



Agenda Item D.3
DISCUSSION/ACTION ITEM
Meeting Date: April 6, 2021

TO: Mayor and Councilmembers

FROM: Charles W. Ebeling, Public Works Director

CONTACT: Melissa Nelson, Environmental Coordinator

SUBJECT: Environmental Services Division Solid Waste Program Fee Rate Increase Request

RECOMMENDATION:

Authorize an increase in the Solid Waste Program Fee of 4% to be included in this year's Proposition 218 process for increasing solid waste collection rates.

BACKGROUND:

The Environmental Services (ES) Division, which is comprised of the Stormwater and Solid Waste subdivisions, is responsible for ensuring Goleta's clean watersheds, thriving habitats, clean communities and material sustainability, the importance of which are epitomized in the City's logo and Strategic Goals. This division is responsible for two pillars of sustainability that are so crucial, they have been enacted into law: watershed protection and materials sustainability. The Clean Water Act and associated National Pollution Discharge Elimination System (NPDES) permit conditions are the primary regulatory directives for watershed protection and are regulated by the State Water Resources Control Board (SWRCB) and the Regional Water Quality Control Board (RWQCB). There are many bills and regulations related to waste management and materials sustainability (e.g., Integrated Waste Management Act, Litter Reduction Act) primarily regulated by CalRecycle. When administered effectively, this Division provides vital services and can significantly promote trust and confidence with our residents, who take pride in their community and expect environmental leadership from their City. An effective program is visually evident to our residents in clean water, healthy habitats, and beautiful surroundings for recreation.

The City currently has an effective program, but a combination of the COVID-19 pandemic, revenue shortfalls, and increased significant new regulatory directives have put this at risk. It is essential that the City acts now to be able to continue to achieve compliance, avoid regulatory fines or potential litigation, support our primary goals of environmental sustainability, and follow through on our commitments.

DISCUSSION

The ES Division has experienced annual revenue reductions of roughly \$330,000 due to the COVID-19 pandemic and several other factors (Attachment 1 provides a more detailed explanation). These revenue reductions coincide with significant and new regulatory mandates that have an estimated annual cost of \$270,000. While several efficiencies have been implemented to help bridge the scope/revenue gap, an estimated total of \$458,600 is still needed annually to maintain environmental compliance and program effectiveness.

Several potential revenue sources and cost reductions have been evaluated and are recommended (Attachment 1). The primary and most critical recommendation for City Council consideration is a Solid Waste Program Fee rate increase of 4% over the existing 8% fee, for a total Program Fee of 12%.

The Solid Waste Program Fee is a percentage of the solid waste and recyclables revenue collected by the waste hauler that is paid to the City annually. A fee comparison was conducted with neighboring jurisdictions (Attachment 1, Exhibit A). Of those agencies that use the Tajiguas landfill/ReSource Center, Goleta's Program Fee and customer rates are much lower than those of our surrounding neighbors. The requested 4% rate increase would translate to an additional \$2.08 monthly for a typical residential rate payer (65-gallon waste cart service and inclusive of Marborg rate increases). Our rates would still be significantly lower than surrounding jurisdictions even if they did not increase their rates this year (although it is anticipated everyone will). Attachment 1, Exhibit A provides a comparison of the proposed rates with the current rates, and a comparison of neighboring jurisdictions.

A Proposition 218 (Prop 218) process is conducted annually for Marborg's annual fee increase, due to rate increases associated with landfill tipping fees and consumer price index (CPI). The rates and increases listed in Attachment 1 Exhibit 1 are inclusive of both Marborg's and the ES Division's requested rate increases for a total increase of 5.91%. It is requested that we include our Program Fee rate increase of 4% in this year's notice in order to avoid significant and costly consequences (discussed in more detail in Attachment 1).

The following is the timeline necessary to implement rate increases by July 2, 2021.

Prop 218 Rate Increase Timeline

March 29, 2021	Solid Waste Standing Committee Meeting
April 6, 2021	City Council Meeting and Rate Increase Approval
April 16, 2021	Prop 218 Notifications (mailings)
June 1, 2021	Prop 218 Public Hearing
June 2, 2021	Second Prop 218 Notifications (mailings)
July 2, 2021	Rate Increase becomes effective

The City Council's Solid Waste Standing Committee met on March 29, 2021 and recommended the inclusion of a 4% increase in the Solid Waste Program fee in this year's Proposition 218 process for increasing solid waste collection rates for a total increase of 5.91%

ALTERNATIVES:

The City Council may elect not to authorize this rate increase. The City may then be required to cut other program budgets in order to allocate General Fund monies to the Environmental Services Division. If the City does not approve a rate increase or General Fund allocation, then the City will fall into non-compliance with multiple program directives. The risks of this non-compliance include litigation from environmental protection groups, regulatory fines of up to \$10,000/day for every violation, regulatory audits, water quality and habitat degradation, visual impacts of illegal dumping and illicit discharge, and reduction in quality of life for our residents.


