

Council Meeting of
January 24, 2012

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Public Works – Conduct public hearing and adopt RESOLUTION approving sanitation fee increase.

RECOMMENDATION

Recommendation of the Public Works Director that City Council:

1. Conduct a public hearing on the proposed increase to the residential sanitation services fee of either \$1.50 or \$2.50 per month, depending on level of service, including a green waste recycling program;
2. Approve the annual Consumer Price Index adjustment for the next 5 years;
3. Approve February 1, 2012 for the start of the fee increase; and
4. Adopt a **RESOLUTION** approving the proposed sanitation fee increase.

Funding

Not applicable.

BACKGROUND

On November 22, 2011, the City Council approved a request to hold a public hearing on the proposed sanitation services fee increase, as required by the 2006 Supreme Court Ruling "Bighorn-Desert View Water Agency v. Verjil Kelley". The fee increase will enable the Public Works Department to comply with waste reduction and climate change regulations, including the full implementation of the green waste recycling program.

As per the required procedure, the public notice was mailed the week of December 5, 2011; the public was given more than 45 days notice of the date of the hearing. The notice was sent to property owners and tenants if they are the billed party. The notice included the reason for the rate increase and an explanation of the protest letter process. A sample protest letter was also enclosed. This information was posted to the City's website. Notification of the public hearing was printed in the Daily Breeze on January 14 and 20, 2012. As of this writing, approximately 1,200 responses have been received. To meet the required amount of protest letters needed to prohibit the increase from occurring, 50% +1 of the affected homes must submit a protest letter before the end of the public hearing. In this case the number of letters needed would be approximately 14,500.

ANALYSIS

All cities are required by the California Integrated Waste Management Act of 1989 (AB 939) to reduce the amount of waste taken to landfills by 50% or face potential fines. Given this mandate, the City of Torrance needs additional programs, such as residential green waste recycling, to reach and maintain that diversion rate. The curbside green waste recycling program will enhance the level of service provided to the community by reducing the amount of refuse taken to landfills and adding additional cart capacity for each residence. This program will collect about 14,500 tons of green waste annually, which represents approximately 28% of the City collected residential waste stream for the entire city. After implementation, the City's overall diversion rate is expected meet the 50% State mandate.

The recently enacted AB 32, regarding reduction in carbon emissions, and new Air Quality Management District regulations require cities to comply by purchasing alternative fuel vehicles. Also, the green waste program and use of more environmentally effective vehicles are in alignment with Torrance's Cool Cities initiative and Strategic Plan goals. The costs of providing these services has increased due to the need to comply with environmental laws, rules, and regulations including but not limited to the California Integrated Waste Management Act of 1989 (AB 939), the Global Warming Solutions Act of 2006 (AB 32), the Clean On-Road Residential and Commercial Refuse Collection Vehicles Rule (AQMD Rule 1193), and various rules and regulations of the California Air Resources Board (CARB) relating to diesel particulate matter control measures

Currently, 9,500 homes in 4 different areas of the city are participating in the pilot green waste program, at no additional charge to the residents. All operating costs were absorbed by the Division through a number of efficiencies, such as changes in collection routes. To offer the program to all homes with City service, additional labor, vehicles and containers are necessary. The pilot program has been very successful, diverting over 4,000 tons of green waste during the last year.

The last fee increase for sanitation services was in 2002. As outlined in Resolution 2002-87, any rate changes will require an amendment to the Resolution to reflect the new fee structure. The amended Resolution is attached.

Fee Increase Proposal Detail:

In January 2010, staff had proposed an increase of \$5.86 a month per home to provide full implementation of the green waste program. Since that time, staff has made several changes to the program. Full green waste implementation will now require 6 vehicles as opposed to 7 vehicles in the original proposal. The entire program will consist of 6 routes; 2 routes have been covered through efficiencies and 1 additional route will be covered by the elimination of an existing solid waste route. The remaining 3 routes are needed to implement the new standard service levels and will be funded by the proposed increase. In addition, the new recycling contract increased the revenue received from the sale of recyclables by 35% (from \$48/ton to \$65/ton), increasing recycling revenue by approximately \$200,000 annually.

Staff has developed new service level options to meet capacity requirements and encourage more waste diversion by the public.

