

REPORT TO CITY COUNCIL
SOLID WASTE COLLECTION AND RECYCLING
CITY OF WEST HOLLYWOOD
ANNUAL SERVICE CHARGE
FISCAL YEAR 2020/2021

March 19, 2020

INTRODUCTION

The Department of Public Works' solid waste and recycling program has three primary responsibilities: solid waste collection and recycling which is provided under an exclusive franchise agreement for the entire City, issuing permits to and regulating haulers who provide large containers described as "roll off" containers for construction and demolition waste generated at development sites, and educational programs that inform the public regarding the benefits of recycling and reducing the amount of waste produced.

The City levies an annual charge on the property tax bill for solid waste collection and recycling services on residential parcels within the City. The other responsibilities of the Department of Public Works are funded from other sources.

This report explains the solid waste collection and recycling charges proposed to be levied on residential and commercial parcels for Fiscal Year 2020/2021.

PRIOR AND CURRENT YEAR ANNUAL CHARGES

On November 3, 2014, the City entered into a new franchise Agreement with a private contract hauler, Athens Services, for citywide solid waste collection and recycling services. The City contracts with the hauler for household trash and curbside recycling services for single family residential parcels with one to four units, as well as recycling services for multi-unit residential parcels with five or more units. Commercial parcels and multi-unit residential parcels with five or more units contract directly with the contract hauler for trash collection services. Each customer is billed directly by the contract hauler based on the number of bins and frequency of collection services for the parcel. Under the franchise Agreement, the rates for all solid waste and recycling services are held at July 1, 2014 levels, with only annual CPI increases for the next five years.

The City collects the Solid Waste and Recycling Service Charge on the annual property tax bill for all residential parcels. The Solid Waste and Recycling Service Charge is made up of two components. The first component is the direct charge paid to the contract hauler. The second component is the indirect charge that is an allocation of the Department of Public Works and other City Departments' efforts to manage the solid waste and recycling program. These indirect costs include staff, rent, utilities, and other costs.

Rate Review and Increase

Fiscal Year 2020/2021 is the first year of the next 5-Year term with Athens Services. The current agreement allows the Hauler to request a rate increase to enable the Hauler to increase the Diversion Rate from the current 50% to 60%. Increasing the Diversion Rate away from landfills is in compliance with statewide and city policies, which aim to be environmentally responsible and support sustainable solutions. Contractor has presented all the necessary data to substantiate the requested 11.4% rate increase to meet the new and elevated Diversion Rate. This rate increase is for both Residential and Commercial customers.

Additionally, Assembly Bill (AB) 1594 passed by the Governor of the State of California and became effective on January 1, 2020 has taken away trash haulers ability to include green waste material as Alternate Daily Cover (ADC). The current Agreement with Athens allows for a rate increase to offset costs incurred by changes in laws and regulations applicable to trash-hauling. Contractor has provided all the necessary data to substantiate a 6.64% rate increase to comply with AB 1594. This rate increase applies to Residential customers only.

The above two rate increases have both been verified by an independent auditor, MuniEnvironmental, as accurate and legitimate. Therefore, the total fee rate increase effective on July 1, 2020 is 18.04% for residential customers and 11.4% for commercial customers.

Cost of Living Adjustment

The Municipal Code and the rates paid to the contractor under the franchise Agreement include annual escalators. The escalators are a combination of 1) the change in the Consumer Price Index – All Urban Consumers (CPI-U); and 2) a change in costs to provide additional services that result from local, State, or Federal legislation. The CPI-U Consumer Price Index All Urban Consumer -US City Average, including all items as published by the US Bureau of Labor Statistics, twelve-month average of the most completed calendar year (i.e., January to December), not to exceed seven percent (6%) per year is 1.812%.

By receiving the 11.4% rate increase, the agreement requires the contractor to forego the 1.812% CPI rate increase for this year. However, the city’s indirect costs will be adjusted by the CPI-U for fiscal year 2020-2021

The 2019/2020 actual and proposed 2020/2021 Solid Waste Collection and Recycling Service Charges are shown in the following table.

