



CITY COUNCIL AGENDA REPORT



DEPARTMENT Public Works

MEETING DATE December 16, 2008

PREPARED BY Ron Bow, Director of Public Works

AGENDA LOCATION PH-2

TITLE Protest Hearing, Integrated Solid Waste Management Fee Increases, Resolution No 2008-67

OBJECTIVE To approve Integrated Waste Management Fee increases of \$2.28 effective January 1, 2009, and a consumer price index increase effective July 1, 2009 and each year thereafter

BACKGROUND In 1989, the State of California enacted the California Integrated Waste Management Act, Assembly Bill 939 (AB 939), requiring all jurisdictions to achieve at least 50% diversion of solid waste from landfills through waste reduction, reuse, or recycling by the year 2000

Monrovia Municipal Code Section 18.08.080 authorizes the City to charge a Residential Waste Management fee for the cost of preparing, adopting and implementing of the source reduction and recycling element and the Integrated Waste Management Plan mandated by Section 40000 et seq of the California Public Resources Code

ANALYSIS The proposed fee will help sustain programs and services needed to maintain AB 939 Compliance, prepare for future AB 939 diversion mandates and Monrovia Environmental Accords (adopted by City Council July 2007) Three of the Accords set specific waste reduction goals

- **Action 4** Establish a policy to achieve 75% diversion to waste disposal methods by 2015
- **Action 5** Adopt a Municipal Code Ordinance that reduces the use of a disposable, toxic, or non-renewable product category by at least 50% by 2015
- **Action 6** Implement "user-friendly" recycling and composting programs, with the goal of reducing by 20% per capita solid waste disposal by 2015

The proposed rate increases, would be effective January 1, 2009 The charge is calculated based upon the increased cost of implementing the Monrovia Environmental Accords, including the cost of preparing, adopting and implementing the source reduction and recycling element and the Integrated Waste Management Plan, divided by the number of residential customers

<u>Fee</u>	<u>Effective Date</u>
\$1.44	Current Monthly Charge
\$2.28	January 1, 2009

The proposed monthly per unit fee will be increased by the Consumer Price Index (Los Angeles-Riverside-Orange) ("CPI") each year, effective July 1, 2009 and thereafter July 1 each following fiscal year The proposed calculation is as follows

[(Percentage increase in CPI (Los Angeles- Riverside- Orange) from April the previous year to April current year) x current rate] + (current rate)

CPI is the appropriate method to measure the increase in annual costs for these activities imposed by AB 939 on the City A large percentage of the costs imposed by AB 939 are attributed to staffing costs

Increasing AB 939 fees by the percentage increase in CPI offsets the annual cost increases the City experiences when implementing the Monrovia Environmental Accords, source reduction and recycling element and the Integrated Waste Management Plan

Funding Effective and Efficient Programs to meet Diversion Requirements The proposed fee increase effective January 1, 2009 would help support the current residential program's revenue requirements to allow currently budgeted expenses to be executed. No staffing increases are currently included in the proposed increase. An informal program analysis was conducted during the 2007-08 fiscal year, resulting in the termination and/or reduction of programs not significantly contributing to the City's AB 939 diversion requirements. This allowed staff time to focus on the most effective and efficient programs which have assisted the City to meet AB 939's current 50% diversion requirement, the Monrovia Environment Accords Development, and research new challenges to meeting 50% diversion.

New Challenges to Meet Current 50% Diversion Requirements Without a plan for future changes in the waste management industry, it may be impossible for the City to remain in AB 939 compliance. An example is maintaining diversion credits for green waste. Puente Hills Landfill's closing in 2013 and proposed State legislation both threaten future green waste diversion credits. Alternative capacity at another landfill and/or an alternative diversion form is needed to continue receiving diversion credit for green waste. If this is not accomplished, the City risks losing AB 939 diversion and potential \$10,000 per day fines for failure to comply with AB 939 requirements. Additionally, the State legislature has proposed legislation that would eliminate diversion credit for Alternative Daily Cover (ADC). In order to ensure the City continues to receive diversion credits for its green waste, alternative diversion methods, such as composting, need to be explored and adequate capacity secured.

Residential AB 939 Program Funding The revenue sources listed in the table below currently fund the City's programs related to AB 939 compliance, source reduction and recycling element, and the Integrated Waste Management Plan implementation.

