

Agenda Report

TO: CITY COUNCIL

DATE: April 27, 2009

THROUGH: FINANCE COMMITTEE

FROM: CITY MANAGER

SUBJECT: PUBLIC HEARING: AMENDMENT TO THE GENERAL FEE SCHEDULE TO INCREASE THE RESIDENTIAL REFUSE COLLECTION FEES AND SOLID WASTE FRANCHISE FEES

RECOMMENDATIONS:

It is recommended that the City Council, following the public hearing:

1. Find that these increases are not subject to CEQA pursuant to State CEQA Guidelines Section 15378 (b) (4) (definition of project excludes government fiscal activities which do not involve any commitment to any specific project);
2. Approve a Resolution amending the General Fee Schedule to increase the Residential Refuse Collection Fees by the following amounts: a percentage increase in the rates of 2.97 percent, plus the addition of a flat \$0.79 per month to the base bill per household, for the reasons set forth in this report; and
3. Approve a Resolution increasing the Franchise Fee assessed Franchisees under the Solid Waste Collection Franchise Ordinance from the current 16 percent to 19.515 percent.

BACKGROUND:

Increases in landfill tipping fees and the current fiscal challenges facing the General Fund necessitate the implementation of a rate increase for refuse services.

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 \$3.14 per ton. Since 1989, the Pasadena Municipal Code, section 8.60 has authorized landfill charge increases to be directly passed through to refuse customers. The 2.97 percent increase in rates is designed to cover the increased landfills charge.

As part of the five year plan to balance the budget, staff has recommended that street sweeping and refuse services become fully supported through rates. In FY 2009, \$728,508 of General Fund subsidy was provided in support of street sweeping. Staff is now recommending that the portion of street sweeping program expenditures previously

bourne by the General Fund now be paid by the Refuse Fund. This translates into a \$0.79 per month addition to the base Residential Refuse Collection Fees and a 3.515 percentage increase in the Solid Waste Collection Franchise Fees. Franchise fees are paid by commercial haulers and are likely passed on to commercial refuse customers.

The amount of the proposed increases are supported by a cost of service study. 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 \$728,508 was proportionately applied resulting in a cost of \$242,192 to residential customers and \$486,316 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 provides a list of proposed rate increases for residential refuse service.

TABLE 1: MONTHLY RESIDENTIAL REFUSE INCREASE IMPACTS

Refuse Collection Fees	Current Rate	Proposed with 2.97% Increase	Proposed 2.97% Increase, Plus Proposed \$0.79 Increase	\$ Change
Admin/Refuse (Residential Construction)	\$10.73	No Change	\$11.52	\$0.79
Lifeline 60 Mixed Waste	\$25.20	\$25.95	\$26.74	\$1.54
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	\$13.72	\$14.51	\$1.19
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
Manual Rollout	\$10.94	No Change	No Change	\$0.00
Truck Rollout	\$27.35	No Change	No Change	\$0.00
Truck Rollout w/ Manual Rollout Charge	\$10.94	No Change	No Change	\$0.00
Disabled Manual R/O Additional	(\$6.83)	No Change	No Change	\$0.00
Manual R/O Additional	\$6.83	No Change	No Change	\$0.00
Disabled Manual Rollout	(\$10.94)	No Change	No Change	\$0.00
Disabled Truck R/O	(\$27.35)	No Change	No Change	\$0.00
Disabled Truck R/O Additional	(\$6.83)	No Change	No Change	\$0.00
Truck Rollout 2 nd Mixed Waste	\$6.83	No Change	No Change	\$0.00
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
1 Bin – 1 P/U WK	\$115.21	\$118.63	\$119.42	\$4.21
1 Bin – 2 P/U WK	\$185.25	\$190.75	\$191.54	\$6.29
2 Bins – 1 P/U WK	\$155.28	\$159.89	\$160.68	\$5.40
2 Bins – 2 P/U WK	\$218.98	\$225.48	\$226.27	\$7.29

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.

The list of proposed rate increases for commercial refuse service is shown on Attachment 1. The two tables below reflect the annual revenues and expenses associated with these changes.

