\$11.19
Inert Disposal > 11 tons	\$99.70	\$103.69
Inert Disposal < 11 tons	\$49.85	\$51.84
Clean Wood > 11 tons	\$81.66	\$84.93
Clean Wood < 11 tons	\$40.83	\$42.46
Contaminated Wd > 11 tons	\$99.70	\$103.69
Contaminated Wd < 11 tons	\$49.85	\$51.84
Greenwaste > 11 tons	\$99.70	\$103.69
Greenwaste < 11 tons	\$49.85	\$51.84
*Drop Body Rental	\$137.80	\$143.31
**Area Clean-up	-	\$63.67
***Compactor Housekeeping	-	\$90.00

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*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.

Proposed New Area Clean-Up Fee

New to the refuse rate schedule for Fiscal Year 08/09 is an “area clean-up” fee. This fee will be charged to businesses that require a special clean-up of excess trash around bins and adjacent public alleyway. Currently, staff receives complaints from City staff and/or concerned citizens about extra trash surrounding bins at businesses adjacent to residential areas. Unfortunately, getting cooperation from the offending business to remove the extra trash is usually difficult, so staff’s only recourse is to dispatch a clean-up crew to pick-up the excess trash at no additional cost to the business. With the proposed fee in place, staff will give the offending business 24-hours’ notice to clean-up the mess. If the trash has not been cleaned-up after the 24 hours have lapsed, then staff will dispatch a clean-up crew to collect the excess trash and the business will be assessed the area clean-up fee.

The fee was formulated by analyzing the average employee time required to perform special clean-ups, and the cost to process, transport and dispose of three cubic yards of trash. If there are more than three cubic-yards (a standard refuse bin), then the fee will be increased by \$41.67 for each additional bin load.

The purpose of the fee is to deter the negligent behavior that causes the extra trash around bin enclosures and public alleyways and to recoup the cost for performing special clean-up activities.

Proposed New Compactor Housekeeping Fee

The compactor housekeeping fee is a variable fee that will be assessed to businesses that use the Cardiff compactor during times when the compactor and surrounding area require janitorial attention. Staff received a quote to from Haynes Building Services to clean the Cardiff compactor enclosure daily. The proposed cost for the service is \$860 per month. Staff will continue to work with the Downtown Business Association (DBA) to find a sustainable solution to the excess trash and related problem at the Cardiff compactor enclosure. In the meantime, staff would like the option to hire a janitorial company to keep the enclosure clear of trash on an as needed basis. The cost for the service will be evenly distributed among the restaurants that use the compactor and will not exceed \$90 per month for each restaurant.

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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 scheduled is in the median 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 (2 cubic-yard)</u>
Culver City	\$27.90	\$108.48
Santa Monica	\$30.29	\$143.87
Beverly Hills	\$55.45	\$147.94
Burbank**	\$21.75	\$173.46
Los Angeles	\$36.00	\$95.00***
Pasadena	\$33.57	\$129.94 (3 yd only)

LA, Pasadena, and Santa Monica compete against the private sector for commercial service.

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

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

FISCAL ANALYSIS:

Sanitation staff completed a comprehensive rate analysis of Sanitation services based on the projected operating budget for Fiscal Year 2008/2009. The rate analysis shows that the residential, commercial and drop-body fees need to be increased to match revenues with cost. The proposed rate schedule will balance the Sanitation operating budget by generating approximately \$11,623,195 in revenue for Fiscal Year 2008-2009, which is slightly higher than projected expenditures of \$11,377,886. Should the additional revenue be realized, then the Sanitation operation can accelerate debt payments and build a rate levelization reserve fund to

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begin to offset known increases to the disposal costs that are likely to increase by 13% each year for the next 5 years. 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, 2008.

ATTACHMENTS:

1. Resolution

MOTION:

That the City Council:

Adopt a Resolution increasing the Residential and Commercial Rate Schedule by 4%, effective July 1, 2008, and rescinding Resolution 2007-R033 that established refuse rates for Fiscal Year 2007-2008.