



Administrative Report

L.2., File # 25-0614

Meeting Date: 6/3/2025

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

TITLE

PUBLIC HEARING TO CONSIDER ARAKELIAN ENTERPRISES INC., DBA ATHENS SERVICES, PROPOSED SOLID WASTE CHARGES AND FEES FOR FISCAL YEAR 2025-26 AND TO CONSIDER ANY PROTEST AGAINST THE WRITTEN REPORT

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2506-033 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ESTABLISHING CONTRACTOR'S CHARGES AND CORRESPONDING CITY FEES FOR RESIDENTIAL, MULTIFAMILY, AND COMMERCIAL REFUSE COLLECTION FOR THE 2025-26 FISCAL YEAR AND ORDERING THE ANNUAL REFUSE CHARGES FOR FISCAL YEAR 2025-26 TO BE COLLECTED ON THE COUNTY OF LOS ANGELES TAX ROLL

PROCEDURES:

- a. Open the Public Hearing
- b. Take Testimony
- c. Close the Public Hearing
- d. Adopt by Title Only Resolution No. CC-2506-033

EXECUTIVE SUMMARY

On June 18, 2019, the City Council approved the first amendment to the agreement with Athens Services for the continuation of solid waste handling services for a term of nine years, plus a two-year optional extension. The amendment allows for new refuse collection base rates to be determined every year according to a defined methodology contained therein. In FY 2024-25, the City conducted a Proposition 218 process and approved the rates and methodology for rate increases for the next five years (or earlier, if there is a proposed change to the approved rate structure). Beginning in FY 2024-25 the typical annual base rate adjustment includes the calculated adjustment, plus a 1% annual increase. For FY 2025-26 the refuse collection rate adjustment is determined to be 3.6% for both residential and commercial customers.

The 3.6% is reflective of a cumulative cost increase across the Consumer Price Index, Producer Price Index, and other cost components of 2.6% plus the annual 1% increase to account for market variances in the solid waste industry. Adding these factors brings the total recommended percentage increase for single family, multi-family and commercial customer base rates to 3.6% for FY 2025-26.

Currently, the collected refuse rate for single family homes is \$27.55 per month, for a total monthly

cost of \$29.78, after the inclusion of City fees, which total \$2.23, on top of the base rate. If approved, the total single-family residential customers' monthly charge would increase from \$29.78 to \$30.77. This cost covers all three collection streams: trash, recycling and organics.

The result of the 3.6% increase to the most common multi-family unit monthly charge would be an increase from \$164.74 to \$170.49, (2-yard trash bin serviced weekly). The most common commercial customer monthly charge would increase from \$253.44 to \$263.37 (3-yard trash bin services weekly). Unlimited recycling services are provided at no additional cost. Not included in this base is the additional charge for organics collection - which will increase from \$32.07 to \$33.22 for a 35 or 64-gallon cart, serviced weekly.

Prior to the public hearing, the City Council caused a Written Report to be prepared and filed with the City Clerk in accordance with 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 refuse collection charge is applicable, and the proposed rate for each parcel for FY 2025-26. At the Public Hearing, the City Council will consider protests regarding the Written Report, if any are made.

On May 20, 2025, the City Council heard from Athens Services regarding a proposed second amendment to the current Solid Waste Handling Services Franchise Agreement. That item considers future changes to rate methodology and will be brought back to the Council at a later date for discussion, and should not be confused with the recommended action at this time, which is to increase rates by 3.6% based on the current agreement methodology that was approved by the Council following the Proposition 218 Public Hearing on June 18, 2024.

BACKGROUND

The Solid Waste Handling Services Franchise Agreement with Athens Services (Agreement) is the City's single largest vendor contract and affects nearly every resident and business in the community. The City Council approved the original Agreement in January 2011 and it became effective July 1, 2011. The City Council subsequently approved an amendment to the Agreement on June 18, 2019 that included an additional nine-year term plus an additional two-year City option.

