

Agenda Report

TO: CITY COUNCIL

DATE: February 23, 2009

THROUGH: MUNICIPAL SERVICES COMMITTEE (February 20, 2009)

FROM: CITY MANAGER

SUBJECT: RECOMMENDATION TO SET A PUBLIC HEARING ON APRIL 20, 2009
REGARDING PROPOSED RESIDENTIAL REFUSE COLLECTION FEE
INCREASES

RECOMMENDATIONS:

It is recommended that the City Council authorize the initiation of the state-mandated public hearing process to increase the Residential Refuse Collection Fees by 2.97 percent due to higher landfill charges and establish a new street sweeping surcharge of \$0.79 per month for residential refuse customers and set a Public Hearing for April 20, 2009.

BACKGROUND:

All property related fee increases are subject to the procedural and substantive requirements of Proposition 218. Proposition 218 requires a written notice be sent by mail to each parcel owner upon which the fee will be imposed, and a public hearing be conducted not less than 45 days after mailing the notice. If written protests against the proposed fee are received by a majority of parcel owners, the City may not impose the fee increase. If written protests against the fee increase are not presented by a majority of owners, the City may implement the fee increase. Voter approval at an election is not required to impose an increase to the Residential Refuse Collection Fees.

If this action is approved, a notice of public hearing will be mailed on March 3, 2009, advising affected property owners and customers of a proposed Residential Refuse Collection Fees increase of 2.97 percent and a new \$0.79 per month street sweeping surcharge.

The Sanitation Districts of Los Angeles County, which operate the Scholl Canyon Landfill where Pasadena's refuse is disposed, increased their landfill dumping charges on January 1, 2009 by \$4.76 per ton. This necessitates a 2.97 percent increase in the Residential Refuse Collection Fees. Since 1989, the Pasadena Municipal Code, section 8.60 has authorized landfill charge increases to be directly passed through to refuse customers. Proposition 218 requires that property owners be notified of proposed increases and given the opportunity to protest the increase.

Additionally, the cost of street sweeping services currently borne by the General Fund is proposed to be transferred to the Refuse Fund. The total General Fund cost of the street sweeping program is \$728,508. The cost is proposed to be shared proportionately by residential refuse customers through a monthly surcharge and by commercial haulers through an increase in the Franchise Fee.

The transfer of the street sweeping program expenditures to the Refuse Fund represents a more accurate placement of these expenditures as materials collected during street sweeping become part of the City's waste stream and are disposed of at the landfill along with all other debris collected. Additionally, with the transfer of the street sweeping program to the Refuse Fund, street sweeping services will be provided during the daytime hours within specified time frames. Currently, in high density areas throughout the City, overnight parking exemptions preclude sweepers from cleaning curbs effectively due to the parked cars. Daytime street sweeping will allow City crews to do a more effective job of cleaning City streets by reducing the volume of debris entering catch basins. This will also increase Pasadena's compliance with the National Pollutant Discharge Elimination System (NPDES) requirements. Having a set sweeping time will allow residents to move cars in the daytime as opposed to night time and know the exact timeframe during which their streets will be cleaned.

Staff utilized land use and housing composition data to determine that 33 percent of the City receives residential refuse service and the remaining 67 percent commercial service.¹ Based on these percentages the General Fund cost of \$728,580 was proportionately applied resulting in a cost of \$242,192 to residential customers and \$486,388 for commercial franchise haulers. This translates into a \$9.44 cost per residential customer per year or \$0.79 per month. It also requires a 3.515 percent increase to the Franchise Fee for commercial refuse haulers increasing this to 19.515 percent. Table 1 below provides a list of proposed rate increases for residential refuse service.