<u>Proposed Charge Per Unit (2020/2021)</u>	<u>Collection & Recycling 1 to 4 Units</u>	<u>Recycling 5 or more Units</u>
Annual Charge	\$ 266.69	\$ 40.71
Monthly Charge	\$ 22.22	\$ 3.39
Prior Year Charge Per Unit (2019/2020)		
Annual Charge	\$230.82	\$35.23
Monthly Charge	\$19.32	\$ 2.93
Difference in Charge Per Unit for /2020/2021 Compared to the Charge Per Unit for /2019/2020		
Difference in Annual Charge	\$ 35.87	\$ 5.48
Difference in Monthly Charge	\$ 2.99	\$ 0.46

A summary of charges by land uses including the high, low, and average assessments for the

land use class are attached. The complete roll showing all parcels and charges is on file in the City Clerk's office and incorporated herein by this reference.

ANNUAL INCREASES

Because the costs of providing solid waste and recycling services may increase over time due to inflation, beginning July 1, 2021, and each July 1, through July 1, 2024, the Solid Waste and Recycling Service Charge rates established in 2020/2021 shall be adjusted annually for inflation for a period of four years as described above.

PROPOSITION 218 CONSIDERATIONS

Proposition 218 which was approved by the voters of the State of California on November 6, 1996 contains requirements for the imposition of a fee or charge for property related services. Procedures for fees and charges are contained in Section 6 of Article XIII D.

Pursuant to Proposition 218, fee or charge must comply with the following five conditions:

- (1) Revenues shall not exceed the funds required to provide the service.
- (2) Revenues shall not be used for any other purpose.
- (3) The amount of the fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel
- (4) No fee or charge may be imposed unless the service is actually used by or immediately available to the property
- (5) No fee or charge shall be imposed for general governmental services, i.e., police, ambulance, library, where the service is available to the public at large in substantially the same manner as it is to the property owners

We conclude that the City of West Hollywood Solid Waste and Recycling Service Charge as described in this report is permitted under Prop 218 as it satisfies the five conditions as follows:

- 1) The Hauler's base rates are proposed to increase 11.4% for commercial customers and 18.04% for residential customers to enable the Hauler to increase the diversion rate and comply with changes in state law. The Hauler's rates have not increased in fifteen years, except for inflation, and the requested rate increases have both been verified by an independent auditor as accurate and legitimate.
- 2) Over the next four years, the only change to the Hauler's rates will be for inflation, which by its very nature covers the increased costs of living and doing business as a result of normal economic conditions and thus will not exceed the cost of providing service. The city's indirect costs will be adjusted by the CPI-U for fiscal year 2020-

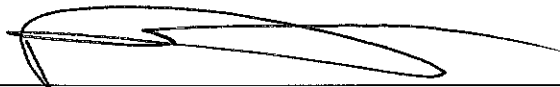
2021 through 2024-2025.

- 3) Revenues are held separate from other City funds and only used for the solid waste and recycling program.
- 4) Rates are based on the services attributed to each parcel. For residential parcels with 1 to 4 units, as well as for recycling services for multi-unit residential parcels, rates are based on the land use code and number of units for trash and recycling services. Rates are based on the number of bins and frequency of service for trash services for commercial parcels and multi-unit residential parcels.
- 5) Revenue collected from residential parcels on the property tax bill is based on the County Assessor's records. The City has a program in place for property owners to apply for reimbursement of any payments charged for vacant units. The contract hauler has procedures in place to review and resolve any discrepancies with the direct billings for trash services to commercial parcels and multi-unit residential parcels.
- 6) Funds for solid waste collection and recycling are specific services provided to each parcel. The City uses other funds for general services to the public at large.

Government Code Section 53756 allows the City to authorize automatic adjustments to property-related charges that are clearly defined by a formula for adjusting for inflation and are for a period not to exceed five years. On May 4, 2020, the City held a public hearing and established the automatic adjustment of these charges, commencing July 1, 2020 and each July 1 through July 1, 2024. We conclude that the City is permitted under Government Code Section 53756 to increase the annual charge as contained in this report with 30 days advanced mailed notice.