Reviewed By:


Kristine Schmidt
Assistant City Manager

Legal Review By:


Michael Jenkins
City Attorney

Approved By:


Michelle Greene
City Manager

ATTACHMENTS:

1. Environmental Services Division Needs and Efficiency Recommendations
2. Presentation: Solid Waste Program Fee Rate Increase Request

ATTACHMENT 1

Environmental Services Division Needs and Efficiency Recommendations



MEMORANDUM

DATE: March 22, 2020

TO: Charles W. Ebeling, Director of Public Works,
Michelle Greene, City Manager

FROM: Melissa Nelson, Environmental Services Coordinator

SUBJECT: Environmental Services Division Needs and Efficiency Recommendations

Contents:

1	Introduction	1
2	Revenue Shortfall	2
3	New Scope Items.....	3
4	Potential Cost-Savings and Other Funding Options	4
5	Funding Comparisons with Other Jurisdictions.....	6
6	Other Considerations.....	7
7	Recommendations.....	9

1 INTRODUCTION

The Environmental Services (ES) Division comprises the Stormwater and Solid Waste subdivisions, responsible for ensuring Goleta's clean watersheds, thriving habitats, clean communities and material sustainability, the importance of which are epitomized in our City's logo and Strategic Goals. This division is responsible for the pillars of sustainability that are so crucial, they have been enacted into law: watershed protection and materials sustainability. When administered effectively, this Division provides vital services and can significantly promote trust and confidence in our residents, who take pride in their community and expect environmental leadership from their City. An effective program is visually evident to our residents by clean water, healthy habitats, and beautiful surroundings for recreation.

The City currently has an effective program, but a combination of COVID-19, revenue shortfalls, and increased significant new regulatory directives have greatly put this at risk.

It is essential that we act now to be able to continue to achieve compliance, avoid regulatory fines or potential litigation, support our primary goals of environmental sustainability, and follow through on our commitments. Included in this memo are several recommendations as to how we can achieve an efficient and compliant program that also serves the sustainability goals of our community.

2 REVENUE SHORTFALL

The ES Division has historically been funded primarily by solid waste program fees (Fund 211) under the Public Works Department. Prior to issuance of the current regulatory directives, the Fund 211 revenue (roughly \$750,000-\$800,000/year) was more than enough to cover the cost of our basic ES scope, and typically had excess revenue to fund “reserves.” However, several years ago, we began implementing new regulatory requirements, which meant that our expenditures began exceeding our annual revenue and were using Fund 211 reserves to support our annual scope. By June of 2021, our reserves will all be spent. Additionally, there is typically a Surplus fund payout we receive annually from our agreement with the County (related to the Tajiguas Landfill and ReSource Center), which ranges from \$50,000-\$150,000/year. With the starting of the ReSource Center this year, we will not receive a surplus payout for at least the next two years. Additionally, Fund 211 revenue has decreased as a result of COVID, and our annual revenue is projected to be reduced by roughly \$50,000/year for this year and possibly extend into the next fiscal year. This leaves us with an annual shortfall of roughly \$330,000 for our current baseline annual scope.

Revenue Source	FY 2019/2020 Actuals	FY2020/2021 Est. Revenue Projections	Net Difference
Fund 211	\$760,000	\$678,000	-\$82,000
Fund 211 Reserves	\$100,000	\$0	-\$100,000
Special Fund Revenue	\$148,000	\$0	-\$148,000
Total Net Difference (Shortfall):			-\$330,000

I reviewed our baseline scope for efficiencies; several efficiencies and cuts have been implemented. However, the program is already run with limited funding, and only 1 FTE (myself) to implement a significant scope. Therefore, funding is needed for approximately \$190,000 of our baseline scope items due to revenue shortfall. Tasks needing funding include those related to Stormwater/Watershed Protection, because Fund 211 should be more appropriately used to prioritize programs related to solid waste and recycling (although the stormwater scope does involve trash-related issues). The tasks below previously used Fund 211 Reserves and can no longer be supported using Fund 211 at the current rate of projected revenue. Baseline tasks needing funding due to shortfall include the following:

Baseline Scope Item	Description	Annual Amount
Santa Barbara Channel Keeper	Volunteer coordination and implementation of in-stream sampling. Fulfills both community engagement and sampling requirements related to the MS4 Phase II Permit (stormwater).	\$17,000
GIS Mapping Services	Mapping of storm drain and facility assets, and other features. Fulfills the numerous mapping requirements related to the MS4 Phase II Permit conditions (stormwater)	\$10,000
K-6 Education	Non-profit skilled at K-6 education related to creek and watershed protection. Fulfills the educational outreach	\$12,000

	requirements related to the MS4 Phase II Permit (stormwater).	
Power Washing	Power washing of Old Town sidewalks for beautification. This is not required by stormwater regulations.	\$15,000
IRWMP MOU	An agreement to participate in the regional watershed management program. This is a condition of the MS4 Phase II Permit.	\$10,000
Storm Drain Maintenance	Includes annual cleaning, decals, and repairs. This is a MS4 Phase II Permit Condition and needed to prevent flooding and pollution.	\$25,000
Permits and Fees	Annual NPDES permit fee, and other permit fees associated with construction activities.	\$19,850
Maintenance	Street sweeping and facilities maintenance (sandbags, containers, etc.) needed for stormwater compliance.	\$80,000
Total		\$188,600

3 NEW SCOPE ITEMS

In addition to funding needed to support our baseline scope due to revenue shortfall, new and significant regulatory program directives also require funding. Furthermore, tasks for scope/schedule development, funding evaluation, outreach and reporting are included as related to the recently adopted Creek and Watershed Management Plan; however, most tasks for the Creek and Watershed Management Plan are not included in this evaluation and funding requests.

