



# **Solid Waste Cost of Service and Rate Study**

**City Council Hearing – June 20, 2023**

# Cost of Service Study - Background

## Long Beach Solid Waste Rates

- Did not propose rate adjustments in 2020 or 2021 due to COVID-19
- Proposition 218 hearing August 23, 2022
- Phase 1 - September 1, 2022 adjustment - approved
  - Single Family – 19%
  - Commercial – 29%
- Phase 2 - Proposed January 1, 2023 adjustment
  - Proposed Single Family – 19%
  - Proposed Commercial – 40%
  - City Council asked for 2<sup>nd</sup> part of rate adjustment to be phased-in

# Cost of Service Study – Effects of Delayed Rate Adjustment

## Effects of January's Delayed Rate Adjustment

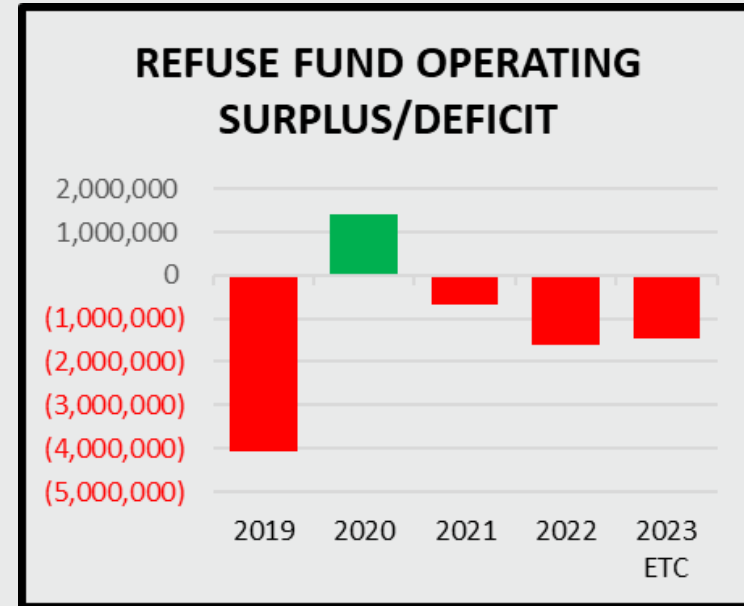
- Approximately \$5M lost revenue, year to date, in FY 23
  - Approximately \$840K in lost revenue every month since January

## Current Phased-In Rate Adjustment Proposal

- July 1, 2023
  - Single Family 11%
  - Commercial 24%
- October 1, 2023
  - Single Family 11%
  - Commercial 24%