The first amendment included a varied five-year rate adjustment schedule based on the sum of the approved annual rate adjustment using calculation methodology, a special adjustment consisting of 7% percent per year for residential and multifamily customers and 14% for commercial customers, and an additional 1%. Now, the five-year special rate adjustment period is over, and next year's rates are adjusted based on the annual calculated methodology rate adjustment plus 1%. The calculated FY 2025-26 adjustment is 3.6%.

At the May 20, 2025 City Council meeting, staff reported that Athens Services had approached the City to discuss significant challenges impacting their operations, particularly the closure of facilities critical to meeting diversion rate targets and evolving state regulations. During the meeting, staff provided an overview of a proposal of a second amendment from Athens Services designed to address these challenges. Based on direction received from the City Council, staff is now working with Athens Services, and the City's outside consultant HF&H, to develop terms for a second agreement, which will be brought back to the Council for consideration at a later date.

The current proposal before the City Council is the consideration of the standard rate increase (3.6%) as outlined in the first amendment to the Agreement. This increase is consistent with the

methodology approved through the Proposition 218 process completed in June 2024.

Proposed Annual Refuse Rate Adjustment for FY 2025-2026

On February 13, 2025, Athens Services, in accordance with the requirements established in the Agreement with the City, submitted an annual adjustment request to modify the base refuse rates for FY 2025-26. The proposed average increase to Redondo Beach customers will be 3.6% for residential and commercial customers.

The base rate of the total refuse fee is calculated using the year-to-year changes in published price indices for industry cost components: labor, fuel, equipment, waste-to-energy, disposal, and other costs, and the individual component's weighted portion of the rate. The individual components' weighted portion of the rate is prescribed in the Agreement, less the waste-to-energy cost component, which is no longer a service disposal option for Athens Services.

Staff has reviewed Athens Services' requested adjustment and determined that it was calculated according to the prescribed methodology approved in the first amendment to the Agreement and subsequently ratified by the Proposition 218 balloting process. Specifically, staff reviewed the proposed increase/decrease for each industry cost component in the approved formula to ensure it was adjusted as follows:

- The Labor Cost component was adjusted by the change in the highest-level rate for the "Driver A/B" Classification as published in the Agreement between local haulers and Package and General Utility Drivers Local Union 396, International, from January 2024 to January 2025. The year-over-year increase was determined to be **3.04%**
- The Fuel Cost component was adjusted by the change in the average annual index for the twelve-month period of November 2022 through October 2023 compared to November 2023 through October 2024 for the PPI-Fuels and related power products and power, natural gas (WPU 0531). The year-over-year adjustment was **a decrease, negative 35.1%**
- The Equipment Cost component was adjusted by the change in average annual index for the twelve-month period of November 2022 through October 2023 compared to November 2023 through October 2024 for the Producer Price Index (PPI) - Heavy duty truck manufacturing (PCU336120336120). The year-over-year increase was **1.6%**
- The Disposal Cost component, which includes green waste and organics, was adjusted by the change in the average annual index for the twelve-month period of November 2022 through October 2023 compared to November 2023 through October 2024 for the Consumer Price Index - for all Urban Consumers, Los Angeles-Long Beach-Anaheim, CA, all items (CUURS49ASA0). The year-over-year increase was **3.27%**. *(Disposal is capped at 5% with any excess rolling to the following year. The FY2023-24 Disposal calculation was 7.6%, capped at 5%. 2.6% was added to the FY 2024-25 calculation and capped at 5% 1.46% was carry forward to July 1, 2025 for a total Disposal adjustment of 4.73%)*
- The "All Other" Cost component was adjusted by the change in the average annual index for the twelve-month period of November 2022 through October 2023 compared to November 2023 through October 2024 for the Consumer Price Index-All Urban Consumers, U.S. City

Average, all items less food and energy, (CUUR0000SA0L1E). The year-over-year increase was **3.55%**

Additional information on how each industry cost component or index value has increased/decreased over the year-over-year is attached to this report. Tables 1 and 2 below illustrate how the **3.6%** rate adjustment percentage was calculated.

