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DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

OFFICE OF THE DIRECTOR

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July 26, 1988

Budget and Finance
Transportation and Community Development Committees
Sacramento, California

Honorable Members in Session

SUBJECT: Lawn and Garden Refuse Program

SUMMARY

This report discusses the method of operation and funding for the Lawn and Garden Refuse Program. Options for addressing customer dissatisfaction and cost inequities are presented. However, it is staff's position that the basic question of continuing the non-containerization mandate and the Garden Refuse Excise Tax should be addressed before changes in fees or service are initiated. Therefore, it is recommended that staff be directed to forward the attached proposed ballot language for the November 1988 election to the City Council for approval.

BACKGROUND

At the February 23, 1988, joint Budget and Finance/Transportation and Community Development Committees meeting, staff was directed to conduct a program review of the current solid waste services including residential and commercial rates, quality and efficiency of service, recycling activities, and lawn and garden services and to report back to the Committees on these programs. This report discusses the Lawn and Garden Refuse Program. The issue of how lawn and garden refuse pick-up is to be provided is complicated by a 1977 initiative ordinance (Measure A - Attachment 1) which requires non-containerized street pick-up of lawn and garden refuse. The measure did not mandate the frequency of the pick-up or method of pick-up. Measure A does not even require that the City provide the service, only that if we do provide the service, we cannot require containerization. The lawn and garden refuse service currently consists of weekly collections of residential yard waste by crews distinct from those who collect garbage. Discussed below are the method of operation and funding aspects of the Lawn and Garden Refuse Program, options to consider, and staff's

recommended future direction.

A. Methods of Operation

1. The Program

The practice of placing uncontainerized lawn and garden refuse in the streets is unique. Sacramento is the only major city in the nation that still provides this split waste stream collection (separate crews and separate collection days for garbage collection versus lawn and garden refuse collection). In Northern California, the City of Fresno has discontinued its similar past practice when it implemented a 90-gallon automated refuse collection system. Stockton has gone to a twice-a-month containerized collection of grass clippings while Davis separately collects tree trimmings and leaves uncontainerized but requires grass clippings to be containerized. Davis utilizes the "claw" system, but does sweep the streets after each pick-up.

Sacramento's current "claw" system involves a crew of two employees (Equipment Operators I) and two pieces of equipment (the "claw" loader and a refuse packer). The crews are assigned to weekly routes and are on an incentive-off system, which means that they are released from work when their routes are finished.

The City routinely receives complaints from the citizens regarding the noise, the mess and the damage to the streets related to the "claw's" operation. Also, complaints are received concerning the payment of the \$2.00 excise tax when many people are now placing their lawn and garden refuse in the 90-gallon containers.

The practice of placing uncontainerized lawn and garden refuse in the streets is also damaging to the City's drainage system since drains clogged by loose garden debris and lawn clippings cause flooding. With the new Clean Water laws governing discharge of street runoff, placement of garden refuse in the streets could, in the future, require that we treat our storm drainage wastewater before discharge into the river.

2. Options

- (a) One way to address the concerns related to the claw would be to revert to the old hand sweeping method of collecting the lawn and garden refuse. This system, which was abandoned in 1979, consisted of three employees, a refuse packer and a scoop loader per route. One employee drove the packer, one employee operated the loader and a third employee used a push-broom to push the material into the loader. This system was discontinued because the \$2.00 Excise Tax did not provide the fiscal support necessary for all three employees and two pieces of equipment per route. Prior to subsidizing the lawn and garden collection, the cost was reduced as much as possible. Reverting back to this method could require the hiring of an additional 25 employees to staff 25 three-member crews. A rough estimate of the additional annual salary and benefit costs alone

attributable to these additional employees would be \$680,000. This would raise the Excise Tax shortfall amount from its current \$1.608 million to at least \$2.288 million per year.