<u>Current Standard</u>	<u>Proposed Standard</u>	<u>Optional Service</u>
Refuse – 96 gallon	Refuse - 64 gallon	Refuse – 96 gallon
Recycling – 96 gallon	Recycling - 96 gallon	Recycling – 96 gallon
Green Waste – None	Green Waste - 96 gallon	Green Waste – 96 gallon

The proposed standard level of service will have a \$1.50 per month increase. The optional service level will have a \$2.50 per month increase. All service levels will now include a green waste container. Implementation of the new service will be within 1 year. Residents will be required to request the change to the 64 gallon refuse container, or they will keep their existing container and be charged the \$2.50 monthly increase.

Residents are able to choose the size of their green waste and recycling containers, and it will not affect their fee. Green waste and recycling containers are available in both 96 and 64 gallon sizes. Residents must also call to request any changes they would like for those containers. Once a change is made to any container size, the residents must keep the container for a minimum of 6 months before making another change. If we are not contacted, we will deliver a standard 96 gallon green waste container.

The low-income senior/disabled rate will remain at \$8.72 a month and will be required to accept the 64 gallon size refuse container (the proposed standard service level). To qualify for this rate, a resident must be a minimum of 62 years of age or permanently disabled, with an annual household income less than \$27,225 for the prior calendar year.

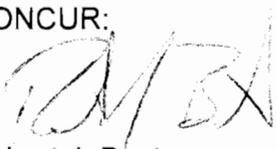
Of the 88 cities in Los Angeles County, 82 have some type of residential green waste recycling program.

If this fee increase is approved, it would begin on February 1, 2012. A Consumer Price Index (CPI) adjustment will be applied to the rate annually each July 1 for five years.

Respectfully submitted,

ROBERT J. BESTE
Public Works Director

CONCUR:



Robert J. Beste
Public Works Director



By: Matthew Knapp
Sanitation Services Manager



LeRoy J. Jackson
City Manager

Attachments:

- A. Notice
- B. Resolution
- C. Fee Study
- D. Prop 218 Requirements for Public Hearing Process on Utility Fees

PUBLIC NOTICE

Notice of Public Hearing Regarding the Proposed Sanitation Services Fee Increase and Service Changes

Torrance City Council Meeting

7:00 pm, Tuesday, January 24, 2012

Torrance City Hall, Council Chambers

3031 Torrance Boulevard, Torrance, CA 90503

The City of Torrance Public Works Department is proposing an increase to the sanitation services fee to provide a change in service that will include citywide curbside residential green waste recycling for Torrance residents receiving service. **The increase will be either \$1.50 or \$2.50 per month** (depending on choice of service level/refuse container size).

Through recycling, we greatly reduce materials going into our landfills, save resources and protect our environment. The current green waste pilot program reduces waste on an average of 30% per household. Adding a fully implemented residential green waste recycling program will assist the City in its efforts to comply with the current 50% diversion requirement.

The sanitation fee will be increased by \$1.50 each month for residents accepting newly established standard service level (a 64-gal refuse, 96-gal recycling, 96-gal green waste), or \$2.50 each month for residents who choose to exceed that level (96-gal refuse, 96-gal recycling, 96-gal green waste). Residents must notify Public Works if they wish a different refuse container size than what they have now to go to the standard service level.

If approved at the public hearing by Council, the rate increase will go into effect February 1, 2012. A Consumer Price Index (CPI) adjustment will be applied to the rate annually each July 1 for five years. The new service will be fully implemented within one year.

Objections to the increase must be submitted in writing prior to or before the completion of the Public Hearing. For information on the protest process, contact the City Clerk's Office at 310-618-2870.

For other questions, please contact the Public Works Department at 310-781-6900 or PublicWorkInfo@TorranceCA.Gov. Please visit www.TorranceCA.Gov/PublicWorks for additional information.

City Council

Frank Scotto
Mayor

Gene Barnett

Cliff Numark

Tom Brewer

Susan M. Rhilinger

Pat Furey

Bill Sutherland



City of Torrance
Public Works Department



Notice of Public Hearing Regarding the Proposed Sanitation Services Fee Increase and Service Changes

On January 24, 2012, 7:00 p.m. at a regularly scheduled meeting of the Torrance City Council, a Public Hearing will be held in the City Council Chambers located at 3031 Torrance Blvd., Torrance, to discuss the proposed sanitation services fee increase which will change service levels to include a residential green waste recycling program.

