



## Legislation Details (With Text)

<b>File #:</b>	22-0990	<b>Version:</b>	1	<b>Name:</b>	PW - Refuse Rates Prop 218
<b>Type:</b>	Resolution	<b>Status:</b>	Adopted		
<b>File created:</b>	8/15/2022	<b>In control:</b>	City Council		
<b>On agenda:</b>	8/23/2022	<b>Final action:</b>	8/23/2022		
<b>Title:</b>	Recommendation to receive supporting documentation into the record; receive public comment pursuant to Proposition 218; direct City Clerk to tabulate the written protests and report the results of the tabulation to the Mayor and City Council during the August 23, 2022 hearing; and, if a "majority protest" is not established, conclude the public hearing and adopt resolution establishing the Solid Waste Service Rates under a two-step rate adjustment. (Citywide)				
<b>Sponsors:</b>	Public Works				

### Indexes:

### Code sections:

**Attachments:** 1. 082322-H-1sr&att.pdf, 2. 082322-H-1.PowerPoint.pdf, 3. 082322-H-1 corrsp Zamir.pdf, 4. RES-22-0148.pdf

Date	Ver.	Action By	Action	Result
8/23/2022	1	City Council	approve recommendation and adopt	Pass

Recommendation to receive supporting documentation into the record; receive public comment pursuant to Proposition 218; direct City Clerk to tabulate the written protests and report the results of the tabulation to the Mayor and City Council during the August 23, 2022 hearing; and, if a "majority protest" is not established, conclude the public hearing and adopt resolution establishing the Solid Waste Service Rates under a two-step rate adjustment. (Citywide)

The City of Long Beach (City) last raised refuse and recycling rates for cost of service on October 1, 2019. Since then, the costs associated with solid waste collection operations have dramatically increased for many reasons. SERRF disposal costs per ton have grown 10 percent since October 2019, and City staff anticipates continued cost increases in the coming years. The general costs of maintaining a fleet are also increasing. In Fiscal Year (FY) 2023, the City is adding eight refuse trucks to provide collection of organics at commercial accounts.

Additionally, over the past few years, the State has enacted legislation increasing each city's requirement to recycle and provide waste diversion programs. In response to these and other requirements, the Department of Public Works (Public Works) is currently working towards implementing a plan that will satisfy all of the State's requirements. This plan will develop a path for the City's compliance with current and upcoming legislation including, but not limited to, Assembly Bill (AB) 341 (mandatory commercial and multi-family recycling and sets a statewide 70 percent diversion target), AB 2176 (large venue and special event recycling), AB 1826 (commercial organics recycling), and SB 1383 (short-lived climate pollutants: organics methane emissions reductions).

In April 2021, Public Works retained Hilton, Farnkopf, and Hobson Consultants, LLC (HF&H), to conduct a comprehensive Cost of Service Study (Study) for refuse, recycling and commercial organics collection services (Attachment A). The objective of the Study was to develop recommendations for an updated rate structure that reflect current costs of service, and include costs for administering programs to meet requirements, ensure compliance of State mandated programs, and reflect commercial organics collection scheduled to be implemented in the first quarter of 2023.

The Study concluded that rate increases for solid waste services are necessary for several reasons including: (1) solid waste collection costs have increased; (2) the City's rates have not generated sufficient revenue to cover the costs for service; (3) compliance with and implementation of new State-mandated (SB 1383) diversion programs require additional funding. The Study was issued and made available for review on July 8, 2022, on the LB Recycles website ([www.longbeach.gov/lbrecycles](http://www.longbeach.gov/lbrecycles)).

The updated rate structure is designed for each rate class to ensure customers are paying their proportionate share of costs. The proposed rate adjustment is recommended for implementation in two steps with the first adjustment taking effect on September 1, 2022, and will increase the typical single family home customer's account by \$5.43 per month. The proposed second rate adjustment will go into effect on January 1, 2023, adding \$6.45 per month.

Public Works intends to perform another Study to determine the necessary rate increases for FY 24 to account for unanticipated commercial organic program costs and new residential organics program costs.

These proposed solid waste and recycling rates are used solely for the purpose of defraying costs incurred in providing efficient services and to ensure continued compliance with State law. Long Beach rates will still be lower than many Los Angeles County cities' current rates after the proposed rates go into effect (see chart below).

Since the rates are based on actual cost of service, not all residential and commercial rates will be adjusted equally. Further, commercial accounts will see their rates increase at a higher rate than residential accounts due to the implementation of commercial organics collection. The following charts summarize the rates subject to this majority protest process.

Cart Rates:

Bin Rates:

## Proposition 218 Requirements

The substantive provisions of Article XIII D appear in section 6, subdivisions (b)(1)-(5), which require a property-related fee to satisfy these standards:

1. Revenues derived from the fee or charge must not exceed the funds required to provide the property-related service;
2. Revenues derived from the fee or charge must not be used for any purpose other than that for which the fee is imposed;
3. The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership must not exceed the proportional cost of the service attributable to the parcel;
4. The fee or charge may not be imposed for a service unless the service is actually used by, or immediately available to, the owner of the property subject to the fee or charge; fees or charges based on potential or future use of a service are not permitted, and stand-by charges must be classified as assessments subject to the ballot protest and proportionality requirements for assessments; and,
5. No fee or charge may be imposed for general governmental services, such as police, fire, ambulance, or libraries, where the service is available to the public in substantially the same manner as it is to property owners.

Procedurally, Proposition 218 requires that notices of a proposed rate increase be mailed to all property owners in the affected area, and that a public hearing be held not less than 45 days after the mailing. On July 8, 2022, City staff mailed 118,450 notices of the proposed rate increase to all property owners and refuse customers in Long Beach. The notices informed customers of the proposed increases and of their opportunity to submit a written protest. The protest period will close at the public hearing. Absent a majority protest (i.e., 50 percent + 1, or 59,226 protests), the City Council may approve the final adoption of the proposed rates at this hearing. The first rate increase would become effective on September 1, 2022.

City staff recommends that the City Council holds a public hearing, hears all public comments on the proposed rate increases, considers all written material and written protest concerning the establishment and imposition of the proposed rate increases, tabulates the protests received, and if no majority protest exists, adopt the attached Resolution, to revise refuse and recycling rates as proposed.

This matter was reviewed by Deputy City Attorney Vanessa Ibarra on August 4, 2022 and by Budget Management Officer Nader Kaamoush on August 9, 2022.

City Council action is requested on August 23, 2022, to implement the refuse and recycling rate changes effective September 1, 2022.

The rate increases are proposed to take effect in a two-step adjustment with the first effective September 1, 2022, which will increase the typical (96-gallon cart) single family home customer's account by \$5.43 per month, or 18.7 percent. The second adjustment will go into effect on January 1, 2023, adding \$6.45 per month, or 18.7 percent. It is estimated that adjusting rates, for both residential and commercial accounts, will allow for expected purchases of vehicles and equipment for the State mandated residential organics collection program. Since 2012, due to increased operational costs, the Refuse/Recycling Fund Group balance has decreased by over \$15 million. Without a rate increase, it is estimated that the Refuse/Recycling Fund Group will be exhausted by the middle of FY 23. The proposed rate increases will generate an estimated surplus in the Refuse/Recycling Fund Group of \$3.8 million in FY 23 and \$6.7 million in FY 24. This additional revenue is necessary to purchase equipment required to implement State mandated programs. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

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ERIC LOPEZ  
DIRECTOR OF PUBLIC WORKS

APPROVED:

THOMAS B. MODICA  
CITY MANAGER