



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
December 5, 2023

TOPIC: Sanitation Services Users Charge (Sanitation Fee) Adjustment in Compliance with Proposition 218 Requirements

AGENDA TITLE

Authorization to Prepare Documents for Proposed Sanitation Fee Adjustment in Compliance with Proposition 218 Requirements (Non-General Fund)

RECOMMENDED ACTION

Authorize and direct staff to initiate the process for adjusting the Sanitation Fee, as per the Proposition 218 requirements, including, but not limited to, all of the following:

- a. Prepare and mail proposed rate adjustment notices to all Santa Ana property owners in compliance with Proposition 218 requirements at a cost not to exceed \$100,000;
- b. Schedule a public hearing at a future City Council meeting on or after February 6, 2024; and
- c. Prepare all other documents to proceed with proposed sanitation fee adjustment.

GOVERNMENT CODE §84308 APPLIES: No

DISCUSSION

On August 1, 2023, the City Council authorized and awarded a contract to Stearns, Conrad & Schmidt Consulting Engineers, Inc. (SCS) to conduct a comprehensive Cost of Service Study for the sanitation enterprise (Exhibit 1). The study examined City assets, capital needs, and financial conditions related to sanitation services, addressing the requirements of Proposition 218.

Background

The Sanitation Fee, established on June 17, 1991, by Ordinance (NS-2129), has remained fixed and without an increase since 1996. It was reduced in 2017 and 2019 when certain expenses were transferred to the General Fund. The current monthly rate is \$5.35 per dwelling unit.

The Sanitation Fee, constituting 1% of the total City budget, funds essential services, including:

- **Illegal Dumping/Rubbish Removal:** Removal of illegally dumped waste and rubbish, ensuring that our community remains free of unsightly and hazardous debris.
- **Roadway Cleaning** (streets, sidewalks, and alleys): Regular cleaning and maintenance of our city's streets, sidewalks, and alleys, contributing to overall cleanliness and safety.
- **Street Sweeping:** Street sweeping services, which help prevent the accumulation of debris and pollutants on our roadways, contributing to improved air and water quality.
- **Sanitation and Right-of-Way Inspection and Enforcement:** Inspection and enforcement activities related to sanitation and right-of-way regulations, ensuring that all properties adhere to municipal codes for the benefit of public health and safety.
- **Weed Abatement:** Weed abatement efforts, reducing fire hazards and maintaining the aesthetic quality of our city.

The study examined the existing service level and program sustainability. This comprehensive analysis highlighted the necessity of a fee adjustment. This need is driven by inflation, an escalation in service levels, and a substantial rise in the cost of street sweeping services, primarily attributed to prevailing wage requirements, resulting in a significant price increase. The proposed fee adjustment delineated below is imperative to ensure the ongoing and necessary delivery of on-demand sanitation services.

Proposed Changes

1. Increase the monthly Sanitation Fee from \$5.35 to \$11.72 per unit, effective July 1, 2024.
2. Establish a 90-day reserve, maintaining approximately 20% of operating and maintenance expenses in alignment with the City reserve policy.
3. Implement an annual adjustment of 3.5% to keep pace with inflation and operational costs.

	Year 1 FY 2024-25	Year 2 FY 2025-26	Year 3 FY 2026-27	Year 4 FY 2027-28	Year 5 FY 2028-29
Implementation Date	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
Monthly User Charge per Unit	\$11.72	\$12.13	\$12.56	\$13.00	\$13.45

Maintaining the high-quality sanitation services in our community is essential, and the proposed fee adjustment is crucial for this purpose. The increasing costs associated with street sweeping, specifically the prevailing wage requirements, make it necessary and strategic to implement this fee adjustment. The primary objective is to ensure the

ongoing provision of essential services, improve and expand services as noted below, and maintain financial reserves to meet future operational demands.

The fee adjustment will allow for significant improvements in various service areas, resulting in a cleaner and more vibrant community. The City plans to enhance its services in the following ways:

- **Increase Street Sweeping Frequency:** Commercial streets will benefit from heightened frequency, with sweeping scheduled twice weekly to ensure a consistently cleaner environment. Industrial streets will also see an improvement, with sweeping occurring twice monthly to address the unique needs of these areas effectively.
- **Combat Illegal Dumping:** The City aims to significantly elevate its efforts in addressing the pressing issue of illegal dumping. This involves augmenting the removal process and intensifying roadway-cleaning services. Additional contractual services and staffing will be introduced, bolstering the City's capacity to respond to illegal dumping promptly and ensuring the swift restoration of affected areas to their pristine state.

These planned enhancements highlight the City's commitment to maintaining and elevating our neighborhood cleanliness and hygiene standards. By investing in these improvements, we are fulfilling our immediate responsibilities and nurturing a more sustainable and pleasant environment for all residents and businesses.

Next Steps

Upon receiving authorization from the City Council, the following steps will be taken:

1. Staff will work closely with legal counsel to draft the necessary documents for the Sanitation Fee adjustment.
2. Public outreach and notification efforts will be initiated to inform residents and stakeholders of the proposed adjustment.
3. A public hearing will be scheduled to allow community input and gather feedback on the proposed fee adjustment.
4. Following the public hearing, the City Council will adopt a resolution adjusting the City's Sanitation Fee.

The proposed Sanitation Fee adjustment, as indicated by the Cost-of-Service Study, is essential to ensure the continued provision of vital sanitation services and programs to the residents of Santa Ana. We request the City Council's authorization to proceed with the preparation of the required documents for this adjustment in compliance with Proposition 218 requirements (Exhibit 2). Receiving the support of the Council for this initiative will contribute to maintaining the high standards of cleanliness and environmental care that our community values.

FISCAL IMPACT

Funding is available in the FY 2023-24 budget in the following account:

Fiscal Year	Accounting Unit - Account #	Fund Description	Accounting Unit, Account Description	Amount
2023-24	06817641-62300	Sanitation Fund	Public Works-Roadway Cleaning, Contract Services-Professional	\$100,000
Total:				\$100,000

EXHIBIT(S)

1. Sanitation Enterprise Cost of Service Study
2. Proposition 218 Compliant Notice of Proposed Rate Adoption

Submitted By: Nabil Saba, P.E., Executive Director – Public Works Agency

Approved By: Tom Hatch, Interim City Manager