New Scope Item	Description	Annual Estimated Cost
Trash Amendment	Recent Amendment to the MS4 Program to install full trash capture systems at over 60 storm drain locations (4-10 locations/year), and other measures.	\$100,000
SB 1383 and the Edible Food Recovery	Edible food recovery and commercial organics recycling programs require an edible food recovery program, enrollment, ordinance development and more, with implementation beginning in 2021.	\$45,000
MS4 New Programs	The MS4 permit reissuance will occur in late 2021. New requirements will include: Stormwater Management Plan update, a new pest control program, industrial facility program, school program coordination, and additional post-construction requirements.	\$40,000
Plan Reviews and Inspections	The new MS4 requirements will include plan review and inspections for industrial facilities, and increased frequency for all construction sites.	\$10,000
Commercial/Multi-Family Organics Recycling (AB 1826 & SB 1383)	Recent additions to AB 1826 in September 2020 require more businesses to be part of this program, meaning increased outreach, tracking, and program management.	\$10,000

Treated Wood Waste Disposal	Due to the expiration of statute HSC 25150.7 and regulations 22 CCR 67386.1 et seq. on 1/1/21, treated wood waste will now have to be hauled to a hazardous waste facility, greatly increasing disposal costs.	\$15,000
Creek and Watershed Implementation	City Council recently approved the Creek and Watershed Management Plan (CWMP). The amount included here is to implement minimal tasks; larger tasks will necessitate additional funding. The minimal tasks include status reports, committee meetings, regulatory meetings, grant funding research and pursuit, work plan/schedule development, aerial maps purchase, and potentially additional sampling and analysis.	\$50,000
TOTAL NEW SCOPE		\$270,000

Beginning in FY 2021/2022 additional funding of \$458,600 is needed annually to implement baseline scope items that current Fund 211 can no longer support (shortfall) and to fund new regulatory directives. Of the \$458,600 needed, \$270,000 is to fund new scope items, and \$188,600 are for baseline scope items that were previously using Fund 211 reserves. Fund 211 reserves have been used to supplement new scope items until now, but the reserves have been spent. These costs and scope items will be ongoing, although there may be some significant cost savings and funding alternatives for consideration.

4 POTENTIAL COST-SAVINGS AND OTHER FUNDING OPTIONS

Before requesting additional funding or appropriation, I have thoroughly evaluated other options, either in the form of cost reduction, or additional funding sources. This evaluation is ongoing.

Solid Waste Program Fees: Attachment 1 shows a rate comparison with neighboring jurisdictions. Our rates are significantly lower than our neighboring jurisdictions that use the same landfill. All other jurisdictions that use Tajiguas Landfill have Solid Waste Program fees of 10-15% (of total trash and recycling service revenue). By comparison, the City of Goleta's Program Fees are only 8%. Considering new unfunded mandates, most local jurisdictions will be increasing their fees in Fiscal Year 2021/2022. An increase of 4% would generate roughly \$400,000 annually. The total monthly increase to residential rate payers would be \$1.86 to \$2.40, including both Marborg and City rate increases (Attachment 1). Even with this increase, our rates would still be significantly lower than current rates for all other jurisdictions using the Tajiguas landfill; although it is noted other jurisdictions will likely be increasing their rates, too.

Household Hazardous Waste (HHW) Center: The HHW Center is a collaborative effort with our regional partners implemented by the County. Our share of the HHW program with the County costs roughly \$340,000 per year. It is highly convenient for our residents due to the proximity of UCSB to Goleta. However, the ES Division also offers other free alternative collection options for roughly 40% of the waste brought to the HHW center, although some of them less convenient. We could aim to reduce our expenses by

\$100,000-\$250,000/year by either renegotiating our contract with the County (preferable) or holding our own biannual events. However, there is a 2-year lag in their billing cycle, and 18 months' notice must be provided before terminating the contract, so it will be 2 years minimum before that significant and necessary cost savings is realized. Therefore, while this is highly recommended, it does not solve the immediate resource needs in the next 2 years.

Grants: There are no known grants available for MS4 compliance. There are some highly competitive CalRecycle grants we can pursue, and there may be grants available for portions of CWMP implementation. However, we currently lack the resources needed to pursue such highly competitive grants. Part of the scope included in the CWMP would be grant research and pursuits

Other Potential Revenue Sources: Other jurisdictions have implemented additional transient occupancy tax (TOT), development impact fees (DIFs), water taxes and more. We should consider these in the future but likely will not be able to implement by July 1, 2021.