# Refuse Fund Reserves

REFUSE FUND BALANCE	
FY 19	\$ 11,965,327
FY 20	\$ 7,359,659
FY 21	\$ 9,579,493
FY 22	\$ 8,477,431
FY 23	\$ 6,451,951

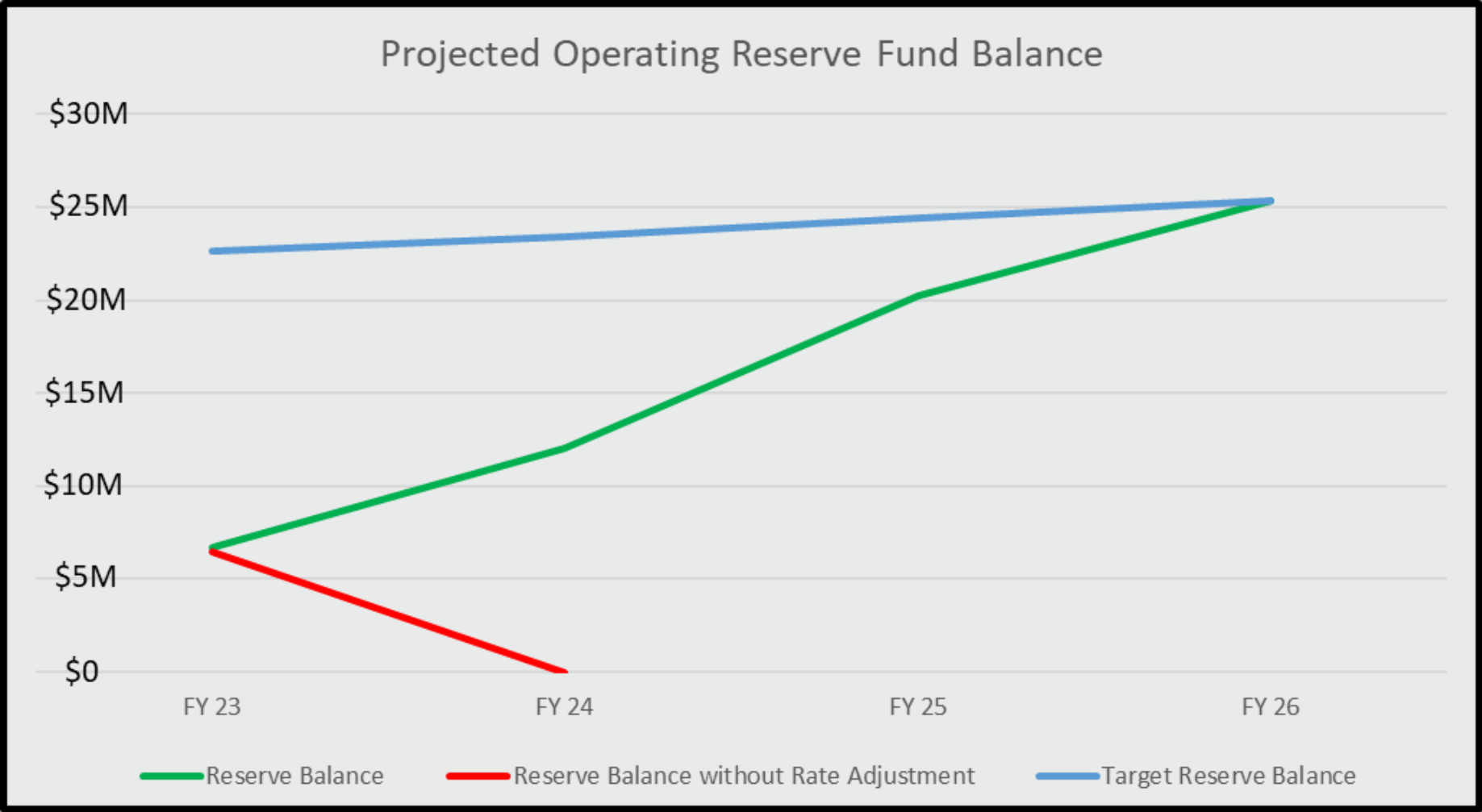


- Refuse Fund reserves have decreased every year, except for FY 20 due to the solid waste rate adjustment that took place that year. Bad debt and rising costs, such as increased disposal costs, have resulted in year-end deficits
- Current Refuse Fund reserve balance approximately 1.5 months

# Cost of Service Study - Findings

- Existing Rates do not generate sufficient revenue to cover cost of service
- Without a rate adjustment, the Refuse Fund may be exhausted by early FY 24
- State-mandated diversion programs require additional funding for implementation (SB1383 – Organics Diversion)
- Bad Debt has dramatically increased since FY 20
- Study assumes operation will finish 4.5% under budget each year

# Projected Operating Reserve Fund Balance



# Refuse Fund – Bad Debt

- The dramatic increase in Bad Debt, since FY 20, has contributed to the Refuse Fund reserves not being at a healthy level
- Refuse utility was not included in Federal assistance that was issued to other utilities
- Refuse collection must be provided regardless of whether payment is made by rate-payers

