



City of Culver City

Staff Report

File #: 21-63, Version: 2

Item #: 1.

CC - Adoption of a Resolution (1) Approving an Amended Assessment Engineer's Report ; and (2) Confirming the Levy and Collection of Municipal Refuse, Recycling and Organics Handling Fees, Effective July 1, 2020.

Meeting Date: August 3, 2020

Contact Person/Dept: Kim Braun/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) Meetings and Agendas - City Council (07/31/2020)

Department Approval: Charles D. Herbertson, PW Director/City Engineer (07/23/2020)

RECOMMENDATION

Staff recommends the City Council adopt a resolution (1) approving an amended assessment engineer's report; and (2) confirming the levy and collection of municipal refuse, recycling and organics handling fees, effective July 1, 2020.

BACKGROUND/DISCUSSION

Public Works Environmental Programs & Operations Division (EPO) is the exclusive provider of refuse, recycling and organics collection, and transfer services to residential and commercial customers. EPO recovers its cost of operations through refuse rate charges to customers. The City Council approved a three-year rate adjustment of seven percent (7%) annually from July 1, 2017 - June 30, 2020. During that time, refuse rates have been outpaced by rising costs due to several unanticipated circumstances:

- In late August 2017, China announced it would close its recycling markets to the world due to high levels of product contamination effective January 1, 2018. Prior to that event, Culver City would receive \$ 25 per ton from processors for its recyclable materials. Once China no longer

accepted imported recyclable materials for processing, the City was tasked with paying for its recyclable materials at costs ranging from \$ 25 per ton in FY 2018/2019 up to \$ 86 per ton in FY2019/2020.

- Refuse disposal fees continued to increase annually from three percent up to seven percent (3% - 7%) and fees to haul the trash to the landfill also increased by three percent (3%) annually.
- The State of California enacted AB 1826 which mandated that all commercial entities generating eight (8) cubic yards of organics waste per week, implement an organics waste diversion program by April 1, 2016. And, by January 1, 2017, all commercial entities generating four (4) cubic yards of organics waste per week also implement an organics waste diversion program. In addition, by January 2020, all multi-family and commercial entities that generate (4) cubic yards of solid waste, must have an organics waste diversion program. The costs to compost the City's organics materials is currently at \$ 84 ton.
- SB 1383 was recently passed, and the legislation requires more stringent organics processing as well as implementing a program which recovers twenty percent (20%) of all consumable food.

EPO staff contracted with SCS Engineers to perform a rate study analysis to determine future rates as a result of rising operational costs and the ability to maintain a twenty-five percent (25%) unrestricted cash reserve. Staff was prepared to present a new rate structure to City Council for consideration in late May 2020 for FY 2020/2021 - FY 2024/2025. However, in March 2020, COVID -19 closures drastically impacted waste management services. Revenues for waste services decreased as a result of businesses closing while residential waste volumes increased without any additional fees to compensate for the additional collection services. Unrestricted cash reserves have been used to offset the past increased costs for services. The reserve fund is established as just that, reserve. The reserve fund should be used on a limited basis as a result of loss due to a catastrophic event or unscheduled events including unanticipated increases in landfill disposal fees, organics waste processing fees, or a substantial decrease in revenue.

As a result, staff analyzed what mechanisms could be implemented to sustain waste management services for the community and not request a rate increase adjustment during this economic downturn. The following actions are being implemented to allow EPO waste collection services to continue at rates established for FY 2019/2020:

- EPO contracted with a new recyclable materials processor reducing the fee to process the City's recycling from \$ 86 per ton to \$ 47 per ton for FY 2020/2021.
- EPO located a closer composting processing site reducing its hauling cost from \$ 500 per load to \$ 300 per load.
- EPO currently has five (5) field staff vacancies. These vacancies will only be filled when mandatory business closures are slowly lifted and the need for service increases in the commercial sector.
- EPO did not renew contracts with temporary employees.
- Other operational costs were significantly reduced.

FISCAL ANALYSIS

The levy and collection of municipal refuse, recycling and organics handling fees will remain the same as those approved for FY 2019/2020 as per the attached resolution. There is no increase proposed in FY 2020/2021.

ATTACHMENTS

- 1 Proposed Resolution
- 2. Engineer's Report

MOTION

That the City Council:

Adopt a resolution (1) approving an amended assessment engineer's report; and (2) confirming the levy and collection of municipal refuse, recycling and organics handling fees, effective July 1, 2020.