	A	B	C
Adjustment	Old Index	New Index	% Change in
Factor	Value	Value	Index
Labor	\$32.90	\$33.90	3.04%
Fuel	112.217	72.827	-35.10%
Equipment	159.905	162.462	1.60%
Disposal/GW	319.953	330.406	4.73%
All Other	306.397	317.279	3.55%

Table 1. Industry cost components percentage change

In Table 2, the cost components are weighted as a percentage of the base rate total (Column D) and are multiplied (in Column E) by the percentage change in the index as calculated above to arrive at the total weighted change of each cost component (Column F). The original cost component base rate percentages were determined as part of the approved contract with Athens Services and the subsequent Proposition 218 Noticing and Balloting processes. The grand total base rate adjustment of 2.6% is determined by adding together the components total weighted change.

	D	E	F
Adjustment	Cost Component	Percent Change	Total
Factor	Weighted as a % of	in Index	Weighted
	Component Total		Change
Labor	27.09%	3.04%	0.82%
Fuel	3.39%	-35.10%	-1.19%
Equipment	8.77%	1.60%	0.14%
Disposal/GW	57.26%	4.73%	2.71%
All Other	3.49%	3.55%	0.12%
Total Base Rate %	100.00%		2.60%

Table 2. Cost components weighted percentage change and impact on base rate

Additionally, the multi-family per unit fee for recyclables collection which is separate from the requested refuse rate and calculated differently under the terms of the Solid Waste Agreement (see Table 3 below) is adjusted by the change in the average annual index for the twelve-month period of November 2022 through October 2023 compared to November 2023 through October 2024 for the Consumer Price Index-All Urban Consumers, U.S. City Average, all items less food and energy, (CUUR0000SA0L1E).

Adjustment Factor	Old Index Value	New Index Value	% Change in Index
Multi-family per unit fee for recyclables collection	306.397	317.279	3.55%

Table 3. Industry cost component percentage change for multi-family per unit fee for recyclables collection

Table 4 below illustrates how the 2.6% rate percentage increase plus the additional increase of 1% would affect the refuse fees in FY 2025-26 for the most common types of service and lists the other City fees that make up the full monthly refuse rates.

Service Category	Current Monthly Refuse Rates	Percentage Decrease/ Increase	Proposed Monthly Refuse Rates
Residential Base Rate Fee	\$27.55	3.6%	\$28.54
Admin Fee (City fee) (\$.99 per unit)	\$0.99	0%	\$0.99
AB 939 Fee (City fee) (\$.33 per unit)	\$0.33	0%	\$0.33
HHW Fee (City fee) (\$.91 per unit)	\$0.91	0%	\$0.91
Total Single Family Rate	\$29.78		\$30.77
Multi-family 2-yard serviced, 1 per week, 6 units* (Base Rate Fee)	\$125.97	3.6%	\$130.50
Admin Fee (City fee) (\$.99 X 6 units)	\$5.94	0%	\$5.94
AB 939 Fee (City fee) (4.25% base rate)	\$5.35	3.74%	\$5.55
HHW Fee (City fee) (\$.91 X 6 units)	\$5.46	0%	\$5.46
Recycling Service Fee (Contractor Fee) (3.84 X 6 units)	\$22.02	4.63%	\$23.04
Total Multi-Family Rate	\$164.74		\$170.49
Commercial 3-yard, serviced per week* (Base Rate- Contractor fee)	\$223.49	3.60%	\$231.54
Admin Fee (City fee) (9.15% of base rate)	\$20.45	7.53%	\$21.99
AB 939 Fee (City fee) (4.25% base rate)	\$9.50	3.58%	\$9.84
Total Commercial Rate	\$253.44		\$263.37

*Most common service level for multi-family and commercial customers

Table 4. Current and Proposed Refuse Rates

As per SB1383 regulations, organics recycling is mandatory and all residential, multi-family, and

commercial premises are required to have a green cart for organic waste collection. The fee for organic service is included in the residential rate of \$30.77 and is added to the multi-family and commercial billing as outlined in the franchise agreement and approved by the Proposition 218 process. In FY 2024-25 this fee was \$32.07 for 35 or 64-gallon organics cart serviced weekly. In FY 2025-26, the organics collection fee will be \$33.22.