We conclude that the City of West Hollywood Solid Waste and Recycling Services Charge as described in this report satisfies the requirements outline above.

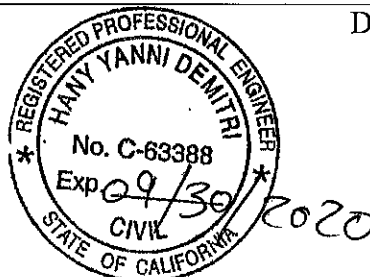
The undersigned submits this report and certifies that he is a Professional Engineer, registered in the State of California.



Hany Yanni Demitri, P.E., T.E.
City Engineer, City of West Hollywood

Date: March 19, 2020

R.C.E. No. 63388



City of West Hollywood
Solid Waste Assessments

March 2020

Examples of Assessments by Land Use

Fiscal Year: July 2020 - June 2021

Code	Land Use Description	High Asmt	Low Asmt	Avg. Asmt	No. of Parcels	Dwelling Units	Total Asmt
0100	Single Family Residential	\$266.69	\$40.71	\$266.25	1,034	1,066	\$275,305.50
0101	Single Family Residence w/Pool	\$266.69	\$266.69	\$266.69	51	51	\$13,601.19
0104	Single Family Residence w/Therapy Pool	\$266.69	\$266.69	\$266.69	7	7	\$1,866.83
010C	Single Family Residence -- Condominium	\$266.69	\$0.00	\$52.24	2,446	2,446	\$127,783.45
010E	Single Family Residence -- Condo Conversion	\$266.69	\$0.00	\$41.52	3,285	3,285	\$136,403.40
010F	Single Family Residence -- Cooperative	\$40.71	\$40.71	\$40.71	21	21	\$854.91
010V	Vacant Land -- Residential	\$0.00	\$0.00	\$0.00	25	14	\$0.00
0200	Double, Duplex or Two Units -- Residential	\$533.38	\$533.38	\$533.38	481	960	\$256,555.78
020V	Vacant Land -- Double, Duplex or Two Units -- Residential	\$0.00	\$0.00	\$0.00	3	4	\$0.00
0300	Three Units (Any Combination) -- Residential	\$800.07	\$800.07	\$800.07	181	542	\$144,812.67
030V	Vacant Land -- Three Units	\$0.00	\$0.00	\$0.00	2	0	\$0.00
0400	Four Units (Any Combination) -- Residential	\$1,066.76	\$203.55	\$1,061.86	176	705	\$186,886.55
040V	Vacant Land - Four Units	\$0.00	\$0.00	\$0.00	12	0	\$0.00
0500	Five or More Apartments	\$11,968.74	\$0.00	\$573.46	1,167	16,447	\$669,231.69
050V	Vacant Land -- 5 Units or More	\$0.00	\$0.00	\$0.00	7	77	\$0.00
0800	Rooming Houses	\$0.00	\$0.00	\$0.00	1	14	\$0.00
1000	Commercial Open	\$0.00	\$0.00	\$0.00	3	0	\$0.00
100V	Vacant Land -- Commercial	\$0.00	\$0.00	\$0.00	15	0	\$0.00
1010	Miscellaneous Commercial	\$0.00	\$0.00	\$0.00	2	0	\$0.00
1100	Stores Commercial	\$0.00	\$0.00	\$0.00	220	0	\$0.00
1200	Store & Office Combination	\$0.00	\$0.00	\$0.00	74	0	\$0.00
1210	Store & Residential Combo -- Commercial	\$0.00	\$0.00	\$0.00	98	336	\$0.00
1330	Department Store: Home Furnishings (Barker Bros., Etc.)	\$0.00	\$0.00	\$0.00	1	0	\$0.00
1400	Supermarket (12000+ SF)	\$0.00	\$0.00	\$0.00	8	0	\$0.00
1500	Shopping Centers (Neighborhood, Community)	\$0.00	\$0.00	\$0.00	16	0	\$0.00
1600	Shopping Centers (Regional)	\$0.00	\$0.00	\$0.00	1	0	\$0.00
1700	Office Building	\$0.00	\$0.00	\$0.00	108	0	\$0.00
1800	Hotels (Under 50 Rooms)	\$0.00	\$0.00	\$0.00	7	1	\$0.00
1810	Hotels (50+ Rooms)	\$0.00	\$0.00	\$0.00	18	2,107	\$0.00
1820	Motels (Under 50 Units)	\$0.00	\$0.00	\$0.00	4	62	\$0.00
1850	Motels/Hotels and Apartment Combinations (50+ Units)	\$0.00	\$0.00	\$0.00	3	245	\$0.00
1900	Professional Buildings	\$0.00	\$0.00	\$0.00	7	0	\$0.00