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

Expenses

Landfill Fee Increases	\$282,380
Street Sweeping	\$728,508
Total Expenses	\$1,010,888

Revenues

2.97% Residential Refuse Fee Increase	\$282,380
New Street Cleaning Increase	\$ 242,192
3.515% Commercial Franchise Fee Increase	\$486,316
Total Revenue	\$1,010,888

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 presented 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 impose the fee increase. Voter approval at an election is not required to impose an increase to the Residential Refuse Collection Fees. A notice of public hearing was mailed on March 10, 2009, advising affected property owners and customers of proposed increases.

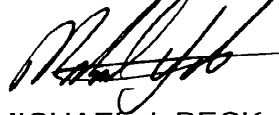
A notice of public hearing was mailed on March 10, 2009, advising affected property owners and customers of a proposed Residential Refuse Collection Fees increase of 2.97 percent plus the addition of the \$0.79 per month amount, or "surcharge" as it was described in the notice, and which will be reflected as an addition to the monthly, base billing amount for all residential refuse customers. Commercial haulers were notified of the City Council date during which the franchise fee increase will be considered and an information meeting to discuss the proposed increase and respond to any questions was held on April 20, 2009.

Initially, as part of the transfer of street sweeping program from the General Fund to the Refuse Fund, it was recommended that the street sweeping program be moved to daytime hours. At this time a recommendation to move residential street sweeping to daytime hours is not being pursued in order to seek additional public comment and undertake additional analysis on the proposal. Preliminary feedback from residents indicates that a single solution does not work for all areas of the City.

FISCAL IMPACT:

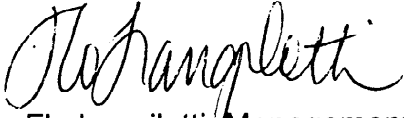
If approved, the 2.97 percent increase in the Residential Refuse Collection Fees will generate \$282,380 and will cover the pass thru landfill costs which went into effect on January 1, 2009. Additionally, the \$0.79 per month, flat increase in the base billing rate to residential refuse customers is estimated to generate \$242,192 per year and will go into effect on July 1, 2009. The remaining \$486,316 will be generated through the increase of the Franchise Fees from the current 16 percent to the proposed 19.515 percent to become effective on July 1, 2009.

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

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA AMENDING THE GENERAL FEE SCHEDULE TO INCREASE THE RESIDENTIAL REFUSE COLLECTION FEES LEVIED PURSUANT TO SECTION 8.60 OF THE PASADENA MUNICIPAL CODE

WHEREAS, 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, which equates to a 2.97 percent increase to the Residential Refuse Fees; and

WHEREAS, a portion of the funding for the City's street sweeping program in the amount of \$282,380 will be allocated to the Refuse Fund which equates to \$0.79 per household for residential customers;

WHEREAS, street sweeping is a refuse collection service involving solely the collection, removal and disposal of solid waste from public rights of way, and is, therefore, properly allocated to the Refuse Fund;

WHEREAS, new or increased fees or charges for refuse collection services are subject to the procedural and substantive requirements of Proposition 218, which requires, among other things, that a written notice be provide to all affected parcels as well as the opportunity to object, and which exempts new or increased fees or charges for refuse collection services from the requirement of a vote of the electorate; and

WHEREAS, if written protests against an increase in Residential Refuse Fees are presented by a majority of parcels, the City may not impose a Refuse Fees increase; and

WHEREAS, written notice was mailed on or by March 10, 2009 to the owners of the identified parcels and to the customer list on which Residential Refuse Fees will be imposed providing in excess of 45 days to submit written protest; and

WHEREAS, a public hearing was noticed for April 27, 2009 and written protest against the Residential Refuse Fee increase was not presented by a majority of parcels.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena, that the Refuse Fees shall be increased by 2.97 percent and a flat increase of \$0.79, per month per residential unit will be made to the base bill for residential refuse customers, with the increase to take effect sixty (60) days after the adoption of this Resolution.