- (b) A way to alleviate only the "messiness" complaints would be to have a motor sweeper follow the lawn and garden refuse crews on their weekly routes (at this time residential streets are swept once every four weeks). However, this would also result in an additional cost for service and exacerbate the tax revenue shortfall situation. Another way to take care of the "messiness" complaints would be to continue street pick-up but require containerization. However, the aforementioned initiative ordinance prohibits this.
- (c) The best way to deal with all of the concerns with the service would be to eliminate the uncontainerized street pick-up and incorporate the lawn and garden pick-up into the 90-gallon container program. Requiring placement of the lawn and garden refuse in the 90-gallon containers could be interpreted as "mandated" containerization, so Measure A would have to be repealed in order to do this. It would be possible to containerize pick-up without laying off employees, through attrition and gradual reassignment of surplus employees.

B. Funding

1. Revenue

Revenue for the garden refuse service is in the form of an excise tax and is, therefore, subject to constraints. The tax rate has remained unchanged since its inception in fiscal year 1976-77. A \$2.00 Lawn and Garden Excise Tax is charged to all single family residences; \$3.50 is charged to double-family residences; and a varied tax rate is charged for residential units from 3 to 50 units. Apartment complexes of over 50 units are charged by the cubic yard of refuse.

It is anticipated that the Lawn and Garden Excise Tax Revenue will total \$2.631 million in 1988-89 while the cost to collect the lawn and garden refuse will be approximately \$4.239 million. The difference of \$1.608 million will be subsidized by revenue from both the commercial and residential garbage rates.

This subsidy was previously reported by staff to the joint Committees in October 1986 when a report on Solid Waste Rates and the results of a cost allocation study was presented. The cost allocation study revealed that the cost of the Lawn and Garden Refuse Service was almost twice as much as the tax receipts for 1986-87. In order to more equitably distribute the costs to those who receive the services, the October 1986 report recommended that the garbage fees be adjusted over several years. In 1987-88 the Solid Waste fees were increased for residential can services while the fees for fully funded residential and commercial bin services were held relatively constant. This equity effort is

continued in the 1988-89 garbage fee schedule.

The current cost to provide garden refuse service to a 90-gallon container customer is approximately \$4.03 a month. With the equity adjustments mentioned above, the 1988-89 garbage fee for a 90-gallon container customer is within 45 cents of paying the full cost of the garden refuse subsidy. In other words, the Garden Refuse program for 90-gallon container customers is being subsidized by other customers in the amount of 45 cents per month. The most probable source of this subsidy is the residential bin accounts. Also, an initial analysis indicates that multi-family residential units do not pay the full cost of their garden refuse service through their garden refuse tax payments. Therefore, some of the over-payment for residential bin service is probably also used to subsidize the multi-family garden refuse service. This concept will be further analyzed in the study on commercial and residential bin service.

2. Options

- (a) The garbage rate subsidy to the Garden Refuse Program could be eliminated with a subsidy of General Funds. Considering the availability of General Funds and the demand on these funds, this solution is not recommended by staff.
- (b) The subsidy can be eliminated through the instituting of a "Garden Refuse Fee" that would cover the difference in the cost to provide the service and the Garden Refuse Excise Tax. The fee would have to be imposed on all utility customers to avoid enforcement problems. Therefore, this solution would still be inequitable and would probably result in public dissatisfaction. As mentioned above, as the 90-gallon program expands, more people are placing their garden refuse in these containers and no longer use the garden refuse service. Establishing a fee, then, could result in charging more for a service some people no longer need or want. As a matter of fact, as noted earlier, some Solid Waste customers are questioning why they have to pay the \$2.00 tax when they do not need the service. Also, areas without curb and gutter (mostly the north area) are required to containerize now, so establishing a fee for a service they do not really get would cause further dismay. Therefore, staff would not recommend establishing a fee until after City residents have had an opportunity to decide if they want to continue the uncontainerized service.
- (c) The subsidy can be dropped if the City eliminates the street pick-up and requires placement of the lawn and garden refuse in the 90-gallon containers. As stated above, this option would probably also require the repeal of Measure A before implementation. Also, as previously mentioned, staff reductions due to phase out of the service could be handled without layoffs. The City Attorney has recommended that the \$2 Garden Refuse Tax be retained as long as Measure A is part of the law. Therefore, the repeal of the Garden Refuse Tax should be coupled with the repeal of Measure A if this issue is brought to the voters.