The City Council will consider an increase to the sanitation services fee. If desired, this is your opportunity to file a protest to the potential action. If 50% plus one of property owners protest are received by the City Clerk by the end of the Public Hearing (approximately 14,750 protests), the fee increase cannot be adopted. Scheduling of this public hearing and providing notice to residents was approved at the November 22, 2011 City Council meeting.

The refuse standard is recommended to be modified:

CURRENT STANDARD	PROPOSED STANDARD	OPTIONAL SERVICE
Refuse – 96 gallon	Refuse - 64 gallon	Refuse - 96 gallon
Recycling – 96 gallon	Recycling – 96 gallon	Recycling – 96 gallon
Green Waste – None	Green Waste – 96 gallon	Green Waste – 96 gallon

The new Standard level of service will have a \$1.50 per month increase. The Optional service level will have a \$2.50 per month increase. All service levels will now include a green waste container. Implementation of the new service will be within one year. Residents will be required to request the change to the 64 gallon refuse container.

The low-income senior/disabled rate will remain at \$8.72 a month but will be required to take the Standard service. To qualify for this rate, applicant must be at least 62 years of age or permanently disabled, with a total household income of less than \$27,225.00 for the prior calendar year.

If approved at the public hearing by Council, the rate increase will go into effect February 1, 2012. A Consumer Price Index (CPI) adjustment will be applied to the rate annually each July 1 for five years.

Questions or comments may be directed to the Public Works Department at (310) 781-6900 or PublicWorkInfo@TorranceCA.Gov.

Please visit www.TorranceCA.Gov/PublicWorks for additional information.

CITY OF TORRANCE
GUIDELINES FOR THE SUBMISSION AND TABULATION OF PROTESTS

Where notice of a public hearing with respect to a utility rate increase has been given by the City pursuant to Article XIID, Section 6 of the California Constitution, the following shall apply:

Submission of Protests

1. Any property owner provided sanitation services by the City of Torrance may submit a written protest to the City Clerk, either by delivery to the City Clerk's office at 3031 Torrance Blvd., Torrance, CA 90503, or by submitting the protest at the public hearing. Protests must be received by the end of the public hearing. No postmarks will be accepted; therefore, any protest not actually received by the close of the hearing, whether or not mailed prior to the hearing, will not be counted. Emailed, faxed and photocopied protests will not be counted.

For purposes of these Guidelines the term "property owner" shall mean any owner of record on the County of Los Angeles Assessor's rolls and any tenant directly liable to pay the assessment, fee or charge.

2. Each protest must identify the affected property (by assessor's parcel number or street address) and include the original signature of the property owner. Although oral comments at the public hearing will not qualify as a formal protest unless accompanied by a written protest, the City Council welcomes input from the community during the public hearing on the proposed fee increase.
3. If a parcel served by the City is owned/rented by more than a single property owner, each property owner may submit a protest, but only one protest will be counted per parcel and any one protest submitted in accordance with these rules will be sufficient to count as a protest for that property.
4. In order to be valid, a protest must bear the original signature of the property owner with respect to the property identified on the protest. Protests not bearing the original signature of a property owner shall not be counted.
5. Any person who submits a protest may withdraw it by submitting to the City Clerk a written request that the protest be withdrawn. The withdrawal of a protest shall contain sufficient information to identify the affected parcel and the name of the property owner who submitted both the protest and the request that it be withdrawn.
6. A fee protest proceeding is not an election.
7. To ensure transparency and accountability in the fee protest tabulation, protests will constitute disclosable public records from and after the time they are opened during tabulation.

Tabulation of Protests

1. The City Clerk, or the Clerk's designee, will determine the validity of all protests. The Clerk will not accept as valid any protest if the Clerk determines that any of the following conditions exist:
 - a. The protest does not identify a property served by the City.