Adopted at the regular meeting of the City Council on the _____ day of _____, 2009, by the following vote:

AYES:

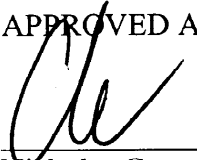
NOES:

ABSENT:

ABSTAIN:

Mark Jomsky
City Clerk

APPROVED AS TO FORM:

 4/16/09

Nicholas George Rodriguez
Assistant City Attorney

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA INCREASING
THE NON-EXCLUSIVE SOLID WASTE FRANCHISE FEE

WHEREAS, the City Council in approving a non-exclusive Franchise Fee System and in establishing a new fee entitled "Solid Waste Non-Exclusive Franchise Fee" provided standards and procedures for the granting of non-exclusive franchises for solid waste collection and a mechanism to generate and distribute revenue between the preparation and implementation of an integrated waste management plan and the repair and maintenance of the City's infrastructure due to operation of heavy duty collection vehicles; and

WHEREAS, the reasons for enacting such a fee are contained in an agenda report dated October 20, 1992, entitled "Franchise Grants for Use of the Public Ways. Establishment of Solid Waste Collection Franchise System;" and

WHEREAS, that portion of the total franchise fee which is a fee for services must be increased to pay the proportionate share of street sweeping services;

WHEREAS, a portion of the funding for the City's street sweeping program in the amount of \$486,388 will be transferred from the General Fund to the Refuse Fund which equates to an increase of 3.515 percent to the Franchise Fee;

WHEREAS, this transfer represents a more accurate placement of these expenditures to the Refuse Fund as materials collected during street sweeping become part of the City's waste stream;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PASADENA THAT:

- I. The fee entitled "Solid Waste Non-Exclusive Franchise Fee" is increased from 16 percent to 19.515 percent.
- II. Each franchise with a non-exclusive Solid Waste Collection Franchise granted pursuant to Chapter 8.61 of the Pasadena Municipal Code shall pay a franchise fee to the City during the term of such franchise in the following amount:

19.515 percent of any and all gross monthly receipts resulting from the operation of business in the City.
- III. For the purpose of calculation of such franchise fee, "gross monthly receipts" means any and all compensation received by the franchise in connection with collection, transportation, disposing, and/or recycling of solid waste kept, accumulated, or produced in the City plus any and all such compensation received by the franchisee or franchisee's subcontractors in connection with collecting, transporting, disposing, and/or recycling of solid waste produced, kept, or accumulated in the City, with the exception of compensation received from sale of material recovered through recycling.
- IV. Each monthly franchise fee payment shall be calculated as 19.515 percent of the gross monthly receipts received in the preceding calendar month. Revenue from the franchise fee shall be divided as follows: 5.5 percent of the gross monthly receipts shall be paid to the City general fund (to a maximum of \$420,000 annually) and 10.5 percent of the gross monthly receipts shall be placed in a special fund account to be used only for costs stated in Public Revenue Code Section 41901 or any successor provision for preparing, adopting, and implementing an integrated Solid Waste Management Plan.

ADOPTED at the regular meeting of the City Council on the _____ day of _____, 2009, by the following vote:

AYES:


NOES:

ABSENT:

ABSTAIN:

Mark Jomsky
City Clerk

APPROVED AS TO FORM:

 4/16/09

Nicholas George Rodriguez
Assistant City Attorney

**ATTACHMENT 1.
Monthly Commercial Refuse Increase Impacts**

DESCRIPTION	Current Rate	Proposed with 2.97% Increase	Proposed 2.97% Increase Plus Proposed 3.515% Increase	\$ Change
100 Gallon MW-COM	40.15	41.34	42.79	2.65
32 Gallon MW-COM	15.45	15.91	16.47	1.02
60 Gallon MW-COM	25.62	26.39	27.31	1.69
1BIN-1PU-COM-COM	133.64	137.61	142.45	8.81
1 BIN-2 P/U-COM	214.89	221.27	229.05	14.16
1 BIN-3 P/U WK-COM	297.86	306.71	317.49	19.63
1 BIN-4 P/U WK-COM	391.66	403.29	417.47	25.81
1 BIN-5 P/U WK-COM	492.40	507.02	524.84	32.45
2 BINS-1 P/U WK-COM	180.12	185.47	191.99	11.87
2 BINS-2 P/U WK-COM	254.02	261.56	270.75	16.74
2 BINS-3 P/U WK-COM	432.69	445.54	461.20	28.51
2 BINS-5 P/U WK-COM	727.93	749.55	775.90	47.97
3 BINS-1 P/U WK-COM	242.83	250.05	258.84	16.00
3 BINS-2 P/U WK-COM	430.15	442.93	458.50	28.34
3 BINS-3 P/U WK-COM	624.24	642.78	665.38	41.13
3 BINS-5 P/U WK-COM	1,059.80	1,091.28	1,129.63	69.83
4 BINS-1 P/U WK-COM	305.56	314.63	325.69	20.13
4 BINS-2 P/U WK-COM	529.10	544.81	563.96	34.86
4 BINS-3 P/U WK-COM	772.53	795.47	823.43	50.90
4 BINS-4 P/U WK-COM	1,111.41	1,144.42	1,184.64	73.24
5 BINS-1 P/U WK-COM	368.30	379.24	392.57	24.27
5 BINS-2 P/U WK-COM	628.09	646.75	669.48	41.39
6 BINS-3 P/U WK-COM	1,069.09	1,100.84	1,139.54	70.45
7 BINS-2 P/U WK-COM	826.04	850.57	880.47	54.43
6 BINS-2 P/U WK-COM	718.28	739.62	765.61	47.33
14 BINS-3 P/U WK CITY	2,488.06	2,561.96	2,652.01	163.95
100 Gallon MW Adtl.COM	32.11	33.06	34.22	2.12
32 Gallon MW Adtl-COM	12.35	12.72	13.17	0.81
60 Gallon MW Adtl-COM	20.51	21.12	21.86	1.35
Manual R/O - COM	12.69	No Change	13.14	0.45
1 BIN-1 P/U WK CITY	133.64	137.61	142.45	8.81
2 BINS-1 P/U WK CITY	180.12	185.47	191.99	11.87
2 BINS 2 P/U WK CITY	254.02	261.56	270.75	16.74
2 BINS-3 P/U WK CITY	432.69	445.54	461.20	28.51
2 BINS-5 P/U WK CITY	727.93	749.55	775.90	47.97
3 BINS-1 P/U WK CITY	242.83	250.05	258.84	16.00
3 BINS-2 P/U WK CITY	432.69	445.54	461.20	28.51
3 BINS-3 P/U WK CITY	624.24	642.78	665.38	41.13
3 BINS-5 P/U WK CITY	1,059.80	1,091.28	1,129.63	69.83
4 BINS-1 P/U WK CITY	305.56	314.63	325.69	20.13
4 BINS-2 P/U WK CITY	529.10	544.81	563.96	34.86
4 BINS-3 P/U WK CITY	772.53	795.47	823.43	50.90
5 BINS-1 P/U WK CITY	368.30	379.24	392.57	24.27
5 BINS-3 P/U WK CITY	920.03	947.36	980.66	60.62
5 BINS-4 P/U WK CITY	1,226.69	1,263.12	1,307.52	80.83
6 BINS-2 P/U WK CITY	718.28	739.62	765.61	47.33
8 BINS-2 PU WK CITY	859.88	885.42	916.55	56.66

**ATTACHMENT 1.
Monthly Commercial Refuse Increase Impacts**

DESCRIPTION	Current Rate	Proposed With 2.97% Increase	Proposed 2.97% Increase Plus Proposed 3.515% Increase	\$ Change
Truck Rollout -COM	31.73	No Change	32.84	1.12
Manual R/O Additional - COM	7.92	No Change	8.20	0.28
60MW-15 UNIT MONTHLY	426.79	439.46	454.91	28.12
30 BINS-1 P/U WK CITY	1,773.35	1,826.02	1,890.20	116.85
2 BINS-5 PU 40% CITY	291.18	299.83	310.37	19.19
2 BINS-5 PU CITY 60%	436.75	449.72	465.53	28.78
9 BINS-2 PU WK CITY 35%	319.12	328.59	340.14	21.03
9 BINS-2 PU WK CITY 65%	592.63	610.23	631.68	39.05

Jomsky, Mark

From: Bruce Bailey [bbailey@gwa-architects.com]
Sent: Friday, March 13, 2009 10:33 AM
To: Pastucha, Martin; Jomsky, Mark
Cc: Suzuki, Takako
Subject: RE: City of Pasadena Refuse Collection Fee Increase

Takako, Maybe there was to be no period in the name?