TABLE 1: MONTHLY REFUSE INCREASE IMPACTS

Refuse Collection Fees	Current Rate	Proposed with 2.97% Increase	Proposed with Surcharge	\$ Change
100 Gallon Mixed Waste	\$34.61	\$35.64	\$36.43	\$1.82
60 Gallon Mixed Waste	\$22.09	\$22.75	\$23.54	\$1.45
32 Gallon Mixed Waste	\$13.32	\$13.71	\$14.50	\$1.19
Admin/Refuse (Residential Construction)	\$10.73	\$11.05	\$11.84	\$1.11
100 Gallon Mixed Waste Additional	\$27.68	\$28.50	No Change	\$0.82
60 Gallon Mixed Waste Additional	\$17.68	\$18.21	No Change	\$0.53
32 Gallon Mixed Waste Additional	\$10.65	\$10.97	No Change	\$0.32
Truck Rollout w/ Manual Rollout	\$10.94	No Change	No Change	\$0
Backyard-1 House on Lot	\$37.98	\$39.11	\$39.90	\$1.92
Special Curb Backyard-1 House on Lot	\$37.98	\$39.11	\$39.90	\$1.92
60 Mixed Waste-15 unit Monthly	\$367.92	\$378.85	\$379.64	\$11.72
Truck Rollout 2nd Mixed Waste	\$6.83	No Change	No Change	\$0

¹ The City provides refuse service to all single family homes and multi-family dwellings containing four or fewer units. All other refuse customers (commercial, industrial or multi-family housing of five or more units) may purchase service from any of the franchisees operating in the city.

Refuse Collection Fees	Current Rate	Proposed with 2.97% Increase	Proposed with Surchage	\$ Change
Lifeline 60MW	\$25.20	\$25.95	\$26.74	\$1.54
Manual Rollout	\$10.94	No Change	No Change	\$0
Truck Rollout Fixed Charge	\$27.35	No Change	No Change	\$0
Truck Rollout w/ Manual Rollout Charge	\$10.94	No Change	No Change	\$0
Manual Rollout Additional	\$6.83	No Change	No Change	\$0
1 Bin -1 Pick up per Week	\$115.21	\$118.64	\$119.43	\$4.21
1 Bin-2 Pick ups per Week	\$185.25	\$190.75	\$191.54	\$6.29

Two separate approval processes are required to enact these changes. The increases to the Residential Refuse Fees will require the public hearing process discussed above and the commercial haulers franchise fee requires the adoption of a resolution. The proposed increased to the franchise fee is proposed to be presented to the City Council on April 13, 2009. Commercial haulers will be notified of the City Council date during which the franchise fee increase will be considered.

It is anticipated that daytime street sweeping will begin by December 2009. There will be an additional one-time cost of \$625,000 to purchase and install approximately 5,000 "No Parking" signs citywide. This will be paid from the existing fund balance in the Refuse Fund. Tables 2 and 3 below show the annual revenues and expenses associated with these changes.

**PROPOSED REFUSE FUND
ANNUAL REVENUE AND EXPENSE IMPACTS**

TABLE 2.

Expenses	
Landfill Fee Increases	\$282,380
Street Sweeping	\$728,580
One-time Signage Costs	\$625,000
Total Expenses	\$1,635,960

TABLE 3.


Revenues	
2.97% Residential Refuse Fee Increase	\$282,380
New Street Cleaning Surcharge	\$ 242,192
3.515% Commercial Franchise Fee Increase	\$486,388
One-time Use of Refuse Fund Balance	\$625,000
Total Revenue	\$1,635,960

Staff will return to the City Council on April 20, 2009 for the public hearing for the proposed increases and request approval of the required resolutions. In the interim staff will mail out the public hearing notices to all property owners and residential refuse customers as discussed previously and conduct the following public outreach: include information regarding the proposed increase in *Pasadena In Focus* and issue a press release. A copy of the Public Hearing notice which will be mailed to property owners and residential refuse customers in attached (Attachment I).

FISCAL IMPACT:

If approved, the 2.97 percent increase in the Residential Refuse Collection Fees will generate \$282,380 and will cover the pass thru landfill costs which went into effect on January 1, 2009. Additionally, the \$0.79 per month street sweeping surcharge to all residential refuse customers is estimated to generate \$242,192 per year and will go into effect July 1, 2009. The remaining \$486,388 will be generated through the increase of the Franchise Fees from the current 16 percent to the proposed 19.515 percent.