## REFUSE FUND BAD DEBT (DELINQUENT PAYMENTS)

### May Data

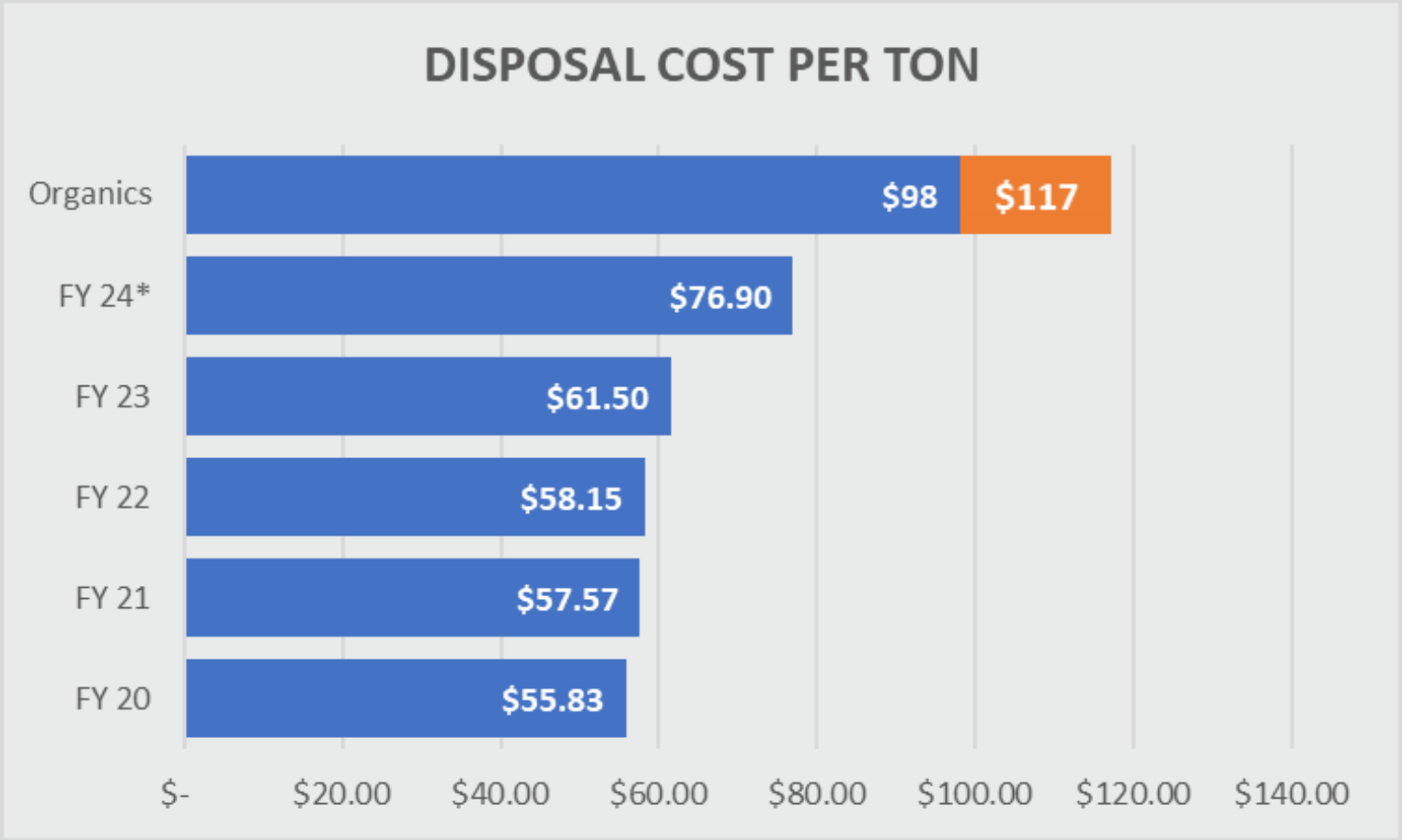
	61-90 days	91-120 days	over 120 days
FY 20	\$ 183,510.77	\$ 85,791.73	\$ 95,686.10
FY 21	\$ 251,863.25	\$ 164,021.50	\$ 1,071,874.66
FY 22	\$ 378,940.32	\$ 281,462.40	\$ 2,449,896.29
FY 23	\$ 552,305.89	\$ 435,783.08	\$ 4,520,082.71

# Increases to Expenditures

INCREASES ASSOCIATED WITH SOLID WASTE COLLECTION						
ITEM	FY 20	FY 21	FY 22	FY 23	\$ Increase since FY 20	% Increases since FY 20
Refuse Fund Expenditures Budget	\$52.5M	\$54.2M	\$58.8M	\$67M	\$14.5M	28%
Fleet Budget	\$7M	\$7.7M	\$8.2M	\$10.9M	\$3.9M	56%
SERRF Budget	\$10.6M	\$10.8M	\$11M	\$11.7M	\$1.1M	10%
TI Budget	\$2.1M	\$2.6M	\$2.9M	\$2.7M	\$600K	29%
Personnel Budget	\$16.4M	\$16.6M	\$18.5M	\$21.1M	\$4.7M	29%