Revenue Source	<u>08-09 Revenues</u> <u>(w/out fee increase)</u>
Commercial Permit Fees	\$0 00
Residential Franchise Fees	\$61,000 00
Residential AB 939 Fees	\$197,000 00
Hazardous Waste Pick-up Program	\$29,000 00
TOTAL	\$287,000 00

Current revenues do not provide adequate funding to sustain the residential AB 939 programs. The total budgeted annual program cost for fiscal year 2008-09 will be \$393,000 00. This total figure represents the existing budget costs of the Residential Integrated Solid Waste Management program.

Proposition 218 Public Notification Requirements Public notifications were mailed on November 1, 2008 to the property owners, and included the proposed fee amount, how it was calculated, the reason for the fee, and the date, time, and location of the Public Hearing for the proposed fee. A copy of the mailed notification is attached as "Exhibit A."

In accordance with the ruling of the July 24, 2006, Supreme Court case *Bighorn-Desert View Water Agency v. Verjil*, AB 939 Fees are now subject to the rules and restrictions of Proposition 218. In order to comply with the requirements of Proposition 218 related to AB 939 fees, the City is required to do the following:

- Identify the parcels upon which the fee will be imposed
- Calculate the fee to be imposed upon each parcel
- Provide written notice, by mail, to the record owners of each identified parcel that will be subject to the fee. The notice must contain
 - the proposed fee increase
 - the basis upon which the proposed fee was calculated
 - the reason for the fee, and
 - date, time and location of the public hearing
- Conduct a Public Hearing not less than 45 days after the mailing of the notice. Voter approval at an election is not required to impose this fee
- At the public hearing, all protests against the fee must be considered
- If written protests against the proposed fee are not presented at the public hearing by a majority of owners of the identified parcels, then the City Council may adopt Resolution No 2008-67
- If written protests against the proposed fee are presented at the public hearing by a majority of owners of the identified parcels, then the City Council cannot adopt Resolution No 2008-67

FISCAL IMPACT If the rate increase is approved, estimated additional revenue amounts listed in the table below will be collected and distributed to the Environmental Services Waste Management Fund

<u>Year</u>	<u>Fee</u>	<u>Estimated Additional Revenues</u>
FY 2008-09	\$ 2.28	\$ 55,693.75

Subsequently, effective starting July 1, 2009 and effective July 1 each following fiscal year the monthly fee per unit will be calculated as follows: $[(\text{Percentage increase in CPI (Los Angeles- Riverside- Orange) from April the previous year to April current year}) \times \text{current rate}] + (\text{current rate})$. Additional revenues will depend, in part, upon future CPI increases.

The total estimated annual program cost for fiscal year 2008-09 will be \$393,000.00 and budgeted revenues including revenues generated from the proposed increase are \$342,693.50. The estimated \$50,306.50 revenues deficit for Fiscal Year 2008-09 will be paid out of the AB 939 Fund Reserves.

RECOMMENDATION City Council to approve public notification for public hearing of the Integrated Residential Waste Management Fee increases of \$2.28 effective January 1, 2009, and a Consumer Price Index increase each year effective July 1, 2009 and thereafter, Resolution No 2008-67.

COUNCIL ACTION REQUIRED If the City Council concurs, the appropriate action would be a motion to Adopt Resolution No 2008-67.

The City of Monrovia is proposing to increase the monthly program charge for residential Waste Management (AB 939) effective January 1, 2009. Oral and written comments from interested parties will be heard at the Public Hearing

Tuesday, December 16, 2008 at 7:30 p.m.
City Council Meeting
Monrovia City Hall
415 S. Ivy Ave., Monrovia, CA

\$1.44 Current Monthly Program Charge
\$2.28 Effective January 1, 2009

Beginning July 1, 2009, the charge would be annually adjusted based on the Los Angeles-Riverside-Orange County Consumer Price Index. The proposed new increase will support the Monrovia Environmental Accords, including the cost of preparing, adopting and implementing the source reduction and recycling element and the Integrated Waste Management Plan mandated by Section 40000 et seq. of the California Public Resources Code. The charge is calculated based upon the increased cost of implementing the Integrated Waste Management Plan divided by the number of residential customers.