Hire a new staff member. Due to the many new scope items, another staff member is needed to oversee consultants, assist with scope items as needed, and assist with the significant administrative function of this division. This would offset future additional consultant costs and is included in the budget amounts of the preceding tables (Sections 2 and 3); it is likely hiring a new staff member would reduce the costs of new scope items presented in those tables.

Other Potential Cost Savings:

- QSP/QSD (stormwater certification) Reimbursable Contract for Construction Project Review in order to allocate resources to other tasks (recently implemented).
- Beautify Goleta Program revision to be more cost effective (~\$15,000/year) or discontinue some program components until COVID social distancing is no longer needed and until additional funding or HHW cost savings can be realized.
- Reduce Solid Waste Fee Prop 218 Notices to property owners only (~\$10,000/year)
- Greater Partnerships with Community Members, Volunteers, and Non-Profits (~\$5,000/year).
- Ordinance revision: Another option would be to revise ordinances related to illegal dumping and illicit discharge (ID), in order to impose greater accountability on offenders. While this would take some effort upfront and while there may be differences in public reception, it could also help dissuade the public from these undesirable behaviors that drain our resources.
- Explore Ecology (K-6 Education) Contract: (<\$20,000/year). Terminating this contract would be highly undesirable, as the school district, community, and City all value EE, but would be necessary with no additional funding.
- Santa Barbara ChannelKeeper (SBCK) Contract (<\$20,000/year): SBCK is a non-profit environmental protection group. We have a contract with them for water quality testing program of our creeks, which has gone back decades, providing long-term quality assessment. As volunteers are recruited, it also helps to fulfill our public participation requirements. It is desirable to have a good working relationship with SBCK so they can recommend improvements before issues occur that could

subject us to litigation (they are an organization who also litigates non-compliant entities, so they have valued perspective). Additionally, SBCK had been involved in the development of our Creek and Watershed Management Plan (CWMP) and is highly aware of our programs in order to make recommendations and assist. This contract is high value/low cost. Discontinuing this contract is not recommended but will be necessary if no additional funding is procured.

- Power washing is not an environmental regulatory requirement, although highly desirable for beautification. The Environmental Services division obligation is to first fulfill regulatory requirements. The ES division would no longer be able to support power washing without additional funding.

5 FUNDING COMPARISONS WITH OTHER JURISDICTIONS

In order to evaluate revenue options, it was useful to research programs of other jurisdictions. While every jurisdiction has a different structure for implementation, we can still evaluate the various funding sources others are using. All jurisdictions evaluated used other sources of funding than Solid Waste Program fees. All other jurisdictions evaluated use General Fund to support the Stormwater Program. The City has challenges with use of General Fund due to significant expenses related to the Revenue Neutrality Agreement with the County. Additionally, other jurisdictions have other sources of revenue for their General Fund, such as TOT and more.

Carpinteria: Carpinteria uses Solid Waste Program fees (5-8%) to fund many of the solid waste and recyclable efforts, but also uses General Fund. Over \$130,000 is allocated to the stormwater division for certain stormwater tasks; additional General Fund is allocated to maintenance, engineering, and code compliance divisions to implement other portions of stormwater requirements (storm drain maintenance, street sweeping, plan reviews, illicit discharge enforcement); the precise allocation is unclear. It is estimated that over \$200,000 of General Fund is used toward their baseline stormwater program, with at least 2 FTEs. While Carpinteria has these elements split among different divisions, the ES division within Goleta (1 FTE) is responsible for all these tasks. Carpinteria plans to increase their franchise fees this year.

City of San Luis Obispo (SLO): SLO also uses General Fund for their stormwater program. The annual budget for Stormwater and Flood Control is roughly \$1MM with 6 FTEs; at least 3 FTEs are dedicated to stormwater tasks, possibly more. Storm Drain replacement has a separate General Fund allocation of \$300,000-\$550,000 annually, with additional staff (for comparison, our annual allocation to this task is roughly \$15,000 from Fund 211 and 1 FTE for solid waste and stormwater combined). The Solid Waste Program is implemented at the regional level and not included in the city budget.

City of Santa Barbara: City of Santa Barbara has programs that are several times the size of ours with several sources of funding. Over \$450,000 of General Fund is used to support Environmental Services annually. Over \$1MM of special fund (parking citations, etc.) is used for street sweeping; over \$3MM of special fund (TOT tax) is used to fund creeks, watershed, and stormwater compliance, with at least 10 FTEs. City of Santa Barbara has an annual budget of over \$31MM for solid waste and recycling, although this is also used to pay their hauler. Based on research and conversations, it is estimated 10-15% of the \$31MM is used to fund the rest of the city solid waste program, although this could not be

confirmed, as Santa Barbara is currently working on revising and streamlining their formula. The Solid Waste Division has at least 8 FTEs, with a total of over 18 FTEs to implement Solid Waste and Stormwater combined. For comparison, the City of Goleta has 1 FTE to implement these programs. Santa Barbara plans to increase their Program Fees this year.

