FRANK T. MARTINEZ
City Clerk

KAREN E. KALFAYAN
Executive Officer

When making inquiries relative to this matter refer to File No.

04-0881

CITY OF LOS ANGELES

CALIFORNIA

ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

CLAUDIA M. DUNN
Chief, Council and Public Services Division

www.cityclerk.lacity.org

May 4, 2007

Office of the Mayor
All Council Members
Board of Public Works
City Administrative Officer
Chief Legislative Analyst
City Attorney (w/blue sheet)

Bureau of Sanitation
Controller, Room 300
Accounting Division, F&A
Disbursement Division
Department of General Services

RE: FEASIBILITY OF COLLECTING BULKY ITEMS FROM MULTI-FAMILY RESIDENCES

At the meeting of the Council held April 25, 2007, the following action was taken:

Attached report adopted as amended	X
Attached motion (LaBonge – Cardenas) adopted	X
Attached amending motion (LaBonge – Hahn) adopted	X
Attached amending motion (Rosendahl - Hahn) adopted	X
Attached resolution adopted	
FORTHWITH	
Mayor concurred	05/01/07
To the Mayor FORTHWITH	X
Motion adopted to approve communication recommendation(s)	
Motion adopted to approve committee report recommendation(s)	
Mayor approved	
Mayor failed to act - deemed approved	
Findings adopted	

Frank T. Martinez

City Clerk
rp

25

*Adopted as amended by Council action of 4-25-07

File No. 04-0881

TO THE COUNCIL OF THE CITY OF LOS ANGELES

Your BUDGET AND FINANCE Committee

reports as follows:

BUDGET AND FINANCE COMMITTEE REPORT relative to the feasibility of collecting bulky items from multi-family residences.

Recommendations for Council action, as initiated by Motion (LaBonge - Garcetti - Perry, et al.), SUBJECT TO THE APPROVAL OF THE MAYOR:

1. REQUEST the City Attorney prepare and present an Ordinance designating the Bureau of Sanitation as the universal service provider for the collection and disposal of bulky items for multi-family dwelling units in the City and which imposes a fee of $1.26 per dwelling unit, with the discounts and exemptions contained in the City Administrative Officer Report dated December 18, 2006, attached to the Council file.

2. INSTRUCT the Bureau of Sanitation (BOS), in consultation with the City Attorney, to initiate the Proposition 218 notification and hearing process.

3. INSTRUCT the BOS, in consultation with the City Administrative Officer (CAO) and the Chief Legislative Analyst, to report to the Council on the final implementation plan with the proposed start date of October 1, 2007.

4. INSTRUCT the BOS and the Department of General Services to submit supplemental budget requests to the Mayor's Office for inclusion in the 2007-08 budget.

5. REQUEST the Mayor to include funding for this program in the 2007-08 budget, subject to the final approval of the proposed fee.

6. APPROPRIATE $250,000 from the Reserve Fund and TRANSFER to the Unappropriated Balance and APPROPRIATE therefrom to the Bureau of Sanitation, Fund 100/84, Account 2120, for the printing and mailing of the Proposition 218 notices to all affected parties.

7. INSTRUCT the BOS, with the CAO, to report back to the Council relative to the feasibility of partnering with Safe Centers as bulky item drop off locations, if the three Drop-off Centers proposed by the BOS are eliminated from the bulky item pick-up program.

<u>Fiscal Impact Statement:</u> The City Administrative Officer reports that adoption of the recommendations in this report will have an immediate General Fund impact of $250,000 to cover the costs of printing and mailing the Proposition 218 notices. In 2007-08, the General Fund will need to provide approximately $6.5 million to front fund this program and finance approximately $5.5 million in vehicle purchases, which will be reimbursed by the proposed fee. Of this amount, approximately $7.5 million will be reimbursed in 2007-08 based on the pro-rated annual cost of the total program. Implementation of the program is in compliance with the City's Financial Policies as the pro-rated program costs will be fully reimbursed by the proposed monthly fee for service of $1.26 per unit.

The City Council may request Closed Session, pursuant to Government Code Section 54956.9(a) and/or (b), to confer with its legal counsel relative to the above matter.

SUMMARY

At its meeting of April 9, 2007, the Budget and Finance Committee considered Motion (LaBonge - Garcetti - Perry, et al.), Bureau of Sanitation (BOS), City Attorney, and City Administrative Officer (CAO) reports relative to the feasibility of instituting a bulky item collection and disposal program for all multi-family apartment complexes in the City which currently receive waste and bulky item collection services from private haulers. Residents of multi-family units would be able to call the BOS Call Center or 311 to schedule a collection date for their bulky items, which would then be collected by the staff funded through the proposed fee. The BOS proposal includes the establishment of three Bulky Item Drop-Off Centers that would be open to all City residents with proof of residency. The CAO reports that in the Bureau of Sanitation report dated October 17, 2006, the Bureau recommends the establishment of a monthly fee of $1.50 per unit to cover the costs of this new program. The fee would be split equally between the apartment owner and tenant. The Bureau further recommends that the City Attorney be directed to draft the necessary Ordinance to enact the new program, that the Bureau be directed to begin the Proposition 218 notification and hearing process for the new fee, and that the Bureau, Chief Legislative Analyst, and CAO be directed to present to Council a final Service Implementation Plan, with an amended target date of October 1, 2007, for implementing the new program.