- b. The protest does not bear an original signature of a property owner of the parcel identified on the protest.
 - c. The protest does not state its opposition to the proposed fees.
 - d. The protest was not received by the City Clerk before the close of the public hearing on the proposed fees.
 - e. A request to withdraw the protest is received prior to the close of the public hearing on the proposed fees.
2. The City Clerk's decision that a protest is not valid shall constitute a final action of the City and shall not be subject to any internal appeal.
 3. A majority protest exists if written protests are timely submitted and not withdrawn by the property owners of a majority (50% plus one) of the properties subject to the proposed fee.

At the conclusion of the public hearing, the City Clerk will complete the tabulation of all protests received, including those received during the public hearing and shall report the results of the tabulation to the City Council upon completion. If review of the protests received demonstrates that the number received is manifestly less than one-half of the parcels served by the City with respect to the fee which is the subject of the protest, then the City Clerk may advise the City Council of the absence of a majority protest without determining the validity of all protests.

4. If at the conclusion of the public hearing, the City Clerk determines that additional time will be required to tabulate the protests, the Clerk will so advise the City Council, which may adjourn the meeting to allow the tabulation to be completed on another day or days. If so, the City Council will declare the time and place of tabulation, which will be conducted in a place where interested members of the public may observe the tabulation, and the Council will declare the time at which the meeting will be resumed to receive and act on the tabulation report of the City Clerk.

To Property Owners

For your written protest to be valid you need to ensure that the following information is included:

- ✓ The protest must include the Street Address or Assessor Parcel Number.
- ✓ The protest must have the original signature of the property owner.
- ✓ The protest must state its opposition to the proposed fee increase.
- ✓ The protest must be received by the City Clerk before the close of the Public Hearing on the proposed fee.

A protest form is enclosed should you wish to file a protest against the proposed rate increase.

PROTEST FORM

(Note all protests must be received by the January 24, 2012 deadline.
Postmarks, faxes, e-mails or photocopied protests will not be accepted)

Deliver to the City Clerk

City of Torrance
3031 Torrance, Blvd.
Torrance, CA 90503

Date _____

Street Address **OR** Assessor Parcel Number

**RE: Proposed Sanitation Fee Increase for Green Waste Recycling
Program**

CHECK ONE:

- Protest Sanitation Fee increase
- Withdraw previously submitted protest

Property Owner Original Signature

Print Name

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF TORRANCE REPEALING RESOLUTION NO. 90-83,
RESOLUTION NO. 92-92 AND RESOLUTION NO. 2002-87
IN THEIR ENTIRETY AND REPEALING SECTIONS 1 AND
2 OF RESOLUTION NO. 93-92 AND ESTABLISHING THE
RATES FOR THE SANITATION SERVICES FEE**

WHEREAS, State law permits cities to recover the costs of providing services in the form of fees; and

WHEREAS, the fees for collection of residential refuse and recyclable materials within the City are based on the cost of providing such services; and

WHEREAS, the costs of providing these services has increased due to the need to comply with environmental laws, rules, and regulations including but not limited to the California Integrated Waste Management Act of 1989 (AB 939), the Global Warming Solutions Act of 2006 (AB 32), the Clean On-Road Residential and Commercial Refuse Collection Vehicles Rule (AQMD Rule 1193), and various rules and regulations of the California Air Resources Board (CARB) relating to diesel particulate matter control measures; and

WHEREAS, the costs of providing these services has increased including but not limited to the costs related to the maintenance of existing vehicles and purchase of alternative fuel vehicles as well as the implementation, promotion and education of waste diversion programs such as recycling and green waste recycling; and

WHEREAS, the City Council, as part of Torrance's Cool Cities initiative, would like to provide enhanced environmental programs for its citizens;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Torrance that:

SECTION 1

Resolution No. 90-83 is repealed in its entirety.

SECTION 2

Resolution No. 92-92 is repealed in its entirety.

SECTION 3

Resolution No. 2002-87 is repealed in its entirety.

SECTION 4

Sections 1 and 2 of Resolution No. 93-92 are repealed.