County of Santa Barbara: Similar to the City of Santa Barbara, the County has programs several times our size (50+ FTEs), so a comparison is difficult. Tipping and franchise fees fund their Resource Recovery and Waste Management Division, which has a much broader scope and budget. They collect an 11% Program fee. On the stormwater side, Project Clean Water is funded entirely by General Fund. Project Clean Water is within the Flood Control division and their exact budget is unknown, but the stormwater subdivision consists of 2-3 FTEs. Additionally, other stormwater tasks are implemented by the maintenance division (storm drains, etc.), engineering division (plan reviews), and code enforcement (illicit discharge enforcement), which all use General Fund. While the County splits stormwater tasks among different divisions (at least 4 FTEs is estimated in total), ES Division in Goleta (1 FTE) is responsible for all these tasks (maintenance crew assists with storm drain maintenance, but ES budget supports those activities).

6 OTHER CONSIDERATIONS

New regulatory directives are costly, but it is important to consider the intent behind them and their value to the future of our community. One of our primary strategic goals is Environmental Sustainability. The reason watershed protection and materials sustainability programs have been formalized into law is because these are fundamental pillars of sustainability so crucial to the health of our community and natural resources, that mandates were necessary to protect their future viability.

The Edible Food Recovery (SB 1383) and commercial organics recycling (AB 1826) programs aim to significantly reduce food waste and greenhouse gas emissions while also feeding the food insecure. Food waste has been identified as a key contributor to greenhouse gas emissions, representing two thirds of our waste stream. These programs highly align with our community values of climate adaptation and greenhouse gas reduction as well as assisting the food insecure. Locally, it also extends the timeline of our landfill by diverting most of our waste stream.

The Trash Amendment aims to stop the “plastic ocean” created by microplastics and other trash. Our oceans, habitats, and watershed health are incredibly important to our coastal community. The CWMP and Stormwater MS4 programs incorporated therein more broadly further these goals, and the high degree of community support indicate these are issues of high importance to our community.

Consequences of Non-Compliance: The consequences of non-compliance range in severity depending on the scope item. In general, the following are potential consequences:

- Regulatory violations, fines, and legal fees. Fines of up to \$10,000/day can be imposed, in addition to any associated legal fees. Furthermore, responding to regulatory requests is typically a substantial effort that drains limited staff resources.

- Regulatory audits, which require significant staff resources and could result in further action.
- A more likely and severe consequence includes litigation from Environmental Protection groups. Several groups are closely following the CWMP which has the stormwater requirements as program elements, making non-compliance even more visible. Typically, litigation will also include notifying the regulator and resulting regulatory fines.
- Water quality and habitat degradation
- Other severe consequences can include spills/releases and complaints that go unaddressed, illegally constructed development that results in expensive long-term consequences, legal issues with developers, visual impacts of illegal dumping and illicit discharges, uninformed residents contributing to multiple issues, loss of community trust, and loss of credibility.

The table below summarized likely consequences for non-compliance of primary program elements.

Scope Item	Non-Compliance Consequence
Trash Amendment	This is required by the Water Board and incorporated into the CWMP. Implementation was supposed to begin in 2019, but transitioning staff and COVID/revenue issues have delayed implementation. Delaying further will increase our risk of fines and increase the annual expenditures needed in the future in order to complete the scope by 2030. Beginning in 2022, there will also be increased focus and reporting for interim deadlines. This is a key area of focus for several environmental protection and community groups that will likely notice non-compliance.
Edible Food Recovery (SB1383)/Commercial Organics Recycling (AB 1826)	CalRecycle is very hands on and already asking for regular updates for these programs. Additionally, the current plan is to join a cost-sharing agreement with most other local jurisdictions in the County, resulting in significant cost savings. It would more than double our costs if we implement on our own, it would be noticeable to the community if we did not join this effort, and it would result in regulatory action as it is CalRecycle's primary focus at the moment.
MS4 New Programs	The MS4 permit reissuance will occur in late 2021. The Water Board will likely ask for an updated Stormwater Management Plan within a few months of Permit reissuance and will require reporting on the new programs. Consequences of inaction of the new programs are like the baseline program below.
Baseline MS4 Programs	All potential consequences could occur with inaction on baseline programs. The most time-consuming elements, and lowest priority elements would likely suffer with insufficient funding. Items such as storm drain maintenance, illicit discharge, and construction oversight are highly visible and high-risk; but they are also incredibly time-consuming and cannot all be completed by one staff member with limited funding. An ineffective development review process can also subject us to litigation from developers and have long-term consequences. Non-compliance on lower visibility program elements may not be discovered immediately, but when they are discovered

	will result in a significant loss of trust with the Public and the regulator, with whom we currently have a favorable working relationship. Additionally, the stormwater requirements are incorporated into the CWMP, increasing their visibility and litigation potential from environmental protection groups. And the most severe consequence would be impacts to water quality and our natural resources.
Creek and Watershed Implementation	All MS4 elements are incorporated into the CWMP, creating more visibility for any non-compliance. There are additional scope items in the CWMP that are not required, but desired by our community. MS4 elements within this plan should be higher priority, since non-compliance would likely result in bad public perception, litigation, and reports to the Water Board (and associated fines, audits, etc.).