Thanks, Bruce

Bruce A. Bailey, AIA
Vice President
Gin Wong Associates
4465 Wilshire Blvd.
Los Angeles, CA 90010
323-938-4422 p
323-938-4114 f
bbailey@gwa-architects.com

From: Bruce Bailey
Sent: Friday, March 13, 2009 10:25 AM
To: mjomsky@cityofpasadena.net; mpastucha@cityofpasadena.net
Cc: Madison, Steve; tsuzuki@cityofpasadena.net; Judy Bailey
Subject: City of Pasadena Refuse Collection Fee Increase

Dear Mr. Jomsky and Mr. Pastucha, I understand need for and support the fee increase for refuse collection and funding street cleaning from the same billing. My concerns / objections are as follows:

1. Everyone needs to do their best to reduce the amount of trash going to landfills and therefore I object to the reduced cost for a second barrel of trash. The cost for additional barrels should be higher than the initial one to encourage trash reduction. I assume you do not pay less to dump it. Use that money to improve street sweeping or to add the debris guards at the catch basins. Some public outreach to those living near the catch basins to help keep them clean would be a good idea.
1. I would like to see a program to reward people that keep trash to a minimum. My father who lives by himself in Pasadena, and uses a 32 gallon barrel and only needs to put it and the other barrels out every 4 weeks, but still pays for a pickup every week. Additionally he is one of two houses on Brampton Road (where he has lived for 61 years)(an LA City maintained street) with a Pasadena address. He does not get Pasadena street cleaning and should not have to pay for it as part of this new bill.
1. I would prefer to keep street sweeping at night. I enjoy hearing them go by knowing they are cleaning the street and watching activities in the neighborhood at night. I do not want my street cluttered with signs advising which days you cannot park on during the day. This also then cleans the entire street not just one side for most streets. If you keep the sweeping at night, you only need to post those streets that have parking exemptions. If they have an exemption, it could tell them where they can park and when, and once again you would not need the expense or clutter of street advisory signs. This system is much easier on guests and homeowners than having to keep in mind where they can park on certain days.

1. I would also like to see some public outreach and enforcement to get my neighbors to put away their barrels the evening of the trash pick up day. Some regularly leave them out for 3 days. Many also put them out in the morning of the day before pickup. These barrels are on the street more than they are put away. Go drive Glen Summer right now and you will see what I mean (pick up day is Thursday).
1. These email addresses on the form letter you sent out would have been a good idea to the reduce paper waste of writing letters to you. Thank you for letting me send you an email letter.

Thank you, Bruce

Bruce A. Bailey, AIA
Vice President
Gin Wong Associates

168 Glen Summer Road
Pasadena, CA 91105

626-792-3460h
323-938-4422 w
323-938-4114 f
bbailey@gwa-architects.com

March, 12, 2009

Dear, City of Pasadena.
Re: Refuse Collection Fee Increase.

I am opposed to a rate increase at this time. I am frankly shocked that our City would even entertain such a proposal during these economic times. Doesn't the city realize what we are going through? Many of us have lost jobs, and small business' are having difficulty maintaining employees.

The Refuse folks have jobs that are well paid and recession proof, why would they be so insensitive to the needs of our citizens. Some have lost their jobs, many folks are worried about losing the jobs and we all have lost much of our equities in our homes.

There is no need for a rate increase. The refuse companies are saving great deal of income from the lower gas prices (from \$4.00 a gal, to \$2.20 a gal.) and they have job securities that the rest of us may not have. This is not the time to raise any fees. Tell them not to get greedy.

Sincerely,
Edward Nigolian
3074 E. California Bl.
Pasadena, Ca. 91107

RECEIVED
09 MAR 16 10:11
CITY OF PASADENA

CITY OF PASADENA REFUSE
COLLECTION FEE INCREASE

350 S. GREENWOOD AVE.
91107

I DO NOT AGREE WITH
SHIFTING THE STREET CLEANING
SERVICES TO THE HOME OWNER.
MY MOTHER, THREE BLOCKS OVER,
IN UNINCORPORATED PASADENA,
STILL GETS WEEKLY STREET
CLEANING, NOT BI-WEEKLY,
WITHOUT THIS PROPOSED INCREASE.

SOMEBODY IS NOT HANDLING
TAXPAYER MONEY/BUDGET
CORRECTLY.

DB 11-57

THANK YOU

RTA Schuttelby

626-793-2471