City of West Hollywood
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Code	Land Use Description	High Asmt	Low Asmt	Avg. Asmt	No. of Parcels	Dwelling Units	Total Asmt
1910	Professional Building Medical/Dental	\$0.00	\$0.00	\$0.00	5	0	\$0.00
1920	Veterinary Hospitals, Clinics	\$0.00	\$0.00	\$0.00	3	0	\$0.00
2100	Restaurants, Cocktail Lounges & Taverns	\$0.00	\$0.00	\$0.00	71	0	\$0.00
2200	Wholesale & Manufacturing Outlets	\$0.00	\$0.00	\$0.00	2	0	\$0.00
2300	Banks, Savings & Loans	\$0.00	\$0.00	\$0.00	9	0	\$0.00
2400	Service Shops, Radio/TV Repair, Paint Shops, Laundries, etc.	\$0.00	\$0.00	\$0.00	7	0	\$0.00
2500	Service Stations (Full Service)	\$0.00	\$0.00	\$0.00	6	0	\$0.00
2600	Auto Service Shop (Body & Fender Commercial Garage)	\$0.00	\$0.00	\$0.00	26	0	\$0.00
2700	Commercial Parking Lots (Patron or Employees)	\$0.00	\$0.00	\$0.00	120	1	\$0.00
2900	Nurseries or Greenhouses	\$0.00	\$0.00	\$0.00	1	0	\$0.00
3020	Industrial -- Artist in Residence	\$0.00	\$0.00	\$0.00	1	1	\$0.00
3100	Light Mfg., Small Equip Mfg., Small Machine Shops, Printing	\$0.00	\$0.00	\$0.00	26	0	\$0.00
3200	Heavy Manufacturing	\$0.00	\$0.00	\$0.00	2	0	\$0.00
3300	Warehousing Distribution (<10,000 SF)	\$0.00	\$0.00	\$0.00	5	0	\$0.00
3600	Lumber Yards	\$0.00	\$0.00	\$0.00	1	0	\$0.00
3700	Mineral Processing	\$0.00	\$0.00	\$0.00	1	0	\$0.00
3800	Parking Lots (Industrial Use Properties)	\$0.00	\$0.00	\$0.00	1	0	\$0.00
6100	Theaters -- Movie -- Indoor	\$0.00	\$0.00	\$0.00	1	0	\$0.00
6400	Clubs, Lodge Halls, Fraternal Organizations	\$0.00	\$0.00	\$0.00	2	0	\$0.00
6530	Gymnasiums, Health Spas	\$0.00	\$0.00	\$0.00	3	0	\$0.00
7100	Churches	\$0.00	\$0.00	\$0.00	11	0	\$0.00
7200	Schools -- Private	\$0.00	\$0.00	\$0.00	12	0	\$0.00
7400	Hospitals	\$0.00	\$0.00	\$0.00	1	0	\$0.00
7500	Home for the Aged	\$0.00	\$0.00	\$0.00	6	82	\$0.00
8100	Utility, Commercial & Mutual, Pumping Plants, State Assessed	\$0.00	\$0.00	\$0.00	3	0	\$0.00
810V	Vacant Land -- Utility	\$0.00	\$0.00	\$0.00	2	0	\$0.00
8800	Government Use	\$0.00	\$0.00	\$0.00	32	8	\$0.00
880V	Vacant Land -- Government	\$0.00	\$0.00	\$0.00	8	0	\$0.00
					9,852	28,482	\$1,813,301.97