



Administrative Report

L.1., File # 26-0476

Meeting Date: 5/19/2026

To: MAYOR AND CITY COUNCIL
From: ANDREW WINJE, PUBLIC WORKS DIRECTOR

TITLE

PUBLIC HEARING TO CONSIDER ESTABLISHING CONTRACTOR'S CHARGES AND CORRESPONDING CITY FEES FOR RESIDENTIAL, MULTI-FAMILY, AND COMMERCIAL SOLID WASTE HANDLING SERVICES FOR THE 2026-2027 FISCAL YEAR AND FOR FUTURE RATE ADJUSTMENTS AND TO DETERMINE WHETHER A MAJORITY PROTEST EXISTS

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2605-032, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ESTABLISHING CONTRACTOR'S CHARGES AND CORRESPONDING CITY FEES FOR RESIDENTIAL, MULTI-FAMILY, AND COMMERCIAL REFUSE COLLECTION FOR THE 2026-2027 FISCAL YEAR AND ORDERING THE ANNUAL REFUSE CHARGES FOR FISCAL YEAR 2026-2027 TO BE COLLECTED ON THE COUNTY OF LOS ANGELES TAX ROLL

APPROVE THE SECOND AMENDMENT TO THE AGREEMENT WITH ARAKELIAN ENTERPRISES INC., DBA ATHENS SERVICES, FOR SOLID WASTE HANDLING SERVICES, TO UPDATE THE FEE STRUCTURE, ADD AND MODIFY CERTAIN SOLID WASTE PROGRAMS AND SERVICES, AND EXTEND THE TERM TO JUNE 30, 2036

PROCEDURES:

- a. Open the Public Hearing and take public testimony concerning the proposed charges and corresponding City fees for solid waste handling services for the 2026-2027 fiscal year;
- b. Close the Public Hearing and determine whether a majority protest exists;
- c. Adopt by Title Only Resolution No. CC-2605-032; and
- d. Approve the Second Amendment to the Agreement with Arakelian Enterprises, Inc., dba Athens Services

EXECUTIVE SUMMARY

On March 17, 2026 the City Council authorized staff to initiate the Proposition 218 process to consider proposed adjustments to the solid waste rates and fees beginning in FY 2026-27 as part of the proposed second amendment to the City's Solid Waste Handling Services Agreement (Agreement) with Arakelian Enterprises, Inc. (Athens Services), and for future rate adjustments using the specific formulas listed in the Agreement. The City Council also considered the proposed changes to the terms of the Agreement on May 5, 2026 and directed staff to finalize the second amendment, as presented to Council, and prepare for final approval following the Prop 218 public hearing.

Following direction from City Council, staff initiated the Prop 218 process necessary to implement the new FY 2026-27 rates and set formulas for the next five fiscal years. Prop 218 notices were mailed out to all property owners and account holders responsible for paying the fees. The notice set the public hearing for May 19, 2026. If a majority protest by rate payers is not received, and the Resolution and second amendment are approved by the City Council, the rates will be adjusted accordingly and the formula for future modifications will continue until FY 2030-31 and the term of the Agreement with Athens Services will be extended until June 30, 2036.

BACKGROUND

The Solid Waste Handling Services Agreement with Athens Services is the City's single largest service contract and affects nearly every resident and business in the community. Athens Services and the City have worked on developing the terms for the second amendment to the Agreement. Proposed changes include, adjusting the solid waste diversion targets with waste-to-energy no longer an option, moving Multi-Family customers (5 or more units) to the Commercial rates structure to better align with service, implementing bundled three stream collection for every customer in the City, and extending the Agreement to June 30, 2036, with two five-year options to extend the term. The second amendment also grants exclusive rights to provide temporary bin service and roll-off box service in the City, with some exceptions, following a five-year noticing period.

The second amendment maintains the quality programs and high levels of service included in the current Agreement. The extension allows for the partnership to continue and provides consistency, reliability, and ensures an on-going high level of service to the residents, businesses, in the City.

The City Council has reviewed and provided input at various stages of contract negotiations. Most recently, on May 5, 2026, Council directed staff to return to with the Prop 218 Public Hearing and consideration of approval of the proposed second amendment that was presented at that meeting.

Proposition 218 requires a public hearing be held no less than every five years (or in the event of a change to the rate structure) to consider the refuse rates for the next five-year period. The rates for all solid waste services, including service modifications, are outlined in the rates tables included in Appendix E of the second amendment. In April 2026, the City conducted a Prop 218 protest balloting process to set the rates for FY 2026-27 and the following four years. The proposed rates were also mailed to all residents and commercial bill paying customers in the City as part of the Prop 218 process. If the City Council determines at the Public Hearing that there is no majority protest, they may consider adjustment to the rates as presented in the second amendment.

There is no significant change to the prescribed contractual methodology outlined in the Agreement (as amended by the First Amendment on June 18, 2019) for the annual rate adjustment. The base rate of the total solid waste fee is calculated annually using the year-to-year changes in published price indices for five industry cost components: disposal, labor, equipment, fuel and "other" costs, and the individual component's weighted portion of the rate. The second amendment removes waste-to-energy as a cost component, as this is no longer an option for disposal in Southern California. The waste-to-energy weighting is now added to disposal weighting. The table outlining the weightings can be found in Appendix B of the proposed second amendment.

