



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
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Meeting Date: 4/5/2011

Report Type: Staff/Discussion

Title: Green Waste Collection Service Options: Containerized and Loose-in-the-Street

Report ID: 2011-00168

Location: Citywide

Recommendation: Provide direction to staff regarding options for loose-in-the-street garden refuse collection.

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Department: Department Of Utilities

Division: Solid Waste Administrative Services

Dept ID: 14001321

Attachments:

1-Description/Analysis

2-Background

3-Location Map

City Attorney Review

Approved as to Form
Janeth D. San Pedro
3/25/2011 1:30:24 PM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
3/22/2011 2:44:18 PM

Approvals/Acknowledgements

Department Director or Designee: Marty Hanneman - 3/23/2011 3:56:38 PM

Assistant City Manager: John Dangberg - 3/23/2011 5:41:43 PM



Description/Analysis

Issue: On September 27, 1977, City of Sacramento voters adopted Measure A, an initiative ordinance that prohibited the City from requiring containerized collection of yard and garden refuse (green waste). The ordinance also stated that it shall not be repealed or amended except by a vote of the majority of the electors in the City of Sacramento at a municipal election.

Since 2004, the Department of Utilities (DOU) Solid Waste division has offered containerized green waste collection to select areas of the City on a voluntary basis. The voluntary containerized program customers receive eight loose-in-the-street (claw) collections during the year as follows:

- January - collection second week
- February - collection last week
- May - collection last week
- October - collection last week
- November and December - collection a minimum of every other week

Under the current program, residential property owners may voluntarily switch to weekly containerized service from loose-in-the-street (LITS) collection and pay approximately \$3.00 less per month. The division has recently completed the offering of containerized service to all City residential customers. 12,121 customers continue to receive LITS green waste collection while 103,787 now receive containerized green waste collection.

The voluntary containerized green waste option has changed the business. As the number of containerized customers has increased, there are a smaller number of LITS customers to share the cost of that service. The current LITS rate of \$13.71 was sufficient to recover the full cost when 57,000 customers were putting their green waste in the street. With only 12,121 LITS customers remaining paying the same rate, there is now insufficient funding to cover the cost of the service. As a result, the current LITS rate does not recover the full cost of providing LITS collection at the weekly service level specified in the current Solid Waste rate Resolution, which means that funding for the LITS collection program is being provided, in part, by revenues from other Solid Waste service rates. This type of subsidy runs counter to the “cost of service” principles of Proposition 218.

The following options exist to resolve the subsidy issue:

1. Raise Rate to Current Cost of Service: To maintain current service levels of periodic weekly collection for 12,121 customers, the rate for LITS must be increased to recover the full cost of the service. Staff estimates that the rate needs to increase to approximately \$40.00 per month for a single family home. Increasing the rate will require public notification and a public hearing before the City’s Utility Rate Advisory Commission (URAC), in accordance with the procedural requirements of Proposition

218 and the City Code. The URAC would consider the proposed rate and make its recommendation prior to the City Council's consideration of a revised rated schedule.

2. General Fund Subsidy: The City's General Fund can subsidize the \$26.00 difference between the current monthly rate of \$13.71 and the \$40.00 per month rate for periodic weekly collection. Staff estimates the total annual General Fund subsidy for 12,121 LITS customers to be \$3,781,752. The City's General Fund is already projected to have a \$40 million deficit for FY2011/12. Adding the subsidy for LITS collection would increase the deficit and require further reductions to balance the budget.
3. Reduce Service Levels to Monthly to Match Current Rate: At the current rate of \$13.71 per month for a single family home, staff estimates LITS service levels need to be reduced to monthly collection for full cost recovery. LITS customers will still only be able to deposit up to two-cubic yards of green waste in the street under the current City Code. Monthly LITS collection will result in significant blight, clogged storm drains, more frequent obstruction of bicycle lanes and mosquito/vector control issues.
4. Reduce Service Levels to Bi-Weekly: The LITS service levels specified in the Solid Waste rate Resolution can be reduced to periodic bi-weekly collection. Staff estimates that the rate would increase to approximately \$25.00 per month for a single family home. LITS customers will still only be able to deposit up to two-cubic yards of green waste in the street under the current City Code. Increasing the rate will require public notification and a public hearing before the City's Utility Rate Advisory Commission (URAC), in accordance with the procedural requirements of Proposition 218 and the City Code. The URAC would consider the proposed rate and make its recommendation prior to the City Council's consideration of a revised rated schedule.
5. Eliminate LITS Collection: Eliminating LITS collection and mandating containers throughout the City requires voter approval of a ballot measure to repeal Measure A. If Measure A is repealed by voters, the City Council would have the discretion to eliminate LITS collection and establish mandatory containerized green waste service. The mandatory containerized service may include LITS pickups during heavy leaf seasons as is currently offered in the voluntary containerized program. For specific areas of the city with significant numbers of mature trees, such as downtown and midtown, more frequent LITS pickups could be offered with a slightly different rate. The new rate for these areas will require public notification and a public hearing before the City's Utility Rate Advisory Commission (URAC), in accordance with the procedural requirements of Proposition 218 and the City Code. The URAC would consider the proposed rate and make its recommendation prior to the City Council's consideration of a revised rated schedule.
6. Select LITS Geographic Areas: If Measure A is repealed by voters, the City Council could designate specific areas of the city with significant numbers of mature trees, such as downtown and midtown, as LITS collection zones while mandating containers in all other areas. However, staff would recommend that only LITS be allowed in these

