



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: February 28, 2017

TO: Finance Committee

FROM: Environmental Services Division, Finance Department

SUBJECT: Options For Enhanced Abandoned Waste Collection Service

RECOMMENDATION: That the Finance Committee:

- A. Receive a report on the options available to the City to provide enhanced abandoned waste collection service; and
- B. Provide direction to staff on whether to include the cost of enhanced abandoned waste collection service into the City's proposed trash and recycling rates for Fiscal Year 2018.

EXECUTIVE SUMMARY:

For the past year, City staff has evaluated various options to combat the continued rise in abandoned waste throughout the city. Staff is recommending that the Finance Committee direct staff to increase Fiscal Year 2018 (18) City trash and recycling rates by approximately 0.45 percent to fund the following services:

- 1) Transfer the receipt of incoming abandoned waste calls from the City Streets Division to MarBorg at a cost of \$10,000;
- 2) Increase the number of abandoned waste collection events for which MarBorg is responsible from 2,000 to 2,500 per year at a cost of \$33,750 (a portion of this work was previously covered by the Streets Fund);
- 3) Provide \$20,000 to for cleanup of homeless encampments. This activity was previously covered by the Streets Fund funded prior to the dramatic reduction in Fund revenues; and,
- 4) Authorize the Finance Director to spend up to \$30,000 annually, at his or her discretion, to augment the abandoned waste services described above.

If endorsed by the Finance Committee, staff will include the costs in the proposed FY 18 trash and recycling customer rates that would be noticed pursuant to Proposition 218. These services and costs would also be presented to the City Council as part of the Solid Waste Fund budget presentation in spring of 2017.

DISCUSSION:

During the May 11, 2016 presentation of the proposed Fiscal Year FY 2017 Solid Waste Fund budget, Council directed staff to research and report back on the options available to combat the prevalence and severity of abandoned waste throughout the City.

Background

On July 1, 2014, a new, ten-year agreement (Agreement) for solid waste collection services between the City and MarBorg Industries, Inc. (MarBorg) went into effect. The new Agreement features improvements to both bulky waste collection service and abandoned waste collection. For example, the number of abandoned waste sites that MarBorg services increased from 1,000 to 2,000. It also expanded bulky waste collection service in the residential sector.

Residents who lack easy access to a truck often deposit bulky items (furniture, appliances, etc.) to the curb, where they become abandoned waste. Therefore, bulky waste collection is commonly used as a preventative means to combat illegal dumping by providing for curbside collection of large items. Prior to July 1, 2014, only single-family residential customers were entitled one bulky waste collection per year. Under the new Agreement, single-family residential customers are entitled to two bulky waste collection events annually and multi-unit residential properties are similarly entitled to two collections annually. For multi-unit properties, only the account holder, generally the property owner or manager, is authorized to request bulky waste service. Staff had envisioned that property owners and managers would schedule a bulky waste collection date on behalf of, and for the benefit of, all of the tenants residing on the property.

Observations since July 2014

Since July of 2014, staff has made three observations related to abandoned waste and bulky waste collection. The first is that the incidence of abandoned waste has increased significantly. In Calendar Year (CY) 2014, MarBorg serviced 1,406 abandoned waste sites. In CY 2015 and CY 2016 however, MarBorg serviced 2,230 sites and 2,281 sites, respectively. Some of this increase is likely related to the cessation of abandoned waste collection in April of 2016 by the City Streets Division (Streets), in the midst of declining revenues and a refocus on core street maintenance activities.

Besides abandoned waste collection, it is important to note that Streets has also scaled back its cleanup of homeless encampments. In past years, working with the Police Department, the Streets Fund covered the cost to clean up of approximately 16 to 30 homeless encampments each year. Given the revenue reductions discussed above, a steady funding source no longer exists to continue work at a similar pace.

The second observation is the need to improve how abandoned waste reports are received from the public and converted to service orders by MarBorg. Currently,

abandoned waste is reported through the City's "Abandoned Waste Hotline," which doubles as Streets dispatch phone line. Sometimes, Streets personnel receive the call, but may lack the expertise to solicit critical details regarding the location of the waste or may not speak the caller's native language. When staff are not present, callers leave abandoned waste information on a voice mail system. These messages are often difficult to decipher, lack a call back phone number or contain inaccurate information on the location of the abandoned waste. While MarBorg is required to service abandoned waste sites within 72-hours of notification (a threshold which the hauler routinely meets), the inefficiencies inherent in the current system can result in unnecessary delays in servicing abandoned waste sites. Such delays often create an "attractive nuisance," and can lead to even more dumping.

The third observation is that bulky waste collection, on its own, is an insufficient means to control the rise in abandoned waste that we have observed in recent years. When bulky waste service was expanded in 2014, staff assumed that single family and multi-unit residential customers would use the service in equal proportions, leading to a potential doubling in the number of collection events compared to prior years. After three years, these assumptions have proven accurate.

