



City of Culver City

Mike Balkman
Council Chambers
9770 Culver Blvd.
Culver City, CA 90232
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Staff Report

File #: 21-1004, **Version:** 2

Item #: C-12

CC - Adoption of a Resolution (1) Approving the Refuse Fund's Engineer's Report; (2) Declaring the Intention to Levy and Collect the Refuse, Recycling and Organics Collection Fees for FY 2021/2022 - FY 2030/2031; and (3) Setting the Date, Time and Place for the Public Hearing.

Meeting Date: May 24, 2021

Contact Person/Dept: Kim Braun, EPO Manager
Phone Number:

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 (05/20/2021);

Department Approval: Charles D. Herbertson, PW Director/City Engineer (05/13/2021)

RECOMMENDATION

Staff recommends that the City Council adopt a Resolution (1) approving the Engineer's Report for the Refuse, Recycling and Organics Collection fees for FY 2021/2022 - FY 2030/2031; (2) declaring its intention to levy and collect the Refuse, Recycling and Organics User's Service Charge for FY 2021/2022 - 2030/2031; and (3) setting a Public Hearing for July 26, 2021 at 7:00 pm in the Mike Balkman Council Chambers. Due to COVID -19 procedures, meeting may be virtual and can be viewed at www.culvercity.org <<http://www.culvercity.org>>

BACKGROUND/DISCUSSION

Public Works Environmental Programs & Operations Division (EPO) is the exclusive provider of refuse, recycling and organics collection, construction, and demolition (C&D) collection, and transfer services to residential and commercial customers. EPO recovers its costs of operations through refuse rate charges to customers. In 2017, the City Council approved a three-year adjustment of seven percent (7%) annually beginning FY 17/18 through FY 19/20.

Since that time, the refuse rates have been outpaced by several conditions that were not projected in

the rate analysis conducted in 2017 including the rising costs in recycling fees due to the China ban; increased costs in processing fees for organics materials due to SB 1383 regulations; increased costs of transportation fees as a result of a new contract; and structural improvements to the transfer station tipping floor and exterior wall. EPO continues to utilize existing reserves until a rate increase is determined and approved.

In 2019, the City retained the services of an outside financial consultant, SCS Engineers, Inc. to prepare an engineer's report beginning FY 20/21 for Refuse, Recycling and Organics User's Service Charge. Staff was prepared to present a refuse rate increase report to City Council in the fourth quarter of FY 19/20. In March 2020, due to the COVID-19 pandemic, many businesses closed and much of the commercial waste collections operations were either suspended, reduced, or canceled. Due to the volatility of the situation at the time, staff decided not to request a rate increase for FY 20/21.

On May 10, 2021, staff presented a Refuse Fund rate increase report to City Council for discussion. SCS Engineers Inc., financial consultant preparing the engineer's report, presented a rate analysis model which is a tool to forecast several rate options over five and ten years. The model calculates rate options to meet operational needs, comply with new and existing legislative requirements and reach and maintain the required 25% operational reserve. Several options for the rate increase were discussed including:

Option 1 - No rate increase. If rates are not increased and if expenditures continue at the current pace, the Refuse Fund will be out of funds by June 30, 2022.

Option 2 - 35.78% increase in FY 21/22 - Fastest option to reach our operational goals and meet and maintain the required 25% operational reserve. No additional rate increase would be anticipated until outer years beginning FY 26/27.

Option 3 - 15% increase in FY 21/22, 10% increase in FY 22/23, 10% increase in FY 23/24, and 2.25% increase in FY 24/25 annually through FY 2030/2031. This option would include funding operational needs, adding new programs resulting from existing and new legislation and reaching 25% reserve over several years.

After much discussion and using the model to calculate additional rate options, City Council directed staff to proceed with Option 3. Proposition 218 requirements require a public notice of proposed changes to rates be made to all property owners in the affected area. A 45-day notice/response period will be in effect from the date of adoption of the proposed resolution. Absent a majority protest, City Council may then approve the final adoption of the rates at a public hearing on July 26, 2021 with rates effective July 1, 2021.

FISCAL ANALYSIS

Funds for printing and mailing notices are available in account 20260400.517310. There is no additional immediate budget/financial impact from authorizing staff to proceed with a Proposition 218 noticing for a public hearing.

ATTACHMENTS

1. Proposed Resolution
2. Proposition 218 Notification
3. Engineer's Report

MOTION

That the City Council:

Adopt a Resolution (1) approving the Engineer's Report for the Refuse, Recycling and Organics User's Service Charge for FY 2021/2022 - 2030/2031; (2) declaring the intention to levy and collect the Refuse, Recycling and Organics collection fees for Fiscal Years 2021/2022 - 2030/2031; and (3) setting a public hearing for July 26, 2021 at 7:00 pm in the Mike Balkman Council Chambers. Due to COVID-19 procedures, this meeting may be virtual and can be viewed at www.culvercity.org <<http://www.culvercity.org>>.