Operationally, in the first year, BOS will respond to calls for pick-up, as well as perform sweeps of targeted areas of major concern within Council Districts. The BOS feels that with the education component included in the program, that over time, residents will make use of the call-in appointment process.

In a report dated June 24, 2005, the City Attorney opined that the City could impose a fee to mitigate the effects of the illegal discarding of bulky items in the City by residents of multi-family complexes. Included in the report was a discussion of two methods of imposing the fee: (1) impose the fee on both tenant and building owner directly, with the total fee split equally between the two; (2) impose the total fee directly on the apartment owner with an amendment to the Rent Control Ordinance that would allow owners to collect a rental surcharge from tenants in the amount, or a portion of the amount, of the fee imposed. The BOS recommended option 1 in its report; in a supplemental report to the BOS, the City Attorney recommended option 2 as it builds on the model of the Systematic Code Enforcement (SCEP) fee, which has already proven to be legal. The City Attorney acknowledged during the Committee's discussion that the recommendation to impose the fee directly on the apartment owner may not be administratively or practically the best thing to do, but the City Attorney stated the belief that this is legally the safest way to impose the fee. In either scenario, the City Attorney indicates that the City must comply with the notice and hearing requirements of Proposition 218. The CAO reports that which option to take is a policy decision for the Council, and that in either scenario, the BOS will need an appropriation from the Reserve Fund of $250,000 for the printing and mailing of the Proposition 218 notices.

During the Committee's discussion, the CAO reported that implementation of the three Drop-Off Centers would require an on-going appropriation from the General Fund in order to make them available to any City resident, as the BOS proposes. At this time, due to revenue uncertainties, the CAO is recommending against implementation of the drop-off centers, which would bring the fee down to $1.26 per unit per month, to be split equally between the tenants and apartment owners. The Board of Public Works agrees with the CAO report and is willing to eliminate the Drop-Off Centers that were initially anticipated, in order to get the cost down to $1.26 per unit. Ms. Greuel asked the BOS, with the CAO, to explore the feasibility of partnering with Safe Centers for drop off of bulky items, if the Drop Off Centers are eliminated from the program.

The Committee further discussed implementation of the $1.26 fee, with more questions being raised as to what the differences are between imposing the fee directly on the landlord (as recommended by the City Attorney) with a corresponding amendment to the Rent Control Ordinance allowing landlords to pass onto tenants up to half of the fee, or directly imposing half the fee on the tenants and half on the landlords (as proposed by the BOS and CAO). As there was no consensus between the City Attorney, BOS and the CAO on how best to impose the fee, the Committee asked that the matter be resolved at the staff level before the matter comes before the Council at which time a recommendation should be made on how the fee will be imposed.

The Budget and Finance Committee, at its meeting of April 9, 2007, recommended approval of the CAO recommendations as amended to: (1) change the proposed implementation date to October 1, 2007; (2) instruct the BOS, with the CAO, to report back to the Council relative to the feasibility of partnering with Safe Centers as bulky item drop off locations, if the three Drop-off Centers proposed by the BOS are eliminated from the bulky item pick-up program; and, the BOS/CAO were instructed to resolve the fee implementation issue and provide a recommendation to the Council relative to how the bulky item pick-up fee should be imposed on tenants/landlords. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

MEMBER	VOTE
PARKS:	YES
GREUEL:	YES
SMITH:	YES
ROSENDAHL:	YES
HUIZAR:	YES

LB
#040881b
4/13/07

Rpt
ADOPTED
* AS AMENDED
APR 25 2007
SEE ATTACHED MOTION
LOS ANGELES CITY COUNCIL

TO the MAYOR FORTHWITH

VERBAL MOTION

I HEREBY MOVE that Council AMEND the Budget and Finance Committee report relative to the feasibility of collecting bulky items from multi-family residences (Item #35, Council file No. 04-0881) to include the following:

1. INSTRUCT the City Administrative Officer to review the Bulky Item Fee every year before budget consideration for any necessary adjustments needed.

2. INSTRUCT the Bureau of Sanitation to develop a written brochure as well as provide the information on-line, that explains the Bulky Item Fee, including what the fee covers, exemption requirements including how to apply, and provide that information to building owners, management and apartment associations, developers, real estate associations, etc.

PRESENTED BY ______________________________
TOM LABONGE
Councilmember, 4th District

SECONDED BY ______________________________
TONY CARDENAS
Councilmember, 6th District

April 25, 2007

CF 04-0881

No.
ADOPTED

APR 25 2007

LOS ANGELES CITY COUNCIL

To the Mayor FORTHWITH

35A

On April 9, 2007 the Budget and Finance Committee approved recommendations by the City Administrative Officer and Bureau of Sanitation concerning the proposed Bulky Item Fee [CF#04-0881] and forwarded the action to City Council, with the instruction that certain issues related to the framework for the fee contained in one of the recommendations be clarified. As a result of subsequent discussions, certain amendments to the actions approved by the Budget and Finance Committee are necessary.

One of the issues studied by the Bulky Item Task Force was the possibility of exempting certain apartment complexes that currently are not contributing to the City's bulky item problem. Several criteria were developed by which the Bureau of Sanitation could fairly determine which complexes might be exempted. Such a decision has a financial consequence, as the fewer units that pay the Bulky Item Service Fee, the higher the rate will need to be raised, due to the hard costs of staff and equipment that have to be shared.

Park La Brea, the largest self-contained apartment complex in the City, came to represent the model of a self-sufficient trash operation. Residents there dispose all of their bulky items through the complex's services, which do not require public assistance. Staff investigated the next two largest (over 1,000 units) complexes in the City and found that one was eligible and one was not (building not fully separated from public street). Together, Park La Brea and this other complex represent exactly 1% of all private units in the City.

Further exemptions will be considered by the Bureau of Sanitation and brought to Council at a future date. Any such recommendation will be revenue neutral and include either funds to make up for the lost revenue or a proposal to increase the Bulky Item Fee (BIF) accordingly.

I, THEREFORE MOVE, that the following amending recommendations be adopted:

1. Direct the City Attorney and Bureau of Sanitation to incorporate in the Ordinance language that will provide exemptions from the proposed fee to apartment complexes that meet the following criteria:

    a) Must have dedicated trash service staff on site.
    b) Must be a self contained community, located on private streets, with no direct access by City vehicles to the property.
    c) Must demonstrate that they have private collection of bulky items at least twice per week.
    d) Must have outreach method to inform tenants of proper way to dispose of bulky items.
    e) Must have no significant number of recorded bulky item service requests made in or around the complex, adjacent alleys, sidewalks or streets.

2. Amend ordinance to exempt the following private complexes that have already been found to meet the above criteria:

    a) Park La Brea (4,253 units)
    b) Oakwood Toluca Hills (1,151 units)

3. Adopt the Bulky Item Fee (BIF) at $1.28 per dwelling unit per month.

No.
ADOPTED
APR 25 2007
LOS ANGELES CITY COUNCIL
FORTHWITH

APR 25 2007

Presented by: ______________
TOM LABONGE
Councilman, 4th District

Seconded By: ______________
JANICE HAHN
Councilwoman, 15th District

EG

35B

On April 9, 2007, the Budget and Finance Council Committee (B&F) considered the respective reports from the City Administrative Officer (CAO) and the Bureau of Sanitation (BOS) relative to the feasibility of collecting bulky items from multifamily residences (CF No. 04-0881). These reports were initiated as a result of a council motion authored and introduced in May 2004 by Councilman Tom LaBonge and seconded by Council members Garcetti, Perry, Cardenas, Villaraigosa and Zine.

BOS proposes to provide bulky item collection service to the estimated 541,000 multifamily dwelling units in the City, for a nominal monthly fee, as the best method to abate the problem of dumped bulky items that blights our otherwise beautiful city. One issue that was not addressed until late in the process of developing this fee was the percentage of units that are located in master metered buildings, which are properties that lack individual meters for each unit and owner pays both the water and power bills.

This is unlike most buildings, where tenants pay their own electric bills. Since the proposed fee is based on an equal split between owners and renters, with each paying their portion through their DWP bill, a separate process needs to be created to take care of the 5% of units (approximately 27,000) that are in master metered buildings. A model for how to resolve this problem can be found in the existing SRF (Solid Resources Fee) and the SSC (Sewer Service Charge), both of which are administered by the Bureau of Sanitation.

In both of these cases the Bureau directly bills the owner of the property due to the administrative difficulty in determining who the tenants are and how to bill them. This is particularly onerous in this context, since depending on their personal information, tenants might be eligible for a discount or exemption for the fee. The Department of Water and Power has agreed to work with BOS to develop a database of master metered buildings for use in billing, but would be hard pressed to track so many tenants on a regular basis.

I, THEREFORE MOVE that the following amending recommendations be adopted:

1. Direct the City Attorney and Bureau of Sanitation to incorporate in the Ordinance language that will provide exemptions from the proposed fee to tenants who reside in master metered apartment complexes.

2. Establish a reduced fee of $1.11 for master metered buildings to be paid completely by the owner of the property, with no ability to pass through the cost.

3. Adopt the Bulky Item Fee (BIF) at $1.28 per dwelling unit per month.

No.
ADOPTED
APR 25 2007
LOS ANGELES CITY COUNCIL
FORTHWITH

Presented By: ______________________
BILL ROSENDAHL
Councilman, 11th District

Seconded By: ______________________
JANICE HAHN
Councilwoman, 15th District

APR 2 5 2007

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