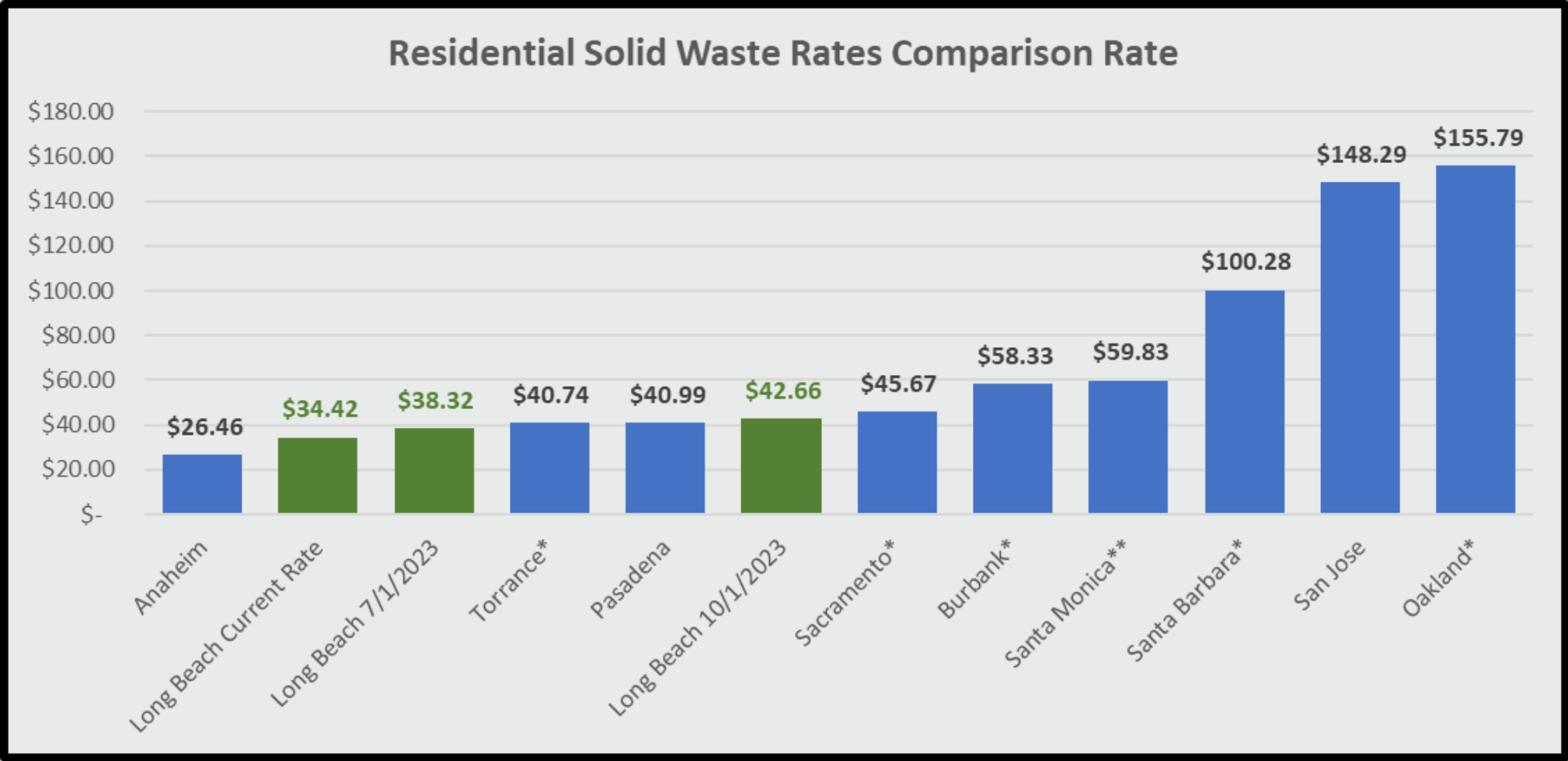


# Disposal Costs



\*potential rate

# Proposed Rates – Single Family (96-gallon container)



\*effective 7/1/23

\*\*effective 8/1/23

# Proposed Rates – Commercial Accounts

Commercial Solid Waste Bins			
Jurisdiction/ City	2 YD Bin 1X/wk	3 YD Bin 1X/wk	4 YD Bin 1X/wk
Long Beach - Current	\$ 142.84	\$ 183.26	\$ 287.37
Pasadena	N/A	\$ 196.06	N/A
Long Beach - Proposed JUL '23	\$ 176.87	\$ 227.09	\$ 356.43
Anaheim	\$ 232.16	\$ 260.18	\$ 294.83
Long Beach - Proposed OCT '23	\$ 219.07	\$ 281.46	\$ 442.17
Los Angeles*	\$ 274.19	\$ 295.73	\$ 317.27
San Jose	\$ 306.71	\$ 343.80	\$ 380.88
Burbank**	\$ 333.47	\$ 382.93	\$ 432.75
Santa Barbara**	\$ 277.66	\$ 416.49	\$ 555.32
Oakland**	\$ 568.55	\$ 775.48	\$ 973.30
Torrance	City does not offer Commercial Services		
Sacramento	City does not offer Commercial Services		

\*Does not include organics

\*\*effective 7/1/23

# Current and Future Services

## **Current Services Provided**

- Solid Waste and Recycling collection to approximately 118,000 accounts on a minimum weekly basis
- Twelve Special (Bulky) Collections
- Hazardous Household Waste drop-off
- E-Waste Collection
- Waste Diversion Programs
- Public Education

## **Expanded Services to be Provided**

- Organics (food and green) waste collection for Commercial accounts
- Administrative, Enforcement and Education staffing to ensure compliance with State laws (SB 1383)
- Food Recovery program – enforcement, education and capacity planning edible food generators and food recovery agencies

# FY 23 Support

FY 23 approved positions are required to meet State laws SB 1383 (Short-Lived Climate Pollutant: Organic Waste Methane Emission Reductions), AB 1826 (Mandatory Commercial Recycling) and AB 341 (Mandatory Organics Recycling)

## All Accounts

- Recycling contract
- 8 positions
  - Administrative support
  - Enforcement programs
  - Education components

## Commercial Accounts

- Staffing and operational requirements for collection of commercial organics waste:
  - Refuse Operators – 8 FTE
  - Refuse Supervisor – 1 FTE
  - Operating Costs

# Cost of Service – What is NOT included

- Residential Organics Collection – Single Family and Multi-Family
