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City of South Gate
CITY COUNCIL

Item No. 2

CITY OF SOUTH GATE
OFFICE OF THE CITY MANAGER

7:30pm

AGENDA BILL

For the Regular Meeting of: November 24, 2020

Originating Department: Public Works

Department Director:


Arturo Cervantes

City Manager:


Michael Flad

SUBJECT: CONTINUE PUBLIC HEARING AND RESOLUTION AMENDING THE SCHEDULE OF FEES TO INCREASE THE RESIDENTIAL REFUSE COLLECTION AND RECYCLING SERVICES RATES FOR FISCAL YEAR 2020/21

PURPOSE: This item was continued from the regularly scheduled City Council Meeting of September 22, 2020. The City has a Franchise Agreement with USA Waste of California, Inc., dba Waste Management of Los Angeles (WM) that stipulates automatic, annual rate increases to the residential refuse collection and recycling services rates based on the Consumer Price Index (CPI). Annually, the City Council amends the schedule of fees to apply said rate increase. Accordingly, the City Council must adopt a Resolution to amend the Schedule of Fees for Fiscal Year 2020/21 to reflect the new rates, retroactive to July 1, 2020.

RECOMMENDED ACTION: Open the Public Hearing and continue consideration of a Resolution amending Resolution No. 7872 (Schedule of Fees) to apply a 3.36% rate increase to the residential refuse collection and recycling services for Fiscal Year 2020/21, retroactively effective July 1, 2020, to the regularly scheduled City Council meeting of January 26, 2021.

FISCAL IMPACT: There is no fiscal impact to the General Fund. The residential refuse collection and recycling service rates for WM will increase by 3.36%. As an example of the new service rates, the standard monthly service charge for residential accounts will increase from \$18.78 to \$19.41. Attachment "A" contains the amended schedule of fees.

NOTICING REQUIREMENTS: A public hearing notice was duly published in *the Los Angeles Wave*, a newspaper of general circulation, on Thursday, July 30, 2020.

ANALYSIS: Established by Resolution No. 7872, the City's Schedule of Fees sets all rates, fees, charges, deposits, refunds and reimbursements imposed or collected by the City. It also contains the rates for residential refuse collection and recycling services (Service Rates). The Service Rates require a rate increase, to comply with the Franchise Agreement. The Schedule of Fees must be amended by Resolution to apply the rate increase, which is a requirement of the South Gate Municipal Code Section 2.76.010, (Fee Resolution Established), of Chapter 2.76 (South Gate Fee Resolution), of Title 2 (Licenses – Business Regulations). Approval of the proposed Resolution is required to meet the requirements of the Franchise Agreement and the Municipal Code.

The Proposed Resolution adjusts the service rates only for residential refuse collection and recycling services. Following the 3.36% increase, a typical residential customer can expect to pay an increase of \$0.63, monthly. The proposed rate increase is retroactively effective July 1, 2020.

The Proposed Resolution does not adjust the rates for commercial and industrial services because those rates are not included in the Schedule of Fees; however, a rate increase of 3.36% will be applied to commercial and industrial customers. The impact of the increase will depend on the services commercial and industrial customers are subscribed to. The rate increase is also effective July 1, 2020.

BACKGROUND: On May 10, 2005, the City Council approved Contract No. 2222, a Franchise Agreement with USA Waste of California, Inc., dba Waste Management of Los Angeles (WM), authorizing WM to be the exclusive provider of refuse collection and recycling services in the City. As the City's franchise refuse hauler, WM services residential, commercial and industrial properties. WM provides numerous services which include but not limited to: refuse collection, recyclables collection, organic waste collection, sharps collection by mail, roll off bins, free backyard service for disabled residents and bulky item pick up.

Section 4.7 (Rate Adjustments) of Contract No. 2222 with WM stipulates that the service rates shall be adjusted annually, by an annual CPI adjustment, for both (a) Commercial/Industrial services, and (b) Residential Refuse Collection and Recycling Services. The proposed Resolution is specifically focused on increasing the rates for residential refuse collection and recycling services because the City bills customers on behalf of Waste Management for said services. Although the Commercial/Industrial rates will also increase, the proposed Resolution does not focus on them since the City does not bill those customers on behalf of Waste Management.

Section 4.7.3 (Annual CPI Adjustment), of Contract No. 2222, as amended in 2011, entitles WM to annually increase all components of the residential, commercial and industrial service rates by the percentage increase in the "*Consumer Price Index (CPI), All Urban Consumers, for the Los Angeles/Riverside/Orange County metropolitan area, as published by the United States Department of Labor, Bureau of Labor Statistics.*" However, this CPI no longer exists and has been replaced with the CPI, All Urban Consumers, for the Los Angeles/Long Beach/Anaheim metropolitan area, as published by the United States Department of Labor, Bureau of Labor Statistics. According to the Franchise Agreement, in the event that the CPI is "discontinued, the parties shall utilize the index most nearly the same." Accordingly, the agreement was to use the Los Angeles/Long Beach/Anaheim CPI. Said CPI for the period of February 2019 to February 2020 is 3.36% for all services provided by WM.

Under Contract No. 2222 between the City and WM, WM pays an annual Franchise Fee; the exact amount is dependent on revenues they collect. For example, for the last five fiscal years, WM paid the City \$866,321 (2015/16), \$948,833 (2016/17) and \$936,317 (2017/18), \$977,349 (2018/19), \$1,038,930 (2019/20).

ATTACHMENT: Notice of Public Hearing

AM:lc

JUL 27 2020

FILED

**CITY OF SOUTH GATE
NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the City Council of the City of South Gate, California, will conduct a Public Hearing to consider adopting a resolution amending the City's Schedule of Fees to establish the 2020/21 residential refuse collection and recycling service fees.

A copy of the proposed service rates may be reviewed in the City Clerk's office during normal business hours. The Public Hearing is schedule for:

DATE: TUESDAY, AUGUST 11, 2020
TIME: 6:30 p.m.
LOCATION: COUNCIL CHAMBERS
SOUTH GATE CITY HALL
8650 CALIFORNIA AVENUE
SOUTH GATE, CA 90280

NOTICE IS HEREBY GIVEN that any and all persons interested in the matter hereinabove set forth are privileged to attend said hearing and then and there testify or present evidence upon any matter relating thereto.

THIS NOTICE IS GIVEN by the order of the City Clerk of said City and is dated this July 27, 2020.


Carmen Avilos, City Clerk

Publication date: July 30, 2020

Account No.: 251-714-25-6302