selected areas, because if both LITS and containerized service are allowed in a LITS collection zone, this likely would be difficult to administer and not cost effective. The creation of specific LITS zones will necessitate a new rate for these areas and will require public notification and a public hearing before the City's Utility Rate Advisory Commission (URAC), in accordance with the procedural requirements of Proposition 218 and the City Code. The URAC would consider the proposed rate and make its recommendation prior to the City Council's consideration of a revised rated schedule.

For all LITS service options, the City Council could choose to contract out LITS collection. Contracting out would likely reduce labor costs; however, this type of collection service is specialized for municipal government and is not an industry standard.

Policy Considerations: The City Council has the discretion to modify the service level for LITS collection service because the City Code provides only that this service be provided on a "periodic" basis.

The ordinance adopted in 1977 by Measure A prohibits the City from requiring the containerized collection of green waste, unless the repeal or modification of Measure A is approved by City voters. Voter approval of a proposed ballot measure repealing Measure A would provide the City Council the discretion to require, by ordinance, that green waste be placed in containers for collection.

Environmental Considerations: The Environmental Planning Services Manager has determined that the current request to adjust LITS service levels is exempt from CEQA pursuant to Section 15061(b)(3) of the CEQA Guidelines, which exempts approval of an activity where there is no possibility that the activity in question may have a significant effect on the environment.

The passage of a measure repealing Measure A and the City Council subsequently deciding to require containerized green waste collection would lessen the environmental effects associated with the City's current green waste collection service because it would reduce the number of vehicles used to collect the same green waste materials that currently are being collected through a combination of LITS and containerized collection.

Sustainability: The use of containers for green waste collection is consistent with the Sustainability Master Plan goal to reduce carbon dioxide emissions and will help lower the City's carbon footprint by reducing the number of vehicles needed to collect the green waste material. Annually, the vehicles used for LITS collection produce 297,000 pounds of carbon as compared to 153,000 pounds if the same material was collected using containers.

Commission/Committee Action: Not Applicable.

Rationale for Recommendation: At \$13.71 per month, the current rate for LITS collection is insufficient to recover the full costs of the program which means that funding for the LITS collection program is being provided, in part, by revenues from other Solid Waste service

rates. To eliminate this subsidy, the City needs to increase the LITS rate to maintain current service levels, reduce service levels to mitigate a significant LITS rate increase, identify other funding sources for the LITS service, or mandate containerized service (assumes that Measure A is repealed).

Currently, containerized green waste customers pay \$10.35 per month for weekly collection for a single-family home, which is 24% less than the current rate charged to those with LITS service. In addition to reduced utility bills, containerized green waste collection service benefits include:

- Timely weekly collection year-round;
- Collection on the same day as garbage and recycling collection;
- Improved appearance of City streets and neighborhoods;
- Reduced green waste in storm drains;
- Reduced vehicle emissions by using one collection vehicle instead of two;
- Provision of a cleaner and safer path of travel for bicyclists; and
- Reduction of potential vector and mosquito control issues by reducing standing water in curbs and gutters.

Financial Considerations: As fewer customers receive LITS collection service, the disparity in cost between containerized and LITS increases significantly. As the individual green waste piles become increasingly scattered throughout the City, the crews and vehicles must travel further distances between each pile, resulting in more fuel and more time expended for each pile collected. Maintaining existing weekly service levels will necessitate a significant rate increase of almost 200%. Reducing collection to bi-weekly will also cause the LITS rate to increase, but not as significantly.