Respectfully submitted,


MICHAEL J. BECK
CITY MANAGER

Prepared by:


Flo Langilotti, Management Analyst V
Finance and Management Services Division

Approved by:


Martin Pastucha
Director of Public Works



NOTICE OF PUBLIC HEARING

Subject: Residential Refuse Collection Fees Increase
Effective July 1, 2009

IF THE PARCEL OR BILLING ADDRESS ON THIS NOTICE DOES NOT RECEIVE REFUSE SERVICE FROM THE CITY OF PASADENA, PLEASE DISREGARD THIS NOTICE

The Pasadena City Council will hold a public hearing on April 20, 2009, at 7:30 PM, in the City Council Chambers at 100 N. Garfield Avenue, Room S249, Pasadena, CA, 91109, to receive public comment regarding the adoption of Residential Refuse Collection Fees increases described below to become effective July 1, 2009.

The Sanitation Districts of Los Angeles County, which operates the Scholl Canyon Landfill where Pasadena's refuse is disposed, increased the landfill dumping charges effective January 1, 2009. Since 1989 the Pasadena Municipal Code has authorized increased landfill charges to be directly passed through to refuse customers. State law now requires refuse customers be notified of any increases. Additionally, the cost of street sweeping services currently borne by the City's General Fund is proposed to be transferred to the Refuse Fund and paid for by residential refuse customers and commercial haulers. Residential refuse customers share of the expense is \$242,192. This translates into a \$9.44 cost per residential refuse customer per year or \$0.79 per month. The table below provides a list of proposed rate increases for residential refuse service.

MONTHLY REFUSE INCREASE IMPACTS

Refuse Collection Fees	Current Rate	Proposed with 2.97% Increase	Proposed with Surcharge	\$ Change
100 Gallon Mixed Waste	\$34.61	\$35.64	\$36.43	\$1.82
60 Gallon Mixed Waste	\$22.09	\$22.75	\$23.54	\$1.45
32 Gallon Mixed Waste	\$13.32	\$13.71	\$14.50	\$1.19
Admin/Refuse (Residential Construction)	\$10.73	\$11.05	\$11.84	\$1.11
100 Gallon Mixed Waste Additional	\$27.68	\$28.50	No Change	\$0.82
60 Gallon Mixed Waste Additional	\$17.68	\$18.21	No Change	\$0.53
32 Gallon Mixed Waste Additional	\$10.65	\$10.97	No Change	\$0.32
Truck Rollout w/ Manual Rollout	\$10.94	No Change	No Change	\$0
32 Gallon Mixed Waste Additional	\$10.65	\$10.97	No Change	\$0.32
Truck Rollout w/ Manual Rollout	\$10.94	No Change	No Change	\$0
Backyard-1 House on Lot	\$37.98	\$39.11	\$39.90	\$1.92
Special Curb Backyard-1 House on Lot	\$37.98	\$39.11	\$39.90	\$1.92
60 Mixed Waste-15 unit Monthly	\$367.92	\$378.85	\$379.64	\$11.72
Truck Rollout 2nd Mixed Waste	\$6.83	No Change	No Change	\$0
Lifeline 60MW	\$25.20	\$25.95	\$26.74	\$1.54
Manual Rollout	\$10.94	No Change	No Change	\$0
Truck Rollout Fixed Charge	\$27.35	No Change	No Change	\$0
Truck Rollout w/ Manual Rollout Charge	\$10.94	No Change	No Change	\$0
Manual Rollout Additional	\$6.83	No Change	No Change	\$0
1 Bin -1 Pick up per Week	\$115.21	\$118.64	\$119.43	\$4.21
1 Bin-2 Pick ups per Week	\$185.25	\$190.75	\$191.54	\$6.29

Any parcel owner or interested person may appear and be heard by the City Council on any matter relating to the Residential Refuse Collection Fees increase. In accordance with Article XIII D Section 6 of the California State Constitution, written protests to the proposed Residential Refuse Collection Fees increase will be considered if submitted prior to the public hearing. Written protests must be submitted on or before 5:00 PM, April 20, 2009, to the Office of the City Clerk located at 100 N. Garfield Avenue, Room S208, Pasadena, California 91109. Please include the parcel address and write "City of Pasadena Refuse Collection Fee Increase" on the written comments. The City will count one written protest per parcel. For further information, please contact the Department of Public Works at (626) 744-7120.