



# NOTICE OF PUBLIC HEARING PROPOSED SOLID WASTE SERVICE RATE ADJUSTMENT

**MONDAY, JUNE 24, 2024**

The Costa Mesa Sanitary District proposes to establish new solid waste collection service rates for a five-year period, effective July 1, 2024. In Compliance with Proposition 218, Article XIII D, of the California State Constitution, the District hereby notifies all affected property owners of the proposed rates for the District's residential solid waste services. **The Board of Directors will consider the new solid waste collection service rates at a Public Hearing on Monday, June 24, 2024, at 4:30 PM** at District Headquarters, located at **290 Paularino Avenue, Costa Mesa, CA 92626**.

If the Board of Directors adopts the rates at the Public Hearing on June 24, 2024, the rates will be effective July 1, 2024. The new solid waste collection service rates are necessary to cover the cost of complying with new mandates imposed by the State of California for required organics recycling and related programs aimed at reducing organic materials in California's landfills. If you have any questions regarding this notice or the proposed rate adjustments, please email [info@cmsdca.gov](mailto:info@cmsdca.gov) or call 949-645-8400.



Costa Mesa Sanitary District  
290 Paularino Avenue  
Costa Mesa, CA 92626

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## ABOUT SOLID WASTE COLLECTION SERVICES AND RATES

The Costa Mesa Sanitary District ("District") provides solid waste collection service to approximately 23,110 homes. The District has an exclusive franchise agreement with CR&R Environmental Services ("CR&R") to provide the collection, transfer, processing, and disposal of all solid waste, recyclables, and organic waste (collectively, "solid waste collection services") generated by District customers. All single-family homes and multi-family homes with four (4) or less units within the boundaries of the District are required to subscribe to weekly solid waste collection services provided by CR&R. Pursuant to the District's Operations Code, the District collects solid waste service fees from parcel owners on their annual property taxes. The revenue collected from solid waste service fees is used to pay CR&R for the solid waste services provided under their agreement, and to recover the District's operational and maintenance costs for providing these services.

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## WHY SOLID WASTE RATES ARE INCREASING

The District sets solid waste rates for its customers to fund the cost of providing solid waste services through a franchise agreement to protect public health, safety, and welfare, and to meet the District's obligation under state law. Senate Bill (SB) 1383, the most significant waste reduction mandate adopted by California in the last 30 years, requires jurisdictions to reduce emissions of short-lived climate pollutants through a 75% reduction of organic waste disposal by 2025. Jurisdictions are also required to implement a three-cart collection system (landfill, recycling, and organics) or deliver waste to a "high-diversion" waste processing facility. Currently, the District has a two-cart system where recyclables and landfill waste are collected in one container and separated at a local Materials Recovery Facility. The Board of Directors determined that

upgrading CR&R’s facility to a "high-diversion" facility is cost-prohibitive and chose to move forward with a three-cart system. On January 23, 2023, the Board of Directors approved an amendment to the agreement with CR&R, establishing a residential Three-Cart Collection Program. This will allow the District to remain in compliance with SB 1383 and ideally increase the District's diversion rate by reducing the amount of contaminated recyclables going to the landfill. Additional collections costs to implement the Three-Cart Program include two (2) additional recycling collection trucks (and associated maintenance), two (2) additional drivers (salary and benefits), the purchase of approximately 23,000 recycling carts, and administrative costs for SB 1383 compliance.

With the addition of SB 1383 mandates, none of which are funded by the State, revenue from current solid waste service charges is not sufficient to meet projected expenses. As a result, the State’s unfunded mandates must be funded through the solid waste service rates. In January 2024, the District retained a consultant to conduct a cost-of-service rate analysis. The rate study evaluated the District’s current solid waste rates and projected annual revenues and expenditures, including anticipated expenses related to compliance with SB 1383 and the associated transition to the three-cart system, to determine revenue requirements and a fair and equitable flat rate. The rate evