



Legislation Text

File #: 19-0070, **Version:** 1

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 February 5, 2019 hearing; and, if a “majority protest” is not established, conclude the public hearing and adopt resolution establishing the Refuse and Recycling Rates under a two-step rate adjustment. (Citywide)

The City of Long Beach (City) has not raised refuse and recycling rates for cost of service since October 1, 2002. Since then, only Consumer Price Index (CPI) adjustments have been made, with the last one going into effect on October 1, 2015. While rates have remained constant for the past few years, costs for service have increased. Disposal costs per ton have grown 19 percent in the past five years, from \$45.18 in FY 15 to \$53.89 in FY 19, and staff anticipates continued cost increases in the coming years. Fleet costs are also increasing. The City is actively replacing the approximately 70 clean fuel (CNG) refuse trucks purchased in 2009. These vehicles cost 30 percent more since the 2009 purchase.

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 (PW) is currently in the early stages of creating a Zero Waste Plan. This plan will develop a path for the City’s compliance with current and upcoming legislation including, but not limited to, 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 AB 1383 (short-lived climate pollutants: organics methane emissions reductions).

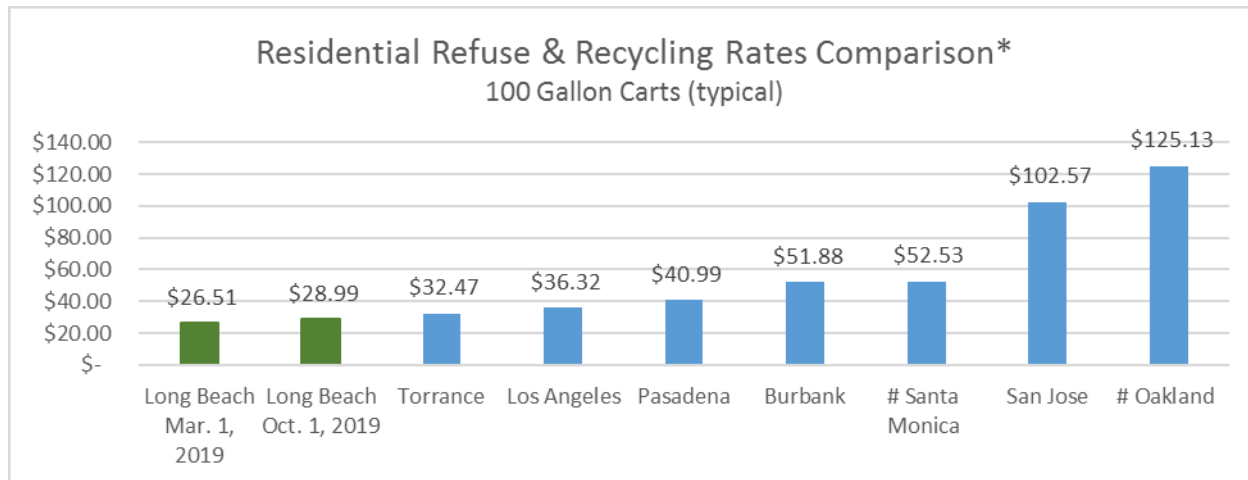
In May 2018, PW retained Hilton, Farnkopf and Hobson Consultants, LLC (HF&H), to conduct a comprehensive Cost of Service Study (Study) for refuse and recycling collection services (Attachment A - Study). The objective of the Study was to develop recommendations for an updated rate structure, incorporating best practice cost of service methodologies in compliance with the requirements of applicable laws.

The Study concluded that rate increases 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; and, (3) new State-mandated diversion programs require additional funding. The Study was issued on November 29, 2018, and was made available for review on December 20, 2018 in the City Clerk’s Office.

The updated rate structure is designed for each rate class to ensure customers are paying their proportionate share of costs. The proposed rate adjustment will be in two steps. The

first adjustment will go into effect on March 1, 2019 and will increase the typical single family home customer's account by \$2.41 per month. The second will go into effect on October 1, 2019 adding \$2.47 per month.

