Council Meeting of
October 27, 2009

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

Members of the Council:

SUBJECT: Public Works – Request to set a date for a Public Hearing on a proposed increase to the residential sanitation services fee

RECOMMENDATION

Recommendation of the Public Works Director that City Council set a date of January 12, 2010 for a Public Hearing on a proposed fee increase to maintain and enhance citywide sanitation services.

Funding

Will be included in the Sanitation Services Enterprise Fund.

BACKGROUND/ANALYSIS

The Sanitation Division of Public Works provides the residential collection of refuse, recycling, large item collection and green waste recycling (pilot program) services for all single family homes, duplexes and many 3 and 4 unit homes in the city.

All cities are required by the California Integrated Waste Management Act of 1989 (AB939) 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 fully implemented 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, lowering the City's disposal costs, and adding additional cart capacity for each residence. This program will collect about 15,000 tons of green waste which represent about 6% of the total waste stream. After implementation, the City's overall diversion rate is expected to exceed 50%.

The County of Los Angeles is closing the area's main landfill, Puente Hills, in 2013. This closure is anticipated to bring a county-wide solid waste disposal rate increase as the County changes to the waste-to-rail system. Disposal costs at transfer facilities currently range from $42-$50 but are expected to increase with the closure of

Puente Hills. Reducing the amount of material sent to the landfill will help reduce the impact of these cost increases.

In addition, costs and program design are affected by the need to comply with environmental mandates and regulations. Legislation such as AB939 and the recently enacted AB32 regarding reduction in carbon emissions require cities to provide certain environmental programs. AB32 and Air Quality Management District regulations require cities to purchase alternative fuel vehicles that are more expensive.

The last request for a fee increase for sanitation services was in 2002, which added $2.75 per month that year and another $2.00 per month as well as annual CPI increases starting in July 2003. The CPI increase has not covered all of the cost increases for disposal, fuel, and regulatory compliance in the subsequent years. Staff is seeking this rate adjustment to cover the cost of the new program as well as on-going operations.

Public Works continues to provide quality levels of service for our residents and, by offering green waste collection, is seeking a more environmentally progressive approach to waste management. In addition to the new green waste program, Public Works is also proposing to offer additional large item pickups for $75 each. Every residence is now allowed one large item pickup free of charge and this program will continue. The cost of the additional pickup will be covered by the new charge and is not part of the proposed fee increase.

Fee Increase Proposal Detail:

The largest new program for citywide implementation is residential curbside collection of green waste. Since June 18, 2007 the Public Works Department has been operating a pilot program for the collection of green waste. Currently, 8,000 homes in four different areas of the city are participating. The program has been very successful, averaging a 28% recycling rate. The Department also conducted the pilot program to optimize the size and frequency of the routes. In addition, Public Works looked into alternative methods of collection and disposal and it was determined that three stream collection provides the most cost effective and user friendly program for the City

While there are other methods of providing green waste recycling, curbside collection provides the highest level of service. Here are examples of other possibilities that were analyzed:

1. Dirty MRF option (MRF stands for Material Recovery Facility or recycling facility): These programs are mostly used for multi-family or business waste, where it is difficult to site recycling containers due to space restraints. A Dirty MRF accepts trash and recycling mixed together and separates the materials on site. The actual recycling rates for these programs are typically lower due to the high level of contamination. For residential collection, trash and recycling are combined and an additional container handles green waste only. This will not work for many Torrance residents because the amount of trash and recyclables generated each week will exceed the capacity of one cart.

2. Bi-weekly or alternating with recycling: Some cities have offered bi-weekly collection of green waste, or alternating the collection with recycling. Most cities have eliminated such programs, for while they do reduce costs, they are often confusing to the public, and are less effective than weekly collection of materials. A bi-weekly program would be a lower level of service as they have higher contamination rates, create a need for larger or additional containers, and have lower diversion and participation rates than weekly service.

The City Council has already approved the purchase of carts and new trucks for the green waste pilot program and its expansion. All other costs were absorbed by the Division through a number of efficiencies, such as changes in collection routes. The pilot program allowed staff to optimize the number of homes collected on each route based on the tonnage collected and the utilization rate. However, to offer the program to all homes with City service, additional labor, vehicles and containers are necessary.

In analyzing the difference between expenditures and revenues, the Sanitation Services fee would need to be increased by $5.86 per month, per home, to maintain existing services and new programs. This would bring the residential monthly bill for sanitation services to $28.15, with the qualifying senior/disabled monthly rate at $9.72, which is an increase of $1.48.

Staff has surveyed service fees in cities with comparable service levels to Torrance. Even with the fee increase, Torrance's rates would be in line with the rates found elsewhere for similar services. Staff also surveyed fees in local cities that franchise the service to a private contractor. Measuring against these rates is not truly representative of the costs of services, as franchises allow cities to use commercial fees to subsidize residential rates.

Procedure for increasing Sanitation fees:

While the voter approval requirement of Proposition 218 does not cover water, sewer or refuse fees, the 2006 Supreme Court Ruling, "Bighorn-Desert View Water Agency v. Verjil Kelley" does require that property related fees and charges for these services follow public notice, hearing and majority protest procedures. These procedures include the following:

- Provide written notice by mail to the record owner of each parcel and the billed party (if different from parcel owner) upon which the fee will be imposed. The notice must include the amount of the fee and the date, time and location of the public hearing on the proposed fee.
- Conduct a public hearing not less than 45 days after the mailing of the notice.
- At the hearing, consider all protests against the fee.
- If written protests against the proposed fee are presented by a majority of the owners of the parcels, the City may not impose the fee. If written protests by a majority of the owners of the parcels are not presented, the City may impose the fee.

Staff has attached a copy of the public hearing notice. If approved this evening, the notice for a January 12, 2010 hearing will be mailed next week to all property owners and residents receiving City services, to comply with the 45-day minimum notification period, as well as avoid the holidays. The amount of the increase must be included in the notice. This fee increase will be part of the monthly sanitation services fee, and will therefore be subject to an annual CPI increase, which is applied every July 1.

During the 45-day notice period, residents will be able to submit written protests. One written protest per parcel, completed by an owner or tenant, will be counted. If by the end of the public hearing the number of protest letters is clearly below the 50% requirement, the City Clerk may declare that verification is not needed and Council may vote on the proposal that evening. If the increase is approved, it will take effect on February 1, 2010. If verification is needed, Staff will return to Council with direction based on the responses received.

Respectfully submitted,

ROBERT J. BESTE
Public Works Director

By: Matthew Knapp
Sanitation Services Manager

CONCUR:

Robert J. Beste
Public Works Director

LeRoy J. Jackson
City Manager

Attachments:

A. Public Notice
B. 5-Year Projection

ATTACHMENT A

PUBLIC NOTICE

of a Public Hearing on a proposed sanitation services **fee increase of**

$5.86 per month.

Public Hearing on Fee Increase for City Sanitation Services

Torrance City Council Meeting
7:00 pm, Tuesday, January 12, 2010
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 fees to maintain and enhance programs including refuse, recycling, green waste recycling and large item collection for the Torrance residents receiving service. In maintaining and enhancing these programs, we greatly reduce materials going into our landfills, save resources and protect our environment. These programs also assist the City in its efforts to comply with AB 939, the State recycling mandate that requires a 50% reduction in waste taken to landfills.

The Sanitation Fee for the curbside collection program will be increased by $5.86 each month to cover the costs for these programs. The fee increase will cover costs for additional labor, trucks, containers, maintenance and replacement expenses, increased tipping fees and other services as needed. Qualifying, low-income Senior/Disabled rates will increase by $1.48.

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 310-781-2870.

For other questions, please contact the Public Works Department at 310-781-6900.

City Council
Frank Scotto
Mayor

Gene Barnett
Tom Brewer
Pat Furey
Cliff Numark
Susan M. Rhilinger
Bill Sutherland

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City of Torrance
Public Works Department

Notice of Public Hearing Regarding the Proposed Sanitation Services Fee Increase

On January 12, 2010, 7:00 p.m. at a regularly scheduled meeting of the Torrance City Council, the City Council will hold a Public Hearing in the City Council Chambers located at 3031 Torrance Blvd., Torrance, to discuss the proposed sanitation services fee increase.

The City Council is considering an increase to the sanitation services fee. This is your opportunity to file a protest to this potential action. If protests, by 50% plus one of property owners, are received by the City Clerk by the end of the Public Hearing (approximately 14,750 protests) the fee increase cannot be adopted. At the City Council meeting held on October 27, 2009, the City Council approved noticing for the proposed fee increase to be considered for approval at the Public Hearing mentioned above.

Questions or comments may be directed to the Public Works Department at (310) 781-6900 or publicworkinfo@TorranceCA.gov. A sample form of protest may be obtained from the City Clerk at (310) 618-2870.

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 XIIID, Section 6 of the California Constitution, the following shall apply:

Submission of Protests

1. Any property owner 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. 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. Email protests cannot be accepted. 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 fees.
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 shall constitute disclosable public records from and after the time they are received.

Tabulation of Protests

1. The City Clerk, or her designee, shall determine the validity of all protests. She shall not accept as valid any protest if she 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 shall 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.

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 <u>or</u> 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.

5 YEAR PROJECTION OF REVENUES AND EXPENSES INCLUSIVE OF PROPOSED RATE INCREASE
SANITATION ENTERPRISE FUND

	2009-10 Adopted	2009-10 Proposed	2010-11 Projected	2011-12 Projected	2012-13 Projected	2013-14 Projected
Operating Revenues						
Refuse fees	$ 7,513,000	$ 7,513,000	$ 7,663,000	$ 7,893,000	$ 8,130,000	$ 8,374,000
Sewer fees	1,302,000	1,302,000	1,328,000	1,368,000	1,409,000	1,451,000
Recycling fees	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
AB 939 Waste Management	795,000	795,000	795,000	795,000	795,000	795,000
Total operating revenues	11,060,000	11,060,000	11,236,000	11,506,000	11,784,000	12,070,000
Operating Expenses						
Salaries and benefits*	4,793,000	4,813,000	5,407,000	5,594,000	5,812,000	6,042,000
Materials and supplies**	3,028,000	3,660,000	4,070,000	4,141,000	4,211,000	4,282,000
Professional/contract services	2,606,000	2,313,000	2,371,000	2,412,000	2,455,000	2,498,000
Interdepartmental charges	983,000	1,069,000	1,097,000	1,132,000	1,172,000	1,214,000
Insurance and claims	222,000	222,000	228,000	232,000	236,000	240,000
Others	30,000	32,000	33,000	34,000	36,000	38,000
Total operating expenses	11,662,000	12,109,000	13,206,000	13,545,000	13,922,000	14,314,000
Operating income (loss)	(602,000)	(1,049,000)	(1,970,000)	(2,039,000)	(2,138,000)	(2,244,000)
Non Operating revenue:						
Interest Income/Grants	120,000	12,000	12,000	12,000	12,000	12,000
Income (loss) before transfers	(482,000)	(1,037,000)	(1,958,000)	(2,027,000)	(2,126,000)	(2,232,000)
Operating Transfers Out	(670,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Operating Transfers In	75,000	75,000	75,000	75,000	75,000	75,000
Transfers from Fund Balance	1,102,510	0	0	0	0	0
Proposed Sanitation Fee Revenue*	0	850,000	1,861,000	1,898,000	1,955,000	2,014,000
Net income (loss) Net of Depreciation	**$ 25,510**	**$ (114,000)**	**$ (24,000)**	**$ (56,000)**	**$ (98,000)**	**$ (145,000)**

*** Revised proposed and projected salaries include 5 additional Sanitation Equipment Operators for the green waste program. (estimated hire date July, 2010).**

**** Materials and supplies includes compressed natural gas (CNG) vehicle maintenance and replacement costs (vehicles in use by May, 2010).**

***** Proposed Sanitation Fee revenue increase of $5.86/mo. expected to begin in January, 2010. Includes 50% reduction of 2nd container fee revenue.**