

Review of Residential Recycling Fee



CITY OF NEWPORT BEACH
JANUARY 26, 2021
AGENDA ITEM NO. 14

Recycling Service Fee

- In 1990 Ordinance No. 90-6 established a Recycling Service Fee to recover operational costs incurred by the City
- Current Recycling Service Fee: \$3 per residential unit per month
- Currently generates \$970,000 in annual revenue to help offset program cost
- Newport Coast currently not charged Fee
- Fee last updated in 2009



Recycling Service Fee Update

- Operating costs have increased over time
- Currently, City's General Fund is bearing the increased program costs
- The current per month fee is not uniformly applied to Newport Coast
- State Laws continue to increase the amount of material being recycled, thus resulting in increased program costs
- The City Council Refuse Working Group has reviewed and supports staff's recommendation to update City Recycle Fee



2020 Residential Recycling Fee Study

Fee study calculation based on operational costs of the collection of recyclable materials. These costs include:

- Annual Residential Contract Costs:

Note - Newport Coast and City currently have two separate residential refuse collection contracts resulting in two separate calculations and Recycling Service fees.

- Diversion rate for recyclable material processing
- Number of households subject to the fee
- Staff time related to contract management and program administration.

2020 Residential Recycling Fee Study

ANNUAL STAFF EXPENSE

Title	Department	Fully Burdened Hourly Rate (FBHR)	Annual Hours
Senior Management Analyst	PW - Refuse	\$147.95	120.00
Code Enf Officer Trainee	PW - Env'tal Liability	\$45.41	240.00

Total annual cost for staff time: \$28,651.60

ANNUAL RECYCLING CONTRACT COSTS

Refuse Contracts	Annual Contract	Diversion Rate	Recycling Costs
Excluding Newport Coast	\$ 4,160,688	48.36%	\$ 2,012,108.72
Newport Coast	\$ 741,164	40.65%	\$ 301,283.17

Total annual recycling contract costs: \$2,313,391.88

Grand total annual costs for Residential Recycling program: \$2,342,043.48

NUMBER OF RESIDENTIAL UNITS

Excluding Newport Coast	27,017
Newport Coast	4,335

Total residential units: 31,352

Proposed Rate Increase



The City: (Excludes Newport Coast)

- The current fee for the City area is \$3.00 per residential unit per month
- The proposed fee for the City area (excluding Newport Coast) would be \$6.28 per residential unit per month.

