



REPORT to the MAYOR and MEMBERS of the CITY COUNCIL
From the CITY MANAGER

DATE: April 22, 2025

SUBJECT: REQUEST FOR AUTHORIZATION TO INITIATE THE
NOTIFICATION PROCESS REQUIRED BY
PROPOSITION 218 AND SCHEDULE A PUBLIC
HEARING FOR A PROPOSED INCREASE IN EDCO
WASTE RATES TO BE EFFECTIVE JULY 1, 2025

ISSUING DEPARTMENT: Public Works

SUMMARY:

Issue:

Should the City Council authorize staff to initiate the notification process required by Proposition 218 and schedule a public hearing for a proposed increase in EDCO waste rates to be effective July 1, 2025?

Recommendation:

That the City Council authorize staff to initiate the notification process required by Proposition 218 and schedule a public hearing for a proposed increase in EDCO waste rates, which, if approved, would be effective July 1, 2025.

Fiscal Impact:

The cost to print and mail a notice to all 15,030 affected La Mesa property owners will be approximately \$14,000. Funds were budgeted and are available in the Environmental Services Fund in accounts 20864170301000000 and 20864180301000000 for this purpose. No General Fund monies will be used.

City's Strategic Goals:

- Ensure a strong financial outlook through careful planning, sustainable service levels, and fiscal sustainability.

- Invest in infrastructure to serve the needs of the community.

Climate Action Plan Reduction Strategy:

This item supports the implementation of CAP measures WR-1 and WR-3, which advance the collection of recyclables and organic waste for recycling in an effort to reduce the amount of waste being sent to the landfill.

- WR-1: Organic Waste Diversion
- WR-3: Increase Waste Diversion and Encourage Circular Economy

BACKGROUND:

History

Waste rates are adjusted periodically upon request by EDCO and following approval by the City Council in accordance with the Proposition 218 process. The last rate adjustment occurred in 2023 and was effective for a two-year period from July 1, 2023, through June 30, 2025. The Proposition 218 process requires written notification be given to all affected property owners and that those property owners be given a 45-day period in which to submit written protests if they oppose the proposed rate adjustments. The basis for the evaluation of a rate adjustment includes the following four factors:

1. Disposal rates
2. Disposed tonnage
3. Consumer Price Index
4. Commodity values

EDCO's current service provides for trash collection ("gray bins"), organic waste ("green bins"), and recycling ("blue bins").

Recycling Market Dynamics

The export of recyclable materials is a key component of California's recycling infrastructure. Ongoing impacts of a declining global market value for some recyclables, coupled with the need to reduce contamination levels in recycling streams, have resulted in significant challenges for the solid waste and recycling industry, local governments, and Californians. Alternate markets for recyclables have developed over the past few years, but the commodity value in the future may be impacted by potential worldwide economic changes. If the commodity value of recyclables decreases in the future, it may result in higher-than-anticipated rates during the next cycle of solid waste rate review in 2027.

California Waste and Recycling Requirements

Assembly Bill 939 – In 1989, California legislators adopted AB 939, which requires California jurisdictions divert 50% of waste away from landfills.

Assembly Bill 341 – In 2011, the State enacted AB 341, which set mandatory recycling requirements for commercial customers and requires local jurisdictions to implement a recycling program.

Senate Bill 1383 – In September 2016, SB 1383 establishing methane emissions reduction targets in a statewide effort to reduce emissions from short-lived climate pollutants in various sectors of California's economy. Methane from decomposing organic waste in landfills is a significant source of greenhouse gas (GHG) emissions; therefore, SB 1383 requires organic waste disposal in California to be 75% below 2014 levels by 2025. Additionally, 20% of edible food for human consumption that is currently being landfilled must be recovered by 2025. Cities and waste haulers were required to have the following in place since January 1, 2022 with compliance measures in place since January 1, 2024:

- Organic waste collection services to all residents and businesses
- Edible food recovery programs
- Education and outreach to the community
- Procurement of recycled organic products
- Compliance monitoring, enforcement, and reporting

On March 22, 2022, City Council adopted an ordinance adding La Mesa Municipal Code Chapter 7.30 Mandatory Organics Recycling and Edible Food Recovery and amending Chapter 7.20 Refuse Collection and Chapter 7.22 Mandatory Recycling to comply with SB 1383. The City continues to implement programs that help the City meet State mandate requirements, including the rollout of outdoor recycling and organic waste recycling at La Mesa schools in 2024.

DISCUSSION:

Draft Proposed Rates

EDCO's proposed rate adjustment request for Fiscal Years (FY) 26 and 27 was received on March 5, 2025. If approved, the solid waste rates would be in effect for a two-year period starting on July 1, 2025.

Supporting data was submitted with the rate adjustment request. The agreement with EDCO allows the City to perform specific rate review procedures in consideration of all

requests for rate adjustments. The purpose of the rate review is to ensure that the rates charged to its residents are appropriate and equitable. The City engaged Rogers, Anderson, Malody & Scott, LLP, Certified Public Accounts, to perform an audit of EDCO's accounting records, in accordance with the criteria established in the agreement. The firm assisted the City in the review and validation of the proposed rate increases. The results of this audit review will be presented as part of the supporting materials for the public hearing.

The first component of the rate adjustment would address current trash, recycling, and organic waste services and is consistent with past EDCO rate reviews. EDCO is proposing an increase of \$1.31 per month (4.8 percent) to the current residential rate of \$27.53, for a total of \$28.84 per month. EDCO is also proposing an increase of \$7.20 per month (5.9 percent) to the current commercial rate of \$122.94, for a total of \$130.14 per month. Therefore, the basic residential bill would be an additional \$24.84 a year; the basic annual commercial bill would be an additional \$98.28 a year.

The primary factors contributing to the increased rates include disposal rates, disposed tonnage, commodity value, and the Consumer Price Index. Proposed rates vary throughout San Diego County due to such factors as one-year versus two-year rate cycles and/or no implemented organic waste recycling program. As of April 2025, the City of La Mesa has been identified to have the second lowest residential rate and the lowest commercial rate (Attachment B) in the County.

Proposition 218 Noticing Process

To comply with Proposition 218, an agency increasing rates for water, sewer, or trash collection must do the following:

- Identify the parcels upon which the fee or charge will be imposed
- Calculate the fee or charge
- Provide written notice by mail to the record owner of each parcel upon which the fee or charge will be imposed
- The notice must include the amount of the fee or charge; the basis upon which the fee or charge was calculated; the reason for the fee or charge; and the date, time, and location of a public hearing on the proposed fee or charge
- Conduct a public hearing not less than 45 days after mailing the notice
- At the public hearing, consider all protests against the fee or charge
- If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency cannot impose the fee or charge

The draft notice is provided as Attachment A.

Notices will be mailed to property owners no later than May 10, 2025, in order to meet the 45-day notification period. The public hearing will be held on June 24, 2025; the proposed rate adjustments would be effective for a two-year period beginning July 1, 2025, through June 30, 2027.

CONCLUSION:

It is recommended that the City Council authorize staff to initiate the notification process required by Proposition 218 and schedule a public hearing for a proposed increase in EDCO waste rates, which, if approved, would be effective July 1, 2025.

Reviewed by:

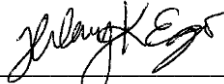


Greg Humora
City Manager

Respectfully submitted by:



Michael Throne, PE
Director of Public Works



Hilary Ego
Environmental Program Manager



Serena Lee
Environmental Analyst II

Attachments: A – Draft Proposition 218 Notice
 B – San Diego County Franchise City Proposed Rates