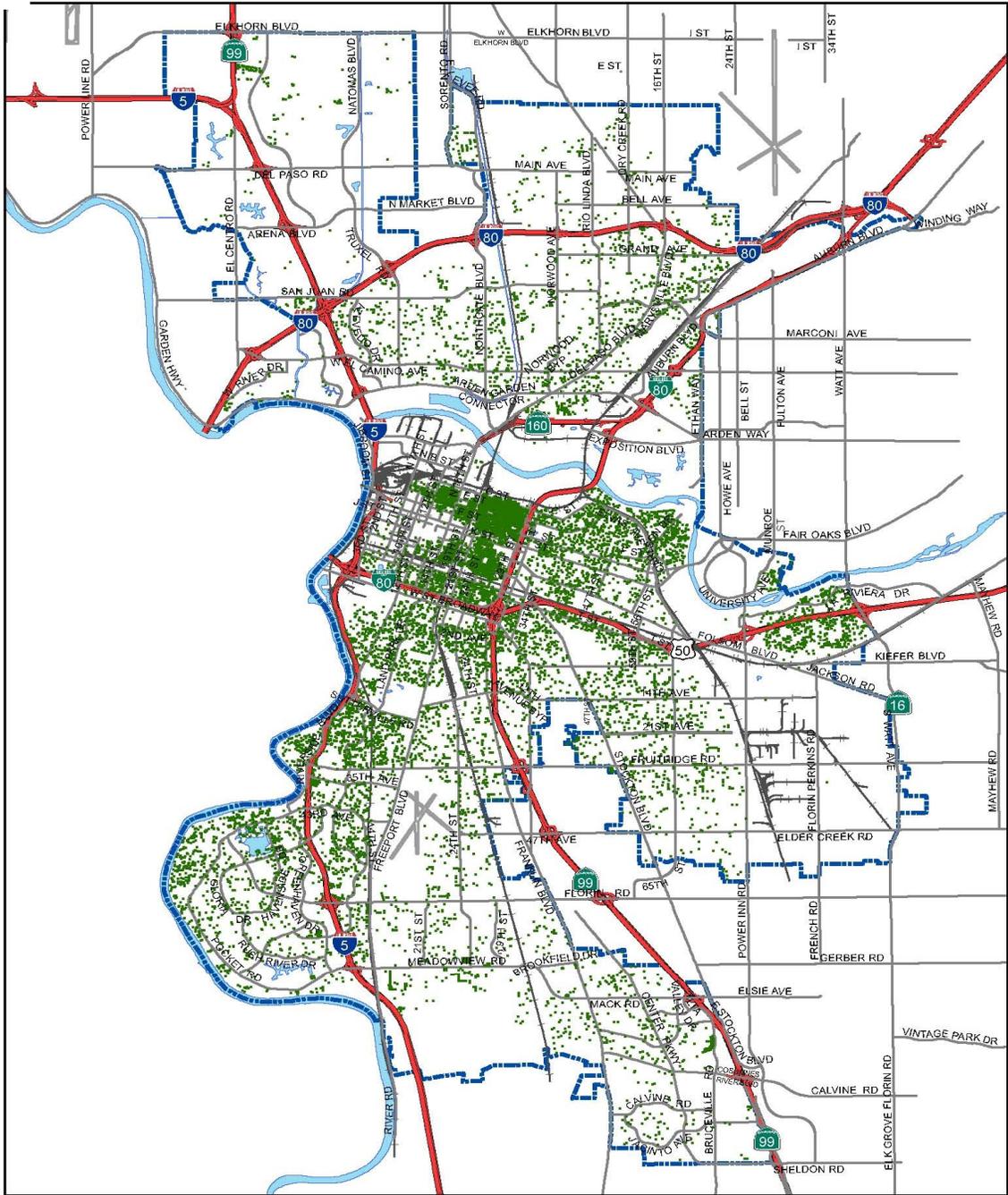
If directed by City Council to work through the URAC on a new rate for LITS service, the cost for direct mail Proposition 218 notification to green waste customers is approximately \$40,000. Adequate funding exists in the Solid Waste (Fund 6007) operating budget to cover this expense.

Emerging Small Business Development (ESBD): Not applicable.



Background

- September 27, 1977** City residents passed Measure A, an initiative ordinance prohibiting mandatory containerization of yard and garden refuse (green waste) materials.
- November 8, 1988** Measure F, which would have repealed Measure A, did not receive voter approval.
- August 2004** The City Council adopted City Code revisions establishing the Voluntary Containerized Collection Service Program for green waste. Under the program, residential property owners in the City who qualify for the Program may switch to containerized green waste collection service from loose-in-the-street collection. City Council directed Solid Waste to offer containers to 20,000 customers per year.
- October 2004** The first deliveries of green waste containers to program participants in Oak Park. Voluntary container deliveries would continue annually for the next six years.
- July 2009** The City Council adopted a two year rate for Loose-in-the-Street (LITS) green waste collection that was sufficient at the time to cover collection costs for the number of then-existing LITS customers (57,000).
- October 2009 – October 2010** Solid Waste completed the rollout of containers under the Voluntary Containerized Collection Service Program by delivering approximately 50,000 green waste containers to program participants throughout various neighborhoods in the City. As a result, only 12,121 currently remain as LITS customers.



Loose in the Street Green Waste (Opt-Out Customers)



Total Loose in the Street customers (green dots): 12,121
Total Containerized customers: 103,787