In addition to modifying the refuse rates charged to residential and commercial customers, the Refuse Rate Resolution also modifies the charges to the City for services that are provided as optional services for customers. These services, include household hazardous waste roundups, compactor roll-off box collection at the Pier, use of temporary cleanup bins, and bin cleaning. These changes are proposed in accordance with specific franchise contract terms stipulated in the first amendment to the Agreement.

Rate Comparisons

The proposed residential refuse rate of \$30.77 per month continues to be in line with neighboring cities when comparing similar single-family service levels. The proposed monthly commercial rate of \$263.37 for a three-yard trash bin collected one time per week is also on par when compared to the cities surveyed with the same service levels.

These charges are illustrative of a typical customer charge in these rate categories. However, actual charges will vary depending on level of service selected by the customer, as detailed in the pricing matrices included in the Athens Rate Adjustment Request letter.

Even with these increases, Redondo Beach residents and businesses will receive solid waste collection rates that are comparable to other cities in the region. It is important to note that, due to the complexity and variation in rate structures and service bundling across jurisdictions, direct comparisons can be challenging. A key distinction is that Redondo Beach residential customers are permitted to dispose of unlimited solid waste each week, in all three streams, whereas many other cities impose limits, structure their rates based on tiered service levels, and do not include all three streams in the base rate. For commercial customers, the refuse rate base rate also includes recycling collection, which is not always included in other cities base rate.

A summary of the refuse rates, with City administrative fees, for the past four years is shown below.

Service Category	FY21-22	FY22-23	FY23-24	FY24-25	Proposed FY25-26
Single Family Rate	\$ 22.72	\$ 25.48	\$ 29.40	\$ 29.78	\$ 30.77
Commerical 3-Yard Rate Serviced 1X Per Week	\$ 168.55	\$ 203.55	\$ 251.18	\$ 253.44	\$ 263.37

Table 5: Five Year Rate Comparison

If the request to modify the solid waste rates for FY 2025-26, and the formulas for future rate modifications during the subsequent four fiscal years, are authorized by the rate payers and approved by the City Council, staff will update the Los Angeles County Direct Assessment information for single family customers for collection of refuse charges with their property tax bill. Staff will also notify Athens Services of the official approval of the refuse rates for direct billing of

commercial and multi-family customers.

Written Report

Prior to the Public Hearing, 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 refuse collection charge is applicable and the proposed amount of the charge for each such parcel for FY 2025-26. At the Public Hearing, the City Council will consider protests, if any are received, regarding the Written Report. If the City Council finds that protest is made by the owners of a majority of separate parcels of property described in the report, then the report shall not be adopted and charges shall be collected separately from the tax roll. In the absence of a majority protest, the City Council may adopt the Resolution and direct staff to order the annual residential refuse charges for FY 2025-26 to be collected on the County of Los Angeles Tax Roll.

COORDINATION

The City Attorney's Office approved the Resolution as to form.

FISCAL IMPACT

The proposed FY 2025-26 rate modification would increase the pass-through funding collected by the City, on behalf of, and then remitted to Athens Services, by approximately \$195,737.20.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Reso - No. CC-2506-033 Establishing Contractor's Charges and Corresponding City Fees for Residential, Multi-Family and Commercial Refuse Collection for FY 2025-26
- Redondo Beach Rate Adjustment Request, Athens Services, February 13, 2025
- Table - Single Family and Commercial Refuse Rate Survey FY 2025-26, as of May 2025