7 RECOMMENDATIONS

The following are recommended:

1. Increase the Solid Waste Program fee by 4% to cover the costs of SB1383 and related programs.
 - a. The City Council could forgo a program fee and instead provide an annual General Fund allocation of \$458,600 for FY21/22 and FY22/23 in order to maintain compliance and commitments and allow time to implement additional funding sources and cost savings. However, it is not clear that additional funding options can be secured within the next 6 months to cover the entire scope. If the \$458,600 is to come from General Fund, then an evaluation of projects that can be postponed and/or cancelled would be needed in order to reallocate funding.
2. Renegotiate or terminate the HHW agreement with the County, aiming to cut costs by at least \$200,000/year. Talks are currently in progress, but a timeline needs to be set. Formal notice needs to be given to start our 18-month timeline. Cost savings will not be realized for 2-4 years.
3. Evaluate the possibility of other revenue sources for stormwater that could include - transient occupancy tax, or others. The implementation of these fees will not be possible by FY 2021/2022.
 - a. Evaluate Increased fines/fees for illicit activity
4. As part of the CWMP scope, procure a consultant or staff member to pursue grant opportunities.
 - a. Additional staff can also help manage scope/budget and save costs.
5. Revise/pause aspects of the Beautify Goleta Program to reduce field events and costly mailings until funding can be secured and social distancing is no longer required.
6. Decrease paper mailings as much as possible, particularly with respect to Prop 218 notices.
7. Prioritize CIP projects that are associated with regulatory requirements or help fulfill them (e.g., Storm Drain Master Plan; Trash Amendment).
8. Develop a community engagement volunteerism plan to help with aspects of scope.

The greatest need will be in FY2021-2022 when new scopes must be implemented, but prior to any additional sources of revenue or cost savings resulting from HHW contract

renegotiation/termination. The top two recommendations should be implemented immediately. If the top two recommendations are implemented, this may possibly eliminate the need for additional funding.

Alternatives to this plan would necessitate the following:

1. Immediate termination of Explore Ecology, Channelkeeper and GIS contracts. No more stream sampling or K-6 education would be conducted.
2. Discontinue power washing and the Goleta Beautification project until funding can be secured.
3. Terminate the HHW waste contract and only provide ABOP as an alternative for the next 2 years; however, cost savings will not be realized until 2 years from now due to the lag in billing. This would mean we are the only jurisdiction to my knowledge whose residents would have no options for certain wastes. This would also damage our relationship with the County and other local jurisdictions but would be necessary without additional funding (contract termination would likely result in greater cost savings than negotiations).
4. Discontinue low-risk IDDE investigations other than hazardous releases or high-risk violations, unless time allows (resulting in visible inaction and potential pollution).
5. Discontinue addressing illegal dumping after contractual pickups are expended, leaving roughly 6 months of illegal dumping unaddressed if additional funding is not secured.
6. Discontinue outreach, events, and public participation unless time allows.
7. Switch from interactive staff training to self-guided videos.
8. Scale back storm drain maintenance to emergency maintenance only.
9. Discontinue all other non-critical tasks/projects in the MS4 program, unless time allows.
10. Submit the Annual Report but not the PEIP (they are due at the same time, and one person cannot work on both reports and complete the rest of the ongoing scope). Violations and audits may ensue. The annual report will also be deficient, due to discontinuation of the other elements.
11. Delay implementation of the Trash Amendment and additional MS4 requirements if possible. Reporting will be required; therefore, we will likely receive violations if this work is delayed.
12. The alternative to securing additional funding in the short term is to fall severely out of compliance, because implementing new scopes without more resources will not be possible. Violations and fines would be almost certain, litigation from environmental protection groups would be likely, and loss of credibility would be highly probable and likely publicized.

Even if all these unfavorable alternatives are implemented, there will likely still be a significant scope/revenue gap. I recognize the primary recommendations (Program Fee rate increase and HHW scope reductions) are challenging at this time; however, the alternatives may have consequences that will be damaging, difficult, and costly to recover from. There are some very good solutions that can help in the future. Ultimately, however, additional funding is needed now to avoid immediate and long-lasting consequences and in order to best plan for the future. Although additional funding is needed, I am confident we can provide compliant and high caliber services, and still be comparatively lower in cost to others. An allocation now can help us strategize an Environmental Services Division that efficiently and effectively engages the community and achieves our City

values of clean watersheds, clean community, climate adaptation, and an engaged public. These values represent benefits our residents especially need during these challenging times. They also represent, in my opinion, a key avenue for connecting with our public, branding ourselves as a city, and communicating our alliance with the values of our residents.