The annual rate adjustment calculated for FY 2026-27 is 4.63% for both residential and commercial customers. The 4.63% is reflective of a cumulative cost increase across the Consumer Price Index,

and other costs components of 3.63% plus the allowed annual 1% increase in the contract to account for market variances in the solid waste industry. Adding these factors together brings the total recommended percentage increase to the base rates for Residential, Multi-Family and Commercial customers to 4.63% in FY 2026-27. Some Multi-Family customers will experience additional changes to their rate due to being reclassified to the Commercial rate structure.

There is no change to the Residential refuse rate structure or solid waste programs. Currently, the collected refuse rate for single family homes is \$ 28.54 per month for a total monthly cost of \$30.77 (including City fees of \$2.23). As a result of the 4.63% increase, the total single-family residential customers' monthly charge would increase from \$30.77 to \$32.09.

RESIDENTIAL CART SERVICE	FY2025-26 RATE	FY 2026-27 RATE
Residential Cart Service Net Rate - unlimited refuse, recycling, and green waste	\$28.54	\$29.86
City Admin Fee	\$ 0.99	\$ 0.99
AB939 City Fee	\$ 0.33	\$ 0.33
HHW City Fee	\$ 0.91	\$ 0.91
Monthly cost	\$ 30.77	\$ 32.09

Table 1: Residential Cart Service

The result of the annual increase to a Multi-Family bin customer (4 units or less) using a typical 2-yard bin is approximately \$193.64 to \$202.14 in FY 2026-27 including all bundled services and City fees. The full schedule of services and rates are available in Appendix E of the proposed second amendment.

Multi Family Bin Customer (4 units or less)	FY2025-26 RATE	FY 2026-27 RATE
Base Rate 2-yard Bin Weekly Service	\$ 130.50	\$ 171.30
Organics Stream	\$ 33.22	\$ -
City Admin Fee (.99 x 4 units)	\$ 3.96	\$ 3.96
AB939 Fee (City Fee 4.25% base rate)	\$ 6.96	\$ 7.28
HHW Fee City Fee (\$.91 x 4)	\$ 3.64	\$ 3.64
Recycling Service Fee (Contractor Fee)	\$ 15.36	\$ 15.96
Monthly Cost	\$ 193.64	\$ 202.14

Table 2: Sample Multi-Family Bin Customers (4 units or less)

Following approval of the proposed second amendment, all customers in the City that are not included in the Residential Cart or Multi-Family Bin (4 units or less) categories will now be considered Commercial customers to better align service delivery and rates. Multi-Family Bin (5 units or more) customers will now be billed as Commercial customers. All customers will now receive a bundle of three streams of services (trash, recycling, and organics) to fully comply with State recycling mandates. Customers will be invited to work with Athens Services to determine the service level appropriate for their building or business. The full schedule of services and rates are available in Appendix E of the proposed second amendment.

Commerical Customers (including MFU 5+ Units)	FY2025-26 RATE	FY 2026-27 RATE
Base Rate 3-yard Bin Weekly Service	\$ 231.51	\$ 277.02
Organics Stream	\$ 33.22	\$ -
City Admin Fee (9.15% base rate)	\$ 24.22	\$ 25.35
AB939 Fee (City Fee 4.25% base rate)	\$ 11.25	\$ 11.77
Monthly Cost	\$ 300.20	\$ 314.14

Table 3: Sample Commercial Customers (Including Multi-Family units 5 or more)

Prior to the Public Hearing, the City Council caused a Written Report to be prepared and filed with the City Clerk in accordance with the Health and Safety Code Section 5473. The Written Report contains a description of each parcel of real property within the City to which the proposed new annual residential refuse collection charge is applicable and the proposed amount of the charge for each such parcel for FY 2026-27. At the Public Hearing, in the absence of a majority protest, the City Council may adopt the attached Resolution and direct staff to order the annual residential refuse charges for the FY 2026-27 to be collected on the County of Los Angeles Tax Roll.

Following approval of the second amendment, Athens Services will begin outreach and education to all customers impacted by the changes to programs, most notably the move of all customers to three stream collection, the move of Multi-Family (units five or more) to the Commercial rate structure, and the bundling of three stream service for a single fee. The full roll-out of new services and rates is planned to be effective July 1, 2026.

COORDINATION

The development of the second amendment has been coordinated between the City Attorney’s Office, the Public Works Department, and the City Manager’s Office. The City Attorney’s Office prepared and approved the second amendment as to form.

FISCAL IMPACT

The proposed FY 2026-2027 rate modification would increase the pass-through funding collected by the City on behalf of the contractor by approximately \$259,468. A modest impact to City fees collected is expected to support solid waste programming in the City. A Decision Package addressing the impact of the pass-through fees has been included in the Proposed FY 2026-27 Budget.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agmt - Athens Services Second Amendment to the Agreement with Arakelian Enterprises, Inc. (dba Athens Services)
- Reso - No. 2605-032 Establishing Solid Waste Contractor’s Charges and Corresponding City Fees for Residential, Multi-Family, and Commercial Refuse Collection for the 2026-2027 Fiscal Year and Ordering the Annual Refuse Charges for Fiscal Year 2026-2027 to be Collected on the County Of Los Angeles Tax Roll
- Insurance - Arakelian Enterprises, Inc. (dba Athens Services)
- Letter - Athens Services Annual Rate Adjustment Letter

