

ENERGY, CLIMATE CHANGE, ENVIRONMENTAL JUSTICE, AND RIVER COMMITTEE REPORT relative to impacts of the RecycLA Program January 2021 rate increase during the COVID-19 pandemic.

Recommendations for Council action, as initiated by Motion (O'Farrell - Price):

1. NOTE and FILE the January 29, 2021 Bureau of Sanitation report in response to Motion (O'Farrell - Price) relative to the impacts of the RecycLA Program January 2021 rate increase during the COVID-19 pandemic.
2. APPROVE the Motion; and, INSTRUCT the Bureau of Sanitation (BOS), working with all RecycLA service providers, to report in 15 days with a short-term plan commensurate with other City emergency ordinances or orders in response to the COVID-19 pandemic with consideration of payment deferments, payment plans, deferred increases, and late fee waivers and with said report to include:
 - a. Revenue losses on a yearly basis by RecycLA service providers.
 - b. Details of inquiries from RecycLA Program customers in regard to charges, received by each RecycLA service provider.
 - c. Details of inquiries from RecycLA Program customers in regard to charges, received by the BOS.
3. REQUEST the City Attorney to report in regard to:
 - a. The Feasibility of deferring or suspending the January 2021 rate action during the COVID-19 pandemic emergency order with said report to include suggestions and ideas as to how that can be accomplished by involving all parties including the BOS and allowing the RecycLA service providers recovery or forbearance of the deferred rate after the lifting of the pandemic emergency order.
 - b. Protections that the Act of God or *Force Majeure* clause provide.

Fiscal Impact Statement: None submitted by the BOS. Neither the City Administrative officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On February 4, 2021, your Committee considered a January 29, 2021 BOS report in response to Motion (O'Farrell - Price) relative to the impacts of the RecycleLA Program January 2021 rate increase during the COVID-19 pandemic. According to the BOS, the RecycLA Program provides solid resources and recycling collection services to businesses and multi-family buildings throughout the City. There are seven RecycleLA Service Providers (RSP) that provide these services under contract to 64,828 customers in 11 service areas. The RecycleLA program

provides uniform and transparent monthly rates throughout the City for the multi-family and commercial RecycLA customers.

Through Waste Assessments performed by the RSPs with the RecycLA customers, a service level is determined with maximum service charge established in accordance with contractual based rate tables. A customer cost of service is determined by their service level (their frequency of collection and type and number of bins). The recycLA contracts set maximum rates that can be charged for different services. Customers can visit LASAN's recycLA.com website under rates and resources to assist in understanding the monthly rates for services by using an online rate calculator; this allows for customers to confirm rates provided by their RSPs for services, and also, since rates are set so that customer costs can be reduced if you increase recycling and decrease black bin use, customers can calculate various options of service that could work for their specific property site. Also, customers can request Waste Assessments at any time to re-evaluate their service needs. RSPs are also contractually bound to conduct biennial Waste Assessments to customers. In order to ensure a long-term financially sustainable collection system to meet the goals of the City and meet state landfill diversion requirements, the RecycLA agreement contain annual rate adjustments to the maximum rate structure in accordance with Section 7.3, 7.32 and 7.33 of the RecycLA contracts, approved by Council and Mayor.

As detailed in the RecycLA contracts, the annual rate adjustment takes multiple factors into consideration including: indexed adjustment for factors such as labor, collection and transportation costs; adjustment to account for the changes in the cost to process blue bin recyclables; adjustments for developing and implementing an organics collection program; and an adjustment, subject to negotiations, to account for cost impacts not addressed by the other rate adjustment factors, such as in the event an RSP demonstrates the cost of providing service exceeds the maximum rates they can charge customers. As such, each year since 2018, the rate tables have been adjusted in accordance with the allowable rate increases.

Early on, the BOS recognized the potential COVID-19 impacts to RecycLA customers, and enacted various measures to monitor and alleviate the operational and financial challenges RecycLA customers were facing. This included the BOS working with the RSPs to encourage service adjustments and payment arrangements for RecycLA customers during the trying times caused by the pandemic. A list of the efforts taken to assist RecycLA customers facing COVID-19 challenges is provide in the BOS report. After consideration and having provided an opportunity for public comment, the Committee moved to note and file the BOS report and make a number of recommendations as detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE, ENVIRONMENTAL JUSTICE, AND RIVER COMMITTEE

MEMBER

VOTE

O'FARRELL:
RIDLEY-THOMAS:
KORETZ:
DE LEON:
KREKORIAN:

ARL
2/4/20

-NOT OFFICIAL UNTIL COUNCIL ACTS-