



City Council Agenda Item

City Council Meeting Date: March 21, 2023

TO: Dean Albro, City Manager

FROM: Christie Donnelly, Management Services Director
c_donnelly@ci.lompoc.ca.us

SUBJECT: Reschedule and Notice a Public Hearing for June 6, 2023, for Proposed Solid Waste Rate Adjustments, in Accordance with Proposition 218

Recommendation:

Staff recommends the City Council recall the public hearing for the proposed Solid Waste Utility (Solid Waste) rate adjustments previously scheduled for April 18, 2023, reschedule that public hearing for June 6, 2023, and direct staff to send notice in accordance with Proposition 218.

Background:

Proposition 218, passed by voters in 1996, requires compliance with a noticing process for Solid Waste rate adjustments to take effect. Major components of the noticing process include:

- The requirement to notify all affected parties at least 45 days prior to holding a public hearing at which the City Council could act on the proposed rate adjustments identified in the notice.
- At the public hearing, the City Council would be required to reject the rate adjustments if a majority of the affected parcels file written protests.
- Solid Waste collection rates must be set so that revenues do not exceed the funds required to provide the service, and the fee or charge imposed on any ratepayer must not exceed the proportional cost of the service.
- The City Council can approve a schedule of automatic rate adjustments for a period of up to five years.

The City conducts its Solid Waste operations similar to a business. The City generates revenue to pay for its Solid Waste collections and landfill operations through rates charged to its residents and businesses, and through tipping fees charged to users of the landfill. The City separately records its revenues and expenses for its Solid Waste operations in the Solid Waste enterprise fund. The revenues of the Solid Waste enterprise fund are intended to fully cover the City's current and future Solid Waste operating and capital costs.

The City's collection rates are subject to Proposition 218. When setting property-related user fees (such as Solid Waste collection rates), local jurisdictions must identify the nexus between the actual cost of service and the fees charged to customers. The City is required to set a public 'majority protest' hearing, and provide all customers and property owners with 45 days prior notice of the hearing to consider proposed rates. If a majority of parcels do not object to the proposed rates, then the City Council may adopt the proposed rates at the public hearing upon a majority vote. A parcel is considered to have filed a protest if any rate-paying tenant or the property owner from that parcel files a protest. Because they are not 'property-related,' the City's tipping fees are not subject to Proposition 218.

Discussion:

At its meeting of February 21, 2023, the City Council scheduled public hearing for April 18, 2023, to consider adoption of new Solid Waste rates to be effective July 1, 2023. Immediately following that meeting, staff proceeded with the Proposition 218 notification process by compiling, printing, addressing, and assembling over 16,000 notices. The notices were then taken to the US Post Office in Lompoc on Friday, March 3rd in time for bulk mail processing that day, which was 46 days prior to the scheduled public hearing. On Monday, March 6th, upon returning to the post office to pick up the mail trays, staff discovered that the notices had not been mailed as expected. Upon further investigation, staff learned that the Post Office required a specific form to be completed prior to mailing, which had not been submitted and therefore the notices were not mailed.

Due to having missed the 45-day notification window, the public hearing must be recalled and rescheduled. Therefore, staff now recommends that the City Council cancel the previously scheduled public hearing on April 18, 2023, authorize staff to proceed with a new Proposition 218 notice (Attachment 1), for a new public hearing on June 6, 2023, to consider adoption of new Solid Waste rates to be effective as originally planned on July 1, 2023.

Conclusion:

In order to meet the 45-day notice requirement prior to holding a public hearing in accordance with Proposition 218, and due to an unexpected delay in mailing the prior Proposition 218 notice that was to be mailed on March 3, 2023, the Solid Waste public hearing to consider adoption of new Solid Waste rates effective July 1, 2023, must be rescheduled and revised Proposition 218 notices must be mailed at least 45 days prior to the new public hearing date. For a public hearing on June 6, 2023, the Proposition 218 notices must be mailed no later than April 21, 2023.

Respectfully submitted,

Christie Donnelly, Management Services Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Dean Albro, City Manager

Attachment: Proposition 218 Notice