



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Fahey and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Neil Miller, Director of Public Works
Bruce Moe, Director of Finance
Juan Price, Maintenance Superintendent
Lindy Coe-Juell, Senior Management Analyst

DATE: December 20, 2005

SUBJECT: Conduct a Public Hearing for a Rate Adjustment of the Street Sweeping User Fee from 6.8% of Residential and Commercial Refuse Billing to 10.46%; and Consider a Resolution to Amend Resolution No. 5915, which Established the Original Street Sweeping User Fee

RECOMMENDATION:

Staff recommends that the City Council:

- A. Conduct a Public Hearing for a Rate Adjustment of the Street Sweeping User Fee from 6.8% to 10.46%.
- B. Adopt Resolution 6010 Amending Resolution 5915, Which Established the Original Street Sweeping User Fee.

FISCAL IMPLICATION:

Under the current five-year contract with CleanStreet, approved by City Council on November 15, 2005, the annual costs of street sweeping and cleaning services for the Strand are \$233,000 and \$61,600 respectively. Increasing the street sweeping user fee, which is charged as a percentage of residential and commercial refuse bills, from 6.8% to 10.46% would generate the necessary revenue to cover the contract costs of street sweeping and Strand cleaning services.

BACKGROUND:

In June 2004, City Council adopted Ordinance No. 2056 establishing a street sweeping fee for residential and commercial refuse customers in order to generate the necessary revenue to support this service and to reduce the fiscal burden on the General Fund. A number of other California Cities including, but not limited to, Santa Monica, Redondo Beach, Claremont, South Gate, San Clemente, Selma, Clayton, Santa Maria, South Pasadena, Brea, Sacramento, Tracy, Temecula, West Covina, Gilroy, Lodi, Albany, Porterville, Clovis, Monrovia, and Turlock charge a user fee

for street sweeping services.

Resolution No. 5915, passed by City Council in June 2004, established the initial street sweeping user fee for the City of Manhattan Beach at 6.38% of residential and commercial refuse bills. That fee amount generated the necessary revenue to support street sweeping services for the contract rate charged to Manhattan Beach by CleanStreet at that time. On October 31, 2005, our previous street sweeping contract expired and on November 15, 2005, City Council approved a new five-year street sweeping contract with CleanStreet.

Under the new contract, CleanStreet has continued to provide street sweeping services and will begin providing several other exterior custodial maintenance services—for the Strand, for the Pier, for the Downtown Streetscape, and for the Metlox and Civic Center plazas—on, or before, January 2, 2006. As detailed in the November 15, 2005 staff report, the City has funding sources for the services for the Pier (Pier Lot Fund), the Downtown (Streetscape Assessment District), the Metlox and Civic Center plazas (Parking Fund) and street sweeping (Street Sweeping User Fee in the Refuse Fund). However, the custodial service for the Strand, which includes mechanical sweeping twice per week and power washing twelve (12) times during the year, is a new contracted service and does not have a funding source. This level of cleaning service will be an increase over the previous hand-sweeping conducted once per week and power washing once per year. Staff believes that the new custodial service will provide a level of cleanliness consistent with the expectations of our residents and visitors, especially given the ongoing construction effort to improve the Strand.

At the November 15 City Council meeting, staff recommended folding the contract cost of the custodial service for the Strand, into the street sweeping user fee. The rationale for this recommendation is that the Strand is a community resource that benefits all people living and working in the City. Additionally, in recent years, the City has consciously decided to recover costs for City services through user fees under situations in which a fee structure has been plausible. We have moved in this user fee direction in order to reduce the strain on the General Fund and to maintain the City's fiscal stability.

At the November 15 meeting, City Council directed staff to meet with representatives from the Downtown Business Association and the Chamber of Commerce to gather feedback on this recommended street sweeping user fee increase. This feedback and details on the user fee increase are discussed below.

DISCUSSION:

The contract rate for street sweeping services has increased from \$179,760 to \$233,000 under the new CleanStreet contract. We have determined that a user fee of 8.29% of refuse billing for both residential and commercial customers would generate the necessary revenue to pay for the increased cost of this service. As shown in the table below, the proposed street sweeping fee increase would add approximately \$0.25 per month to the typical residential refuse bill and \$1.72 to the typical commercial refuse bill.