The City Council resolution and staff report for the proposed increase will be available from the City Clerks Office, 415 S. Ivy Ave., Monrovia, and online (www.ci.monrovia.ca.us) by December 6, 2008. If you would like more information about the proposed charges, please contact the Environmental Services Staff at 626-932-5577.



City of Monrovia - Department of Public Works
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RESOLUTION No 2008-67

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MONROVIA, CALIFORNIA, ESTABLISHING A SCHEDULE OF FEES
AND CHARGES FOR INTEGRATED SOLID WASTE MANAGEMENT**

THE CITY COUNCIL OF THE CITY OF MONROVIA DOES hereby resolve as follows

WHEREAS, the City of Monrovia has conducted an analysis of its services, the costs reasonably borne of providing those services, the beneficiaries of those services, and the revenues produced by those paying fees and charges for special services, and,

WHEREAS, the City wishes to comply with both the letter and the spirit of Article XIID of the California Constitution and limit the growth of taxes, and

WHEREAS, the City desires to establish a policy of recovering the full costs reasonably borne of providing special services of a voluntary and limited nature, such that general taxes are not diverted from general services of a broad nature and thereby utilized to subsidize unfairly and inequitable such special services, and

WHEREAS, the City Council adopted Ordinance No 2000-09 on the 25th day of April, 2000, establishing its policy as to the recovery of costs and more particularly the percentage of costs reasonably borne to be recovered from users of City services and directing staff as to the methodology for implementing said Ordinance, and

WHEREAS, it is the intention of the City Council to develop a revised schedule of fees and charges based on the City's budgeted and projected costs reasonably born for the Fiscal Year beginning July 1, 2008, and

WHEREAS, all requirements of California Constitution Article XIID, Section 6, California Government Code Sections 6062a, 66016 and 66018, and other applicable laws are hereby found to have been complied with,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MONROVIA DOES hereby resolve, determine, and order as follows

SECTION 1 FEE SCHEDULE ADOPTION The following fees for Solid Waste Management shall be computed, applied, and collected by the City Finance Department

Residential Waste Management (AB 939) Fees (monthly fee per unit)
\$2 28 Effective January 1, 2009

Effective starting July 1, 2009 and effective July 1 each following fiscal year the monthly fee per unit shall be calculated as follows *((Percentage increase in CPI (Los Angeles- Riverside- Orange) from April the previous year to April current year) x current rate) + (current rate)*

SECTION 2 BASIS OF CHARGES The City Council finds and determines that the charges imposed by this resolution are necessary to cover the costs of implementing the Monrovia Environmental Accords, including the cost of preparing, adopting and implementing the source reduction and recycling element and the Integrated Waste Management Plan

mandated by Section 40000 et seq of the California Public Resources Code, and that such charges do not exceed the reasonable costs of providing said services

SECTION 3 DELEGATION OF AUHORITY TO ADJUST FEES AND CHARGES

Fees are set by City Council as identified in this resolution

SECTION 4 REPEALER Resolutions and other prior actions of the City Council in

conflict with the contents of this Resolution are hereby repealed

SECTION 5 SEVERABILITY If any portion of this Resolution is held to be invalid or

unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions and all other portions shall remain in full force and effect The City Council declares that it would have adopted this Resolution and each section or portion thereof irrespective of the validity of any other section or portion

SECTION 6 EFFECTIVE DATE All fees and charges set pursuant to this Resolution

become effective January 1, 2009

PASSED, APPROVED AND ADOPTED this 16th day of December 2008 by the following vote

**AYES
NOES
ABSTAIN
EXCUSED**

BY

Rob Hammond, Mayor
City of Monrovia

ATTEST

APPROVED AS TO FORM

Linda B Proctor, MMC, City Clerk
City of Monrovia

Craig A Steele, City Attorney
City of Monrovia

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) §
CITY OF MONROVIA)

I, LINDA B PROCTOR, MMC, City Clerk of the City of Monrovia, California, do hereby certify that the foregoing Resolution No 2008-67 relating to the schedule of fees and charges for Integrated Solid Waste Management was duly adopted and passed at a regular meeting of the City Council on the 16th day of December 2008 by the following vote

AYES
NOES
ABSTAIN
EXCUSED

ATTEST

Linda B Proctor, MMC, City Clerk
City of Monrovia