To boost utilization of bulky waste service in the multi-unit residential sector specifically, City staff and MarBorg staff met with the five largest local residential property management companies to share information about the service, to survey their experience and to solicit recommendations for improving service delivery. City staff then conducted a multi-pronged outreach campaign (radio, television, print, various social media outlets) to advertise the service, specifically targeting multi-unit residential tenants. Following this outreach campaign (August-November 2016), staff observed increases in single-family residential participation and multi-unit residential participation of 25 percent and 18 percent, respectively. While these gains are noteworthy, total participation remains at just below 20 percent.

As stated above, only the account holder is authorized to schedule bulky waste collection at a multi-unit residential property. This system was put into place for the following reasons: 1) property managers and owners expressed the need to oversee the placement of bulky waste on their properties for liability reasons. Moreover, placing the responsibility for arranging bulky waste service on the entity that controls the property also makes the account holder ultimately responsible for where and when bulky waste is set out for collection and for ensuring its ultimate removal; and 2) both the City's billing system and MarBorg's customer service system collect information and track the provision of services at the account level and do not track individual tenant-occupied dwelling units. MarBorg staff are still investigating what programming or other tracking system would be needed to provide service to tenants directly, but have not yet found a viable solution.

These constraints notwithstanding, staff requested that MarBorg provide a cost for offering bulky waste collection two times per year to all multi-unit residential dwelling units in the City. Since a system or methodology to track service provision for each

dwelling unit (rather than the account level) is not yet available, MarBorg could only provide the cost to physically collect and dispose of the bulky waste. Using dwelling unit data provided by the Community Development Department, assuming the same participation rate as single-family residents, and accounting for an increase to disposal tipping fees under the Resource Recovery Project (RRP) from \$87 to \$99 per ton in FY 18, the estimated cost to provide bulky waste service would be approximately \$330,000 per year, equivalent to a 1.5 percent rate increase on all trash and recycling customer classes.

For these reasons, staff does not recommend extending bulky waste collection to tenants at this time.

Staff Recommendation

Based upon the information above, staff recommends the following enhancements to abandoned waste collection beginning in FY 18:

- 1) Transfer the responsibility to receive abandoned waste reports from Streets to MarBorg. To accommodate the incremental volume of calls that the City currently receives, MarBorg could assume this responsibility for an additional \$10,000 annually. In return, the public would always speak to a live, bilingual customer service agent during business hours. Moreover, MarBorg staff are particularly well suited to solicit critical details regarding the location of abandoned waste, allowing for more rapid dispatch and cleanup.
- 2) Increase the number of abandoned waste collection events from 2,000 to 2,500 per year at a total cost of \$33,750. This change would ensure that the current inventory of abandoned waste piles is serviced.
- 3) Homeless encampment cleanup: In 2016, the average labor cost of homeless encampment cleanup by Big Green, the City's contractor, was \$880. Assuming an average cost of \$1,000 in FY 18, staff recommends budgeting a minimum of \$20,000 for cleanup of these camps.
- 4) Change Order Authority: Staff recommends providing the Finance Director with change order authority of \$30,000 each year to supplement abandoned waste services as needed in any given year. For example, the Finance Director could authorize MarBorg to collect more than 2,500 abandoned waste sites or authorize MarBorg to dispatch a flat bed truck and crew to remove abandoned waste from particularly impacted areas of the City to bring illegal dumping "hot spots" under control.

Customer Rate Adjustments

The total cost to implement these enhancements would be \$93,750, equal to a 0.45 percent rate increase on all trash and recycling customer classes. Staff is

recommending this incremental approach given the totality of customer rate adjustments for all utilities that are recommended for FY 18. For trash and recycling services alone, staff will likely recommend rate increases of approximately 9.2 percent (1.2 percent CPI adjustment and eight percent RRP tipping fee increase).

Other Enhancements Not Selected for Implementation

At the urging of community groups such as the Westside Neighborhood Association, staff also evaluated the potential of paying a rebate to customers who collected abandoned mattresses from around the City and delivering them to MarBorg's facility. Last year, MarBorg became an official collection point for the Mattress Recycling Council's. In the City alone, MarBorg received nearly 3,000 mattresses in CY 2016. Several thousand more were collected from neighboring jurisdictions. MarBorg staff notified City staff that it had no more available capacity to accept and store additional mattresses that may be delivered as a result of a rebate program.

BUDGET/FINANCIAL INFORMATION

As stated above, the total cost of staff's recommended abandoned waste enhancements would be approximately \$94,000 per year. If endorsed by the Finance Committee, staff would incorporate the costs into the customer rates recommended for FY 18. These adjustments would then be described in the City's proposed FY 18 utility rate notice pursuant to Proposition 218 (to be sent to City customers in April of 2016). However, the costs would not be formally included in customer rates until presented to the City Council as part of the Solid Waste Fund budget and ultimately approved by Council in June 2017 as part of the City's Fee Resolution.

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