EXHIBITS:

1. Rate Increase and Comparison Workbook

ATTACHMENT 1b

Goleta Solid Waste Fee Rate Comparison

City of Goleta Solid Waste Comparison

	Agency					County of Santa Barbara		
Agency	Existing City of Goleta: 2020/2021 Rates	Proposed Rates: Includes additional 4% City Program Fee and annual Marborg CPI + tipping Fee	Increase*	City of Santa Barbara	City of Carpinteria: Note--waste hauled to Toland Landfill, Ventura County	Zone 1 Carpinteria, Montecito, Summerland	Zone 2 Goleta unincorporated north of Hollister	Zone 3 Goleta unincorporated south of Hollister
Fees	Fran Fee: 5% AB939: 8%	Fran Fee 5% AB 939 12%		Estimsted 10-15% (Not Confirmed)	Fran Fee: 8% AB939 6-8%	AB 939 Fees: 11%		
Service exceptions	Bi-weekly unlimited recycling			All Services Weekly	All Services Weekly	Bi-weekly unlimited recycling	Bi-weekly unlimited recycling	Bi-weekly unlimited recycling
Service Type: Residential	Hauler: MarBorg Industries			Hauler: MarBorg Industries	Haluer: EJ Harrison & Son	Hauler: MarBorg Industries	Hauler: MarBorg Industries	Hauler: MarBorg Industries
35 gallon solid waste cart	\$ 31.45	\$ 33.31	\$ 1.86	\$ 42.25	\$ 29.46	\$ 53.54	\$ 38.46	\$ 36.14
65 gallon solid waste cart	\$ 35.24	\$ 37.32	\$ 2.08	\$ 52.37	\$ 32.21	\$ 59.27	\$ 46.80	\$ 45.49
95 gallon solid waste cart	\$ 40.71	\$ 43.11	\$ 2.40	\$ 62.49	\$ 49.38	\$ 65.16	\$ 54.95	\$ 54.66

	Agency					County of Santa Barbara		
	Existing City of Goleta: 2020/2021 Rates	Proposed Goleta 2021/2022 Rates: Includes additional 4% program fee	Increase*	City of Santa Barbara	City of Carpinteria: Note--waste hauled to Toland Landfill, Ventura County	Zone 1 Carpinteria, Montecito, Summerland	Zone 2 Goleta unincorporated north of Hollister	Zone 3 Isla Vista/Goleta unincorporated south of Hollister
Service Type: Commercial 1 time/week	Hauler: MarBorg Industries	4.00%		Hauler: MarBorg Industries	Haluer: EJ Harrison & Son	Hauler: MarBorg Industries	Hauler: MarBorg Industries	Hauler: MarBorg Industries
1.5 Cubic Yard Refuse	\$ 155.27	\$ 164.44	\$ 9.17	\$ 174.32	\$ 133.18	\$ 166.84	\$ 171.61	\$ 179.19
2 Cubic Yard Refuse	\$ 201.99	\$ 213.92	\$ 11.93	\$ 232.42	\$ 170.14	\$ 222.45	\$ 224.54	\$ 238.93
3 Cubic Yard Refuse	\$ 286.70	\$ 303.64	\$ 16.94	\$ 348.63	\$ 236.34	\$ 333.67	\$ 322.96	\$ 358.39
4 Cubic Yard Refuse	\$ 373.59	\$ 395.67	\$ 22.08	\$ 464.84		\$ 444.89	\$ 423.22	\$ 477.85
1.5 Cubic Yard Recycle	\$ 104.52	\$ 110.69	\$ 6.17	\$ 87.16	\$ 89.83	\$ 98.60	\$ 125.48	\$ 102.01
2 Cubic Yard Recycle	\$ 134.53	\$ 142.47	\$ 7.94	\$ 116.21	\$ 111.82	\$ 131.47	\$ 163.24	\$ 136.01
3 Cubic Yard Recycle	\$ 186.25	\$ 197.26	\$ 11.01	\$ 174.32	\$ 167.97	\$ 197.20	\$ 231.73	\$ 204.02
4 Cubic Yard Recycle	\$ 240.04	\$ 254.23	\$ 14.19	\$ 232.42		\$ 262.93	\$ 301.96	\$ 272.02
65 Gal Foodwaste				\$ 18.36				
1.5 Cubic Yard Organics	Not defined in the rate schedule			\$ 87.16	\$ 85.77	\$ 96.76	\$ 112.81	\$ 103.93
2 Cubic Yard Organics				\$ 116.21		\$ 129.02	\$ 146.15	\$ 138.58
3 Cubic Yard Organics				\$ 174.32	\$ 160.39	\$ 193.53	\$ 204.65	\$ 207.87
4 Cubic Yard Organics				\$ 232.42		\$ 258.04	\$ 266.92	\$ 277.15

* Increase amounts includes both Marborg annnual rate increase and the requested 4% City increase.

ATTACHMENT 2

Solid Waste Program Fee Rate Increase Request Presentation

SOLID WASTE PROGRAM FEE RATE INCREASE REQUEST

ENVIRONMENTAL SERVICES DIVISION,
PUBLIC WORKS DEPARTMENT

City Council Meeting

April 6, 2021

Presentation by:

Melissa Nelson, Environmental Services Coordinator



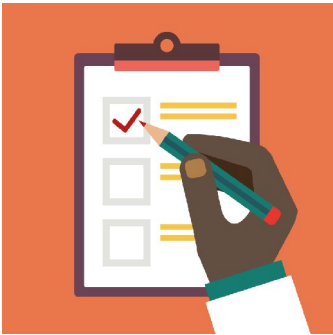
Purpose of Agenda Item

- ❑ Update Council on Environmental Services (ES) Budget and Scope
- ❑ Recommend for authorization an increase in the Solid Waste Program Fee of 4% to be included in the 2021 Proposition 218 process for increasing solid waste collection rates.