  - Phased implementation
  - Operational Costs
    - Positions
    - Vehicles
    - Disposal
- Rebalancing of current solid waste routes
- Cost of reloading and transportation of organic material to meet State diversion requirements
- Property to house additional staff and vehicles
- Another rate adjustment will be needed in 2024 to fund these costs

# SB1383 – Implementation Impacts (Operational)

- Shortage of Candidates
  - Class B drivers license
- Compensation
- Supply chain issues
  - Solid Waste Collection Trucks
    - 12-24 month lead time to acquire refuse vehicles
    - ESB has chosen a different chassis than is used by current fleet of refuse vehicles due to availability, 13-14 month acquisition lead time
    - City Council approved a preliminary order of 10 trucks, for residential organics collection
    - Carts
- Lack of local infrastructure for disposal of organic material

# Current Challenges with Solid Waste Collection

## Delays in Solid Waste Collection

### Causes

- Staffing shortages
  - Attrition
  - Vacancies
  - Injuries

### Solutions

- Hiring incentive program
- Staff Recognition
- Job Fair



# Proposition 218 Requirements

Proposition 218 requires a simply majority of 50 percent of the affected parcels, plus one. 118,512 notices of the proposed rate adjustments were mailed to all city-serviced solid waste property owners and customers in Long Beach. Absent a majority protest (i.e. 50 percent +1, or 59,257 protests), the City Council may approve the final adoption of the proposed rates at this hearing.

# Recommendation

Receive the supporting documentation into the record; receive public comment pursuant to Proposition 218; direct the City Clerk to tabulate the written protests and report the results of the tabulation to the Mayor and City Council during the June 20, 2023 hearing; and, if a “majority protest” is not established, conclude the public hearing and adopt a Resolution establishing the Solid Waste Service Rates under a two-step rate adjustment. (Citywide)



**Thank you**

**Dikran Melkonian**  
**Manager, Environmental Services Bureau**  
**Deputy Director, Public Works Department**