



Staff Report

File #: REPORT 22-0783, Version: 1

Honorable Mayor and Members of the Hermosa Beach City Council
Regular Meeting of December 13, 2022

**PUBLIC HEARING ON PROPOSED CHANGES IN CITY OF
HERMOSA BEACH SOLID WASTE, ORGANIC AND RECYCLING
RATES FOR FISCAL YEAR 2022 THROUGH FISCAL YEAR 2032**
(Environmental Programs Manager Douglas Krauss)

Recommended Action:

Staff recommends City Council:

1. Conduct a public hearing in connection with the proposed solid waste rates;
2. If there is no majority protest, make a finding that there is no majority protest by parcel owners and solid waste customers within the City of Hermosa Beach; and
3. Authorize the Mayor to execute and the City Clerk to attest to the proposed amendments for Solid Waste and Street Sweeping and Cleaning Services subject to the approval of the City Attorney (**Attachment 3**).

Executive Summary:

Arakelian Enterprises, Inc. DBA Athens Services has provided solid waste and street sweeping services for Hermosa Beach since 2013 and 2010, respectively. Both service contracts (**Attachments 1 and 2**) were set to expire in June 2021 and were extended an additional 24 months per the terms of the agreements.

Athens Services submitted informal proposals to the City for the purpose of discussing amendment of the current agreements and an additional extension of the term. At its October 25, 2022 meeting, Council approved a revised proposal and directed staff to begin the Proposition 218 notification process and a 45-day public hearing period. City Council must hold a public hearing and find no majority protest for the City to execute the proposed contract amendments (**Attachment 3**).

Background:

At its October 12, 2010 meeting, City Council approved an agreement with Athens Services for sweeping/cleaning of streets, alleys, walk streets, parking lots, and the Pier. The agreement was subsequently amended with the first amendment to agreement for street sweeping services dated March 26, 2013. The amendment served to extend the term and have it coincide with the term of the agreement with Athens for solid waste collection services, which was also entered into on March 26,

2013. A second amendment to the agreement for street sweeping services was approved September 25, 2018, adding certain cleaning services. A first amendment to the solid waste franchise was executed in September 2018 revising some minor contract elements. In 2019, the City and Athens Services agreed upon a special rate increase for organic waste collection in response to AB1826, a 2014 State law that required commercial and multi-family customers to recycle organic waste.

Both these agreements were scheduled to expire June 30, 2021. Per the agreements, the City had the sole option to extend the agreement up to 24 months. The City extended these agreements until June 30, 2023 to ensure continuity of service and continue the favorable rates to customers. The extension allowed the City to continue to work with Athens to implement mandatory organics recycling programs by the 2022 implementation deadline. Staff worked closely with Athens to deliver carts to customers, distribute outreach materials, and monitor participation per the requirements of the mandatory organics processing regulations of Senate Bill 1383 (2016). Council approved an Ordinance adding these regulations to the Hermosa Beach Municipal Code in May 2021, allowing the City to enforce these measures, per State requirements.

The extension of the agreements for 24 months also allowed the City time to explore the range of options for the future of the agreements. Athens provided three proposal options for possible amendments and extensions to the two agreements in Spring of 2022. The various proposal elements are described and discussed below. They each included:

1. Rate increase;
2. Change to the annual rate adjustment formula;
3. Change to minimum diversion requirement;
4. New programs to support SB1383 compliance;
5. Term extension; and
6. Payments to the City.

Staff reviewed both existing agreements and hired a solid waste consultant to analyze Athens' proposals. Staff additionally surveyed neighboring agencies and evaluated recent contract negotiations in the region to provide Council context for the City's options. Council considered these proposals at its May 10, 2022 meeting and directed staff to negotiate with Athens. At its October 25, 2022 meeting, City Council approved a revised proposal and directed staff to begin the Proposition 218 notification process.

Past Council Actions

Meeting Date	Description
October 12, 2010	Approved Agreement with Athens Services for Street sweeping and cleaning services
March 26, 2013	Approved First Amendment to street sweeping agreement with Athens Services extending term
March 26, 2013	Approved Franchise Agreement with Athens for Solid Waste Collection Services
September 17, 2018	Approved First Amendment to Agreement for Solid Waste Services
September 25, 2018	Approved Second Amendment to Agreement for Street sweeping and cleaning services
September 10, 2019	Approved special rate increase for organic services per AB1826
May 10, 2022	Considered proposals for amended and extended agreements
October 25, 2022	Approved revised proposal and began Prop 218 notification process

Discussion:

At its October 25, 2022 meeting, City Council directed staff to proceed with the Proposition 218 notification process. The majority protest public hearing was set for the December 13, 2022 meeting. This process included mailing of a notice (**Attachment 4**) to all Athens customers and all property owners. The notice was also published in the Daily Breeze and the notice and rate increase information was posted on the City's website. A complete list of the maximum rates that would be effective January 1, 2023 is included as **Attachment 5**.

Should Council find that no majority protest has been made, staff recommends that Council authorize the execution of the draft amendments (**Attachment 3**) for both Solid Waste and Street Sweeping and Cleaning Services. If approved, staff would proceed with implementation of the new added services and contract terms.

General Plan Consistency:

This report and associated recommendations have been evaluated for their consistency with the City's General Plan. Relevant policy is listed below:

Sustainability and Conservation Element

Goal 6. Hermosa Beach is a low or zero-waste community with convenient and effective options for recycling, composting, and diverting waste from landfills.

Policy:

- **6.1 Franchise Agreements.** Ensure waste franchise agreements and program offerings provide progressively higher rates of waste diversion.

Environmental Issues: In accordance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines, the increases in the solid waste, organic waste, and recycling service charges are exempt from CEQA pursuant to Section 15378 and Section 15273 of the CEQA Guidelines and Public Resources Code Section 21080(b)(8) because (i) the increase in charges are for the purpose of meeting operational and maintenance expenses of the aforementioned services and (ii) the charges constitute the creation of a funding mechanism/other governmental fiscal activity, which does not involve any commitment to any specific project that may result in potential significant physical impact on the environment.

Fiscal Impact:

The proposed amendments include a \$100,000 upfront payment to the City. Additionally, Athens would pay the City an increase in annual franchise fees of approximately \$50,000 for the first year and \$150,000 every year thereafter.

The contract amendment would increase the total payment for services by \$50,000, from \$670,000 to \$720,000, to cover the anticipated costs of cleaning sand off the beach all-access Mobi-mats. The estimated cost for FY 2022-23 would be appropriated with the Midyear Budget. The City would also incur minor costs associated with changing street sweeping signage to implement the reduced service time windows.

Attachments:

1. Agreement for Street Sweeping and Cleaning Services
2. Agreement for Solid Waste Services
3. Draft Amendments
4. Proposition 218 Notice
5. Maximum Rates
6. Redlined version of Solid Waste Agreement and Amendment Language
7. Redlined version of Street Sweeping Agreement and Amendment Language
8. Link to October 12, 2010 City Council Staff Report
9. Link to March 26, 2013 City Council Staff Report
10. Link to September 17, 2018 City Council Staff Report
11. Link to September 25, 2018 City Council Staff Report
12. Link to September 10, 2019 City Council Staff Report
13. Link to May 10, 2022 City Council Staff Report

14. Link to October 25, 2022 City Council Staff Report

Respectfully Submitted by: Douglas Krauss, Environmental Programs Manager

Noted for Fiscal Impact: Viki Copeland, Finance Director

Legal Review: Pat Donegan, City Attorney

Approved: Suja Lowenthal, City Manager