Agenda

- ☐ Presentation
 - Background
 - Discussion: ES Scope and Budget Updates
 - Discussion: Solid Waste Program Fee Rate Increase
- ☐ Questions from Council
- ☐ Public comment on Agenda Item
- ☐ Council discussion, feedback and direction
- ☐ Authorize Solid Waste Program Fee Increase –OR– recommend alternative



Background

- ❑ ES Division Comprises Stormwater, Solid Waste Subdivisions.
 - Crucial pillars of sustainability that have been enacted into Law.
 - Regional Water Quality Control Board and CalRecycle are primary regulatory agencies.
- ❑ Effective program: clean water, healthy habitats, environmental leadership, environmental compliance, public confidence and trust.
- ❑ A combination of the COVID-19 pandemic, revenue shortfalls, and significant new regulatory directives require immediate action to keep this division functioning and compliant.



Discussion: ES Scope and Budget Updates

- ❑ **Revenue Reductions of roughly -\$330,000.** Compare to 2019/2020, reductions are as follows:
 - Fund 211 Reserves: Began using several years ago to respond to new regulatory requests. By July 2021, all reserves will be spent. (-\$100,000)
 - Fund 211 Revenue: Reductions as a result of COVID-19. (-\$82,000)
 - Special Fund Revenue: Surplus payout related to the ReSource Center construction. Several factors (e.g., COVID, more costly construction phase, weather-related delays) have resulted in no surplus for the next 2-3 years. (-\$148,000)
 - **Many efficiencies have been implemented to help bridge the gap, however, funding is needed for \$190,000 of *baseline* scope**



Discussion: ES Scope and Budget Updates Cont'd.

- **New Scope Items: Unfunded mandates and more, totaling roughly \$270,000**

New Scope Item	Annual Estimated Cost
Trash Amendment	\$100,000
SB 1383 and the Edible Food Recovery	\$45,000
MS4 New Programs	\$40,000
Plan Reviews and Inspections	\$10,000
Commercial/Multi-Family Organics Recycling (AB 1826 & SB 1383)	\$10,000
Treated Wood Waste Disposal	\$15,000
Creek and Watershed Implementation	\$50,000
TOTAL NEW SCOPE	\$270,000



Discussion: ES Scope and Budget Updates Cont'd.

- **Total scope/revenue gap is estimated to be **-\$458,600** annually**
 - **-\$188,600** of *baseline* scope items due to revenue reductions.
 - **-\$270,000** of new scope items.



Discussion: Solid Waste Program Fee Increase

- ❑ The Solid Waste Program Fee is a percentage of the solid waste and recyclables revenue collected by the hauler that is paid to the City annually.
- ❑ **The primary recommendation to bridge the scope/revenue gap is a Solid Waste Program Fee increase of 4%**
 - Can be implemented quickly before Fund 211 reserves run out.
 - It is possible to implement a 4% increase and still have lower rates than surrounding jurisdictions who use the same facility.



Discussion: Solid Waste Program Fee Increase Cont'd.

Example: Residential Rate Increase Comparison

Agency	Existing Goleta Rates	Proposed Goleta Rates (+4%)	INCREASE	City of Santa Barbara	Zone 1 Carpinteria, Montecito, Summerland	Zone 2 Goleta unincorporated north of Hollister	Zone 3 Goleta unincorp. south of Hollister
Fees	Fran Fee: 5% AB939: 8%	Fran Fee 5% AB 939 12%	4%	Estimated 10-15%	AB 939 Fees: 11%		
35 gallon	\$ 31.45	\$ 33.31	\$ 1.86	\$ 42.25	\$ 53.54	\$ 38.46	\$ 36.14
65 gallon	\$ 35.24	\$ 37.32	\$ 2.08	\$ 52.37	\$ 59.27	\$ 46.80	\$ 45.49
95 gallon	\$ 40.71	\$ 43.11	\$ 2.40	\$ 62.49	\$ 65.16	\$ 54.95	\$ 54.66



Discussion: Solid Waste Program Fee Increase Cont'd.

- A Proposition 218 (Prop 218) process is conducted annually, due to rate increases associated with landfill tipping fees and CPI.
- It is requested that we include our Program Fee rate increase of 4% in this year's notice in order to implement by July 1 when Fund 211 reserves are depleted, and new scope items must be implemented.

March 29, 2021	Solid Waste Standing Committee Meeting
April 6, 2021	City Council Meeting and Rate Increase Approval
April 16, 2021	Prop 218 Notifications (mailings)
June 1, 2021	Prop 218 Public Hearing
June 2, 2021	Second Prop 218 Notifications (mailings)
July 2, 2021	Rate Increase becomes effective



Recommendation

Authorize an increase in the Solid Waste Program Fee of 4% to be included in the 2021 Proposition 218 process for increasing solid waste collection rates.



Agenda: Up Next

- ☐ Questions from Council
- ☐ Public comment on Agenda Item
- ☐ Council discussion, feedback and direction
- ☐ Authorize Solid Waste Program Fee Increase –OR- recommend alternative