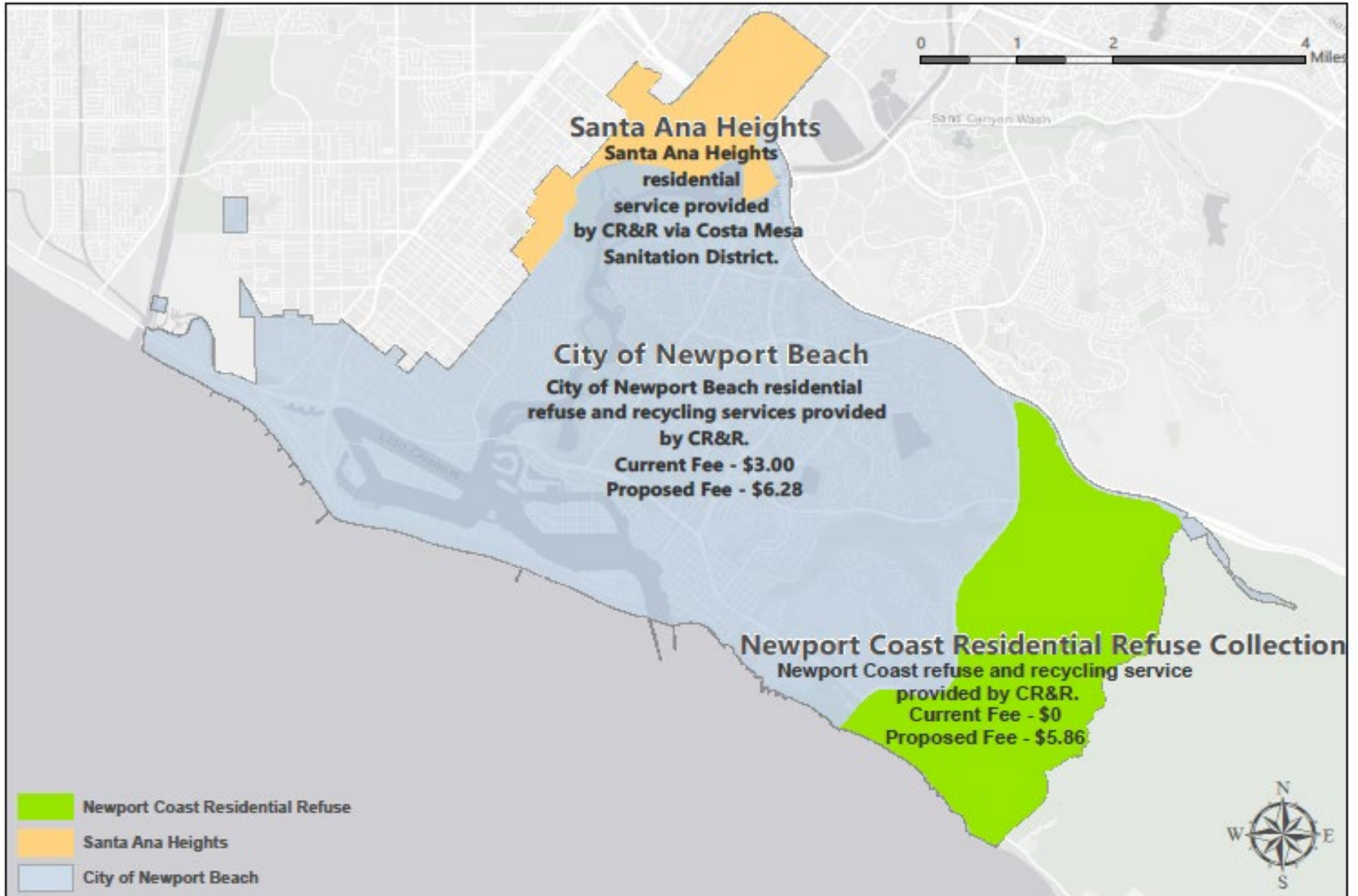
Newport Coast:

- Recycling Services fee was not included as part of annexation
- The proposed Recycling Service fee for residential units in Newport Coast would be \$5.86 per residential unit per month.

** Both fees will include future annual CPI increases*

Map of Residential Hauling Contracts

Recycling Fee Information



Proposed Rate Increase

- If approved, the proposed fee increase would result in a total estimated revenue of \$2,331,000 annually, which represents a \$1,361,000 increase in revenue, covering the current recycling program cost.



Recycling Fee Increase Process

Steps for approval of fee increase per Proposition 218:

1. City Council review and approval of Residential Recycling Fee Study
2. Set a date for the tabulation of protests votes and conduct a public hearing on proposed Recycling Service Fee rates pending the result of the protest vote.
3. Send a notice discussing the proposed Recycling Service Fee rates increase and the public hearing date to all effected residential property owners; and
4. Collect and tabulate all protest votes and conduct a public hearing on proposed Recycling Service Fee rates. If a majority of protest votes are received, fee increase cannot be approved
5. If approved, rate adjustments would be effective April 2021

Recommendations



- Approve the 2020 Residential Recycling Fee Study
- Direct staff to send a notice of proposed Recycling Service Fee rates and public hearing date for consideration to all effected residential property owners
- Set the date of March 23, 2021 for the tabulation of protests votes and conduct a public hearing of proposed Recycling Service Fee rates pending the result of the protest vote

Questions



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