A street sweeping fee of 10.46% would cover the cost of both street sweeping and exterior custodial maintenance service for the Strand under the new contract. This rate would add \$0.53

monthly to the typical residential refuse bill and \$3.68 to the typical commercial refuse bill.

Table 1: Comparison of Street Sweeping Fees for Proposed Services

	Current Street Sweeping Charge	New Street Sweeping Charge	New Street Sweeping Charge with Strand
Street Sweeping Fee (as a percentage of the reuse bill)	6.38%	8.29%	10.46%
Residential Bill \$12.89	\$0.82	\$1.07	\$1.35
Commercial Bill 3-yd bin emptied once/week \$90.24	\$5.76	\$7.48	\$9.44

Staff met with representatives from the Downtown Business Association on December 8, 2005 and with the Executive Director from the Chamber of Commerce on December 9, 2005. At both meetings, staff presented the street sweeping report and proposed fee increase that was presented to Council on November 15. Both organizations support the goal of increasing the level of cleaning services for the Strand. However, the organizations cited several concerns with the increased fee.

One concern is that some businesses, especially restaurants, already have significant refuse bills and the proposed fee increase would be especially difficult for those businesses to absorb. Another concern is that the Strand, as a community resource, benefits the businesses located close to the Strand much more than those along Sepulveda and in other areas removed from the beach. Finally, the representatives suggested that if Parking Fund resources will be used for the cleaning services for the Metlox and Civic Center plazas, which are connected to the new parking structure, then perhaps Parking Fund resources could be used to offset the cost of street sweeping on streets with parking meters.

ALTERNATIVES:

Alternatives include:

- Conducting a Public Hearing and adopting Resolution 6010 to increase the street sweeping user fee to 10.46% to cover the new contract cost of street sweeping and custodial services for the Strand.
- Provide other direction.

Attachment: Resolution No. 6010

RESOLUTION NO. 6010

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, AMENDING RESOLUTION 5915 TO INCREASE THE STREET SWEEPING FEE FOR RESIDENTIAL AND COMMERCIAL REFUSE CUSTOMERS

THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Council of the City of Manhattan Beach hereby makes the following findings:

- a) The City Council approved by Ordinance No. 2056 the establishment of a street sweeping fee;
- b) The established fee for street sweeping services represents reimbursement for cost incurred by the City;
- c) The City Council adopted Resolution No. 5915 establishing the street sweeping fee as 6.8% of refuse billing for residential and commercial customers receiving refuse services from the City;
- d) The fee established by Resolution No. 5915 was set at 6.8% in order to recover the actual costs to the City for providing street sweeping services;
- e) The actual cost for street sweeping services has increased under a new contract Approved by City Council on November 15, 2005, for the service;
- f) The same new contract will provide service for sweeping and power washing for the Strand;
- g) The Strand is a dedicated City street;
- h) The street sweeping fee is not a property related fee but is based on usage; and
- i) This action is exempt from the provisions of the California Environmental Quality Act ("CEQA") pursuant to CEQA guidelines section 10561 in that it can have no possible impact on the environment.

SECTION 2. The street sweeping service will be set to represent reimbursement for cost incurred by the City for street sweeping and cleaning services for the Strand.

SECTION 3. The actual cost for street sweeping and cleaning services for the Strand has increased by 63.89% over the previous contract cost.

SECTION 4. The monthly street sweeping service fee shall be increased to 10.46% of refuse billing for residential and commercial customers receiving refuse services from the City.

SECTION 5. This Resolution shall be applied with respect to all billing beginning in January 2006.

SECTION 6. If any subsection, sentence, clause, phrase or word of this Resolution is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Resolution. The City Council hereby declares that it would have passed and adopted this Resolution and each and all of the provisions thereof irrespective of the fact that any one or more of said provisions may be declared invalid.

SECTION 7. The City Clerk shall certify to the passage and adoption of this resolution; shall cause the same to be entered among the original resolutions of said City; and shall make a minute of the passage and adoption thereof in the records of the proceedings of the City Council of said City in the minutes of the meeting at which the same is passed and adopted.

PASSED, APPROVED and ADOPTED this 20th day of December, 2005.

Ayes:
Noes:
Absent:
Abstain:

Mayor, City of Manhattan Beach, California

ATTEST:

City Clerk