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).



- * Some cities provide separate yard waste collection
- # Provides organics

Since the rates are based on actual cost of service, not all residential and commercial rates will be adjusted equally. The following charts summarize the rates subject to this majority protest process.

Cart Rates:

Solid Waste and Recycling	Current Rates	Proposed Rates FY 2018-2019	Proposed Rates FY 2019-2020
64 Gallon Carts	\$ 20.47	\$ 22.45	\$ 24.47
100 Gallon Carts (typical)	\$ 24.11	\$ 26.52	\$ 28.99

Bin Rates:

Current

Proposed FY 2018-2019

Container Size			
Frequency	2	3	4
1/week	\$ 99.38	\$ 127.30	\$ 199.21
2/week	\$ 183.44	\$ 267.57	\$ 367.37
3/week	\$ 267.57	\$ 351.64	\$ 535.61
4/week	\$ 351.64	\$ 647.95	\$ 703.77
5/week	\$ 435.72	\$ 748.33	\$ 871.97
6/week	\$ 647.95	\$ 900.22	\$ 1,296.31

Container Size		
Frequency	2	3
1/week	\$ 89.15	\$ 114.09
2/week	\$ 164.22	\$ 239.33
3/week	\$ 239.33	\$ 314.40
4/week	\$ 314.40	\$ 578.96
5/week	\$ 389.46	\$ 668.58
6/week	\$ 578.95	\$ 804.20

Proposed FY 2019-2020

Container Size			
Frequency	2	3	4
1/week	\$ 110.82	\$ 142.09	\$ 222.64
2/week	\$ 204.97	\$ 299.19	\$ 410.97
3/week	\$ 299.19	\$ 393.36	\$ 599.40
4/week	\$ 393.36	\$ 725.22	\$ 787.73
5/week	\$ 487.53	\$ 837.64	\$ 976.06
6/week	\$ 725.22	\$ 1,007.76	\$ 1,451.44

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 December 14, 2018, staff mailed 117,099 notices of the proposed rate increases to all property owners and refuse customers in the City. 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 58,550 protests), the City Council may approve the final adoption of the proposed rates at this hearing. Rates would become effective on March 1, 2019.

Staff recommends that the City Council consider public comments on the proposed rate increases, tabulate the protests received, and if no majority protest exists, adopt the attached Resolution, revising refuse and recycling rates as proposed.

This matter was reviewed by Deputy City Attorney Amy R. Webber on January 18, 2019 and by Budget Analysis Officer Julissa José-Murray on January 17, 2019.

City Council action is requested on February 5, 2019, to implement the refuse and recycling rate changes effective for March 1, 2019.

The rate increases are proposed to take effect in a two-step adjustment with the first effective March 1, 2019, which will increase the typical (100-gallon cart) single family home customer's account by \$2.41 per month, or 10 percent. The second adjustment will go into effect on October 1, 2019, adding \$2.47 per month, or 9.3 percent. It is estimated that adjusting rates to the recommended levels will generate \$2.3 million to the Refuse/Recycling Fund (EF 330) in FY 19 and \$3.8 million in FY 20. These adjusted rates are intended to begin the process of balancing the fund, which has been structurally unbalanced in recent years due to stagnant rates and increasing costs of providing services to the community. In most cases, even with the rate adjustments, costs to provide services will continue to exceed revenues. Recycling rates are unchanged and will continue to be \$4.03 for 30 days of service for cart and bin customers through FY 19 and FY 20. There is no local job impact associated with this recommendation.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH ESTABLISHING REFUSE AND RECYCLING RATES UNDER A TWO-STEP RATE ADJUSTMENT

CRAIG A. BECK
DIRECTOR OF PUBLIC WORKS

APPROVED:

PATRICK H. WEST
CITY MANAGER