SECTION 5

The rates for the Sanitation Services Fee will be as follows:

Single Family Residence	\$25.08 per month (base fee: a 64 gallon refuse container)
Each additional residential unit	\$25.08 per month (equal to base fee)
Shared Alley Service	\$25.08 per month per unit (equal to base fee)
96 Gallon refuse container option	\$26.08 per month
Qualifying low income seniors	\$8.72 per month (with 64 gallon refuse container)
Qualifying low income disabled	\$8.72 per month (with 64 gallon refuse container)
Additional refuse containers	\$18.81 per month (75% of base fee)
Additional refuse containers delivery	\$10.00 one time fee per delivery
Start of service fee	\$4.00 one time fee

These new rates shall be in full force and effect February 1, 2012.

Opening and closing bills and bills for irregular periods shall be prorated on the basis of a thirty (30) day month.

Each July 1st, for the next 5 years, the base fee (64 gallon refuse container), 96 gallon refuse container option fee, additional refuse container fees and fees for qualifying low income seniors and low income disabled persons will increase by the Consumer Price Index – Los Angeles, Anaheim, Riverside for all urban wage earners and clerical workers (CPI-W).

SECTION 6

It shall be the duty and function of the Director of Finance to administer this Resolution.

SECTION 7

The City Council of the City of Torrance declares that if this Resolution is overturned or rescinded due to a challenge in court, or if cannot be applied to a given fee payor for any reason, that it is the intent of the City Council of the City of Torrance to apply the Resolutions listed above as if they had not been repealed such that each fee payor is

obligated to pay the fee under this Resolution or the prior Resolutions as the case may be.

INTRODUCED, APPROVED AND ADOPTED this _____ day of _____, 2012.

Mayor of the City of Torrance

ATTEST:

City Clerk of the City of Torrance

APPROVED AS TO FORM:

JOHN L. FELLOWS III
City Attorney

By: _____
Patrick Q. Sullivan, Assistant City Attorney

	2011-12 Sanitation Fund Budget		Proposed Sanitation Fund Budget with Fee Increase
Revenues			
Investment Earnings	\$ 15,000		\$ 15,000
Refuse Charges	8,219,800		8,727,532
Delivery Charge-2nd Container	1,620		1,620
Late Charge	20,000		20,000
Additional/Larger Container	285,000		396,888
Recyclable Material Sales	700,000		700,000
Start Service Fee	6,000		6,000
AB939 Billing Fees	120,000		120,000
AB939 Private Hauler Fees	550,000		550,000
AB939 CERCLA Indemnificatin Fd	50,000		50,000
CA Bev Container Redemption	40,000		40,000
Transfer From General Fund	158,200		167,200
Total	\$ 10,165,620		\$ 10,794,240
Expenses			
Salaries and Employee Benefits (net)	\$ 4,066,982		\$ 4,334,882
Materials, Supplies and Maintenance	3,132,752		3,198,392
Professional Services/Contracts	2,485,629		2,309,629
Travel, Training & Membership Dues	5,300		5,300
Depreciation	23,700		23,700
Liabilities & Other Insurance	187,374		187,374
Interdepartmental Charges	730,137		782,083
Bad Debts and Other Losses	19,160		19,160
Operating Transfers Out	2,064		114,351
	\$ 10,653,098		\$ 10,974,871
Revenues Less Expenses	(487,478)		(180,631)
Add back depreciation	23,700		23,700
Revised Revenue Less Expenses	(463,778)		(156,931)
Allocation of monthly Refuse Bill:			
Residential Street Cleaning	\$ 2.14		\$ 2.14
Residential Recycling	2.18		2.18
Refuse Collection	19.26		17.75
Green Waste	-		3.01
Total*	\$ 23.58		\$ 25.08

* Note The monthly rate has been reduced due to other sources of revenue such as the sale of recyclable materials, CA beverage redemption, additional services, etc. The rate in the current budget has been offset by \$5.63/mo. and \$5.94/mo. in the proposed budget.

16 Fee Study Analysis By Program

	2011-12 Sanitation Fund Budget	Proposed Sanitation Fund Budget with Fee Increase
Refuse Collection		
Revenues		
Investment Earnings	5,000	5,000
Refuse Charges	6,716,511	6,177,913
Delivery Charge-2nd Container	1,620	1,620
Late Charge	20,000	20,000
Additional/Larger Container	285,000	396,888
Transfer from General Fund	158,200	167,200
Start Service Fee	6,000	6,000
	7,192,331	6,774,621
Expenses		
Salaries and Employee Benefits (net)	2,627,201	2,439,544
Materials, Supplies and Maintenance	2,080,985	1,932,343
Professional Services/Contracts	2,290,062	1,950,486
Travel, Training & Membership Dues	4,500	4,179
Liabilities & Other Insurance	147,374	136,847
Interdepartmental Charges	510,873	474,382
Bad Debts and Other Losses	16,750	15,554
Operating Transfers Out	2,064	1,917
	7,679,809	6,955,252
Refuse Collection Revenues - Expenses	(487,478)	(180,631)
Recycling		
Revenues		
Recyclable Material Sales	700,000	700,000
Refuse Charges	760,152	760,152
CA Bev Container Redemption	40,000	40,000
Investment Earnings	10,000	10,000
AB939 Billing Fees	120,000	120,000
AB939 Private Hauler Fees	550,000	550,000
AB939 CERCLA Indemnificatin Fd	50,000	50,000
	2,230,152	2,230,152
Expenses		
Salaries and Employee Benefits (net)	1,035,515	1,035,515
Materials, Supplies and Maintenance	771,696	771,696
Professional Services/Contracts	136,767	136,767
Travel, Training & Membership Dues	800	800
Depreciation	23,700	23,700
Liabilities & Other Insurance	40,000	40,000
Interdepartmental Charges	219,264	219,264
Bad Debts and Other Losses	2,410	2,410
	2,230,152	2,230,152
Recycling Revenues - Expenses	-	-
Residential Street Cleaning		
Revenues		
Refuse Charges	743,137	743,137
Expenses		
Salaries and Employee Benefits (net)	404,266	404,266
Materials, Supplies and Maintenance	280,071	280,071
Professional Services/Contracts	58,800	58,800
	743,137	743,137
Residential Street Cleaning Revenues - Expenses	-	-
Green Waste		
Revenues		
Refuse Charges	-	1,046,330
Expenses		
Salaries and Employee Benefits (net)	-	455,557.00
Materials, Supplies and Maintenance	-	214,282.00
Professional Services/Contracts	-	163,576.00
Travel, Training & Membership Dues	-	321.00
Liabilities & Other Insurance	-	10,527.00
Interdepartmental Charges	-	88,437.00
Bad Debts and Other Losses	-	1,196.00
Operating Transfers Out	-	112,434.00
	-	1,046,330.00
Green Waste Revenues - Expenses	-	-
Revenues Less Expenses	(487,478)	(180,631)
Add back depreciation	23,700	23,700
Revised Revenue Less Expenses	(463,778)	(156,931)

PROP 218 Requirements for Public Hearing Process on Utility Fees

Proposition 218, enacted in 1996, requires a two-thirds approval vote by the public before a property related fee can be increased. Utilities such as water, sewer and refuse were not specifically included. In the 2006 Supreme Court Ruling “Bighorn-Desert View Water Agency v. Verjil Kelley”, these utilities were determined to be property related and are now subject to a modified version of the original proposition. In this case, no vote is taken, but the affected population (property owners or tenants who pay the fee) can submit letters of protest, in a required format. A public hearing on the fee increase with a 45-day notice period is also required. An increase cannot be enacted if 50% +1 of the affected population submits a protest (following the required format).

As per the required procedure, the public notice was mailed the week of December 5, 2011; the public was given more than 45 days notice of the date of the hearing. The notice was sent to property owners and tenants if they are the billed party. The notice included the reason for the rate increase and an explanation of the protest letter process. A sample protest letter was also enclosed (not required). The information was also posted to the City’s website. A public hearing is required and has been scheduled for January 24, 2012. Notification of the public hearing was advertised on January 14 and January 20 in the Daily Breeze.

At the public hearing, there will be staff presentation. Anytime before or during the public hearing property owners/tenants can submit their protest letters. Once the public hearing is closed, the City Clerk will announce the tabulation of the protest votes to determine if the 50% + 1 threshold is met. City Council can then proceed with an action vote or end the proceedings as dictated by the results of the City Clerk’s tabulations.

Additional background information on Proposition 218 can be found at <http://www.californiataxdata.com/pdf/Proposition218.pdf> or under the California Constitution, Article XIID, Section 6.