C. Recommended Future Direction

Conditions have changed since the voters approved "Measure A" in 1977. At that time, containerization would have meant placing garden refuse in bags or boxes. Today, the material can be placed inside the 90-gallon containers, and nearly all of the City will have this type service within a year. Also, the Garden Refuse Tax is no longer capable of paying for the service as it existed in 1977. The change to the less expensive "claw" system has resulted in customer dissatisfaction.

It is obvious that if the system is to continue, the fee structure and method of operation must be addressed. However, before that is done, it is staff's opinion that the basic questions of mandated non-containerization and the continuation of the Garden Refuse Excise Tax should be addressed. Therefore, staff believes that the attached ballot measure (Attachment 2) should be presented to the voters during the November 1988 election to decide this issue.

If Measure A and the Garden Refuse Excise Tax are repealed, it would be staff's intention to eliminate the tax on January 1, 1989. The Garden Refuse Program would then be phased out. The first priority for phase out would be to exclude new developing areas from receiving the service. These new areas have little or no landscaping and do not need the service. The next priority would be to eliminate the service in areas which do not have curb and gutter; these areas currently are required to containerize. The rest of the City would then be phased out with the newer areas first and the older areas with extensive street trees last. It may be necessary to always provide the service to areas with street trees at least during "leaf season." Also, it may be desirable to reduce the service to bi-weekly pick-up instead of complete elimination in some areas - at least initially. In any case, the phase out program will be developed in such a manner that no career employees are laid off and those transferred to other jobs do not suffer a reduction in pay.

If the voters decide to continue the practice of depositing uncontainerized garden refuse material in the streets and retain the tax, staff will report back on methods to address the cost of service inequities and improvement of the service.

FINANCIAL DATA

There is no financial impact related to the recommendation that staff be directed to forward the attached proposed ballot language to the City Council for approval.

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RECOMMENDATION

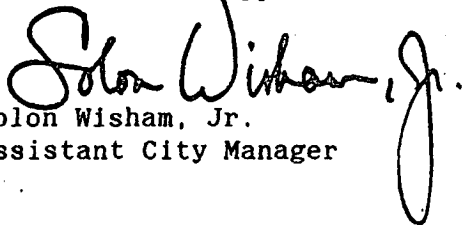
It is recommended that the Budget and Finance/Transportation and Community Development Committees direct staff to forward the attached proposed ballot language regarding the repeal of Measure A and the Garden Refuse Excise Tax to the City Council for approval.

Respectfully submitted,



Melvin H. Johnson
Director of Public Works

Recommendation Approved:



Solon Wisham, Jr.
Assistant City Manager

July 26, 1988
All Districts

MEASURE A

The proposed ordinance reads as follows:

"BE IT ENACTED BY THE PEOPLE OF THE CITY OF SACRAMENTO."

Section 1. Yard and Garden Refuse: deposit and collection.

That yard and garden refuse deposit and collection shall be conducted consistent with Sections 19.401 et seq of the Code of the City of Sacramento (Ordinance 3685, Section 4, effective 6/24/78) to the end that mandatory containerization of yard and garden refuse shall not be required in the City of Sacramento.

Section 2. Yard and Garden Refuse: deposit and collection voter approval.

That the ordinance enacted pursuant to Section 1 above shall not be repealed or amended except by a vote of the majority of the electors of the City of Sacramento at any municipal election.

**PROPOSED BALLOT LANGUAGE FOR
NOVEMBER 1988 ELECTION**

Should both the City-wide Garden Refuse Excise Tax (as specified in Sections 412-427 of Chapter 19 of the City Code) and the Initiative Ordinance passed in September 1977 relating to yard and garden refuse deposit and collection be repealed, effective January 1, 1989?