



Staff Report

DATE: February 10, 2025
TO: MAYOR AND CITY COUNCIL
FROM: MICHAEL BLAY, CITY MANAGER
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SUBJECT: CONSIDER SETTING A PUBLIC HEARING DATE AND AUTHORIZE MAILING OF PROPOSITION 218 NOTICES FOR ESTABLISHMENT OF A SOLID WASTE FRANCHISE FEE

RECOMMENDED ACTION:

It is recommended that the City Council approve setting a Public Hearing on April 28, 2025, for the Solid Waste Enterprise Program rate adjustments; and authorize staff to mail Proposition 218 notices to all affected property owners at least 45 days prior to the public hearing to inform them of the proposed rate adjustments. These recommendations do not alter the solid waste rates. This portion of the 218 administrative process allows a full discussion and presentation at the public hearing.

GOAL STATEMENT

The proposed action ensures compliance with Proposition 218 and the City's contractual obligations while maintaining financial stability in the Solid Waste Enterprise Program. This action provides an equitable means of cost recovery and reduces the financial burden on the General Fund.

BACKGROUND

In July 2022, the City Council approved a Restated and Amended Agreement with Burrtec Waste Industries, Inc., which revised service terms and agreement length. The agreement was Restated and Amended a second time on December 12, 2024, incorporating additional services administered by Burrtec. Additionally, this second amendment introduced a provision allowing the City to collect an administrative Franchise Fee to recover overhead costs associated with solid waste services.

On January 14, 2025, the Public Works Committee received a presentation on the establishment of this Franchise Fee. The Public Works Committee provided support to move forward with a Franchise Fee in the amount of 15% to cover overhead costs associated with the administration of solid waste enterprise program.

ISSUES AND ANALYSIS

Currently, the City of Upland incurs approximately \$1,000,000 in solid waste-related overhead expenses which are absorbed by the General Fund and not passed through to residents. Proposition 218 allows the City to recover all costs associated with solid waste services, ensuring that fees are equitable and financially sustainable.

The Proposition 218 process requires the following steps:

- Council Action (February 2025) – City Council must approve the setting of a public hearing date and authorize the mailing of Proposition 218 notices to affected property owners.
- Notice to Property Owners (March 2025) – Affected property owners must receive a mailed notice at least 45 days before the hearing.
- Public Hearing (April 28, 2025) – The City will present the proposed rate adjustments, financial analysis, and justifications for the increase.

Key Financial Considerations:

- The City currently absorbs more than \$1,000,000 in overhead costs for activities such as internal service allocations, personnel costs, landfill maintenance, and legal expenses relating to solid waste activities.

- The Franchise Fee proposal allows for a more sustainable cost recovery model, ensuring that operational costs are covered without impacting the General Fund.

Next Steps and Preliminary Timeline:

City Council approval to set Public Hearing and mail Proposition 218 notices	February 2025
Mail Proposition 218 notices to property owners of record	March 2025
Proposition 218 Public Hearing and Protest Count	April 2025
Implementation of approved rate adjustments	July 2025

If rate adjustments are approved, they will take effect on July 1, 2025, and be reflected in future solid waste billing cycles.

ENVIRONMENTAL DETERMINATION

The proposed action is administrative in nature and does not constitute a project under the California Environmental Quality Act (CEQA) (Section 15378 of the CEQA Guidelines).

FISCAL IMPACTS

The cost of mailing Proposition 218 notices is nominal, and available funds are in the existing Solid Waste operating budget. If the proposed rate adjustments are approved, it is anticipated that all costs associated with the Solid Waste Program will be fully funded through user fees, thereby reducing reliance on the General Fund.

ALTERNATIVES

Provide alternative direction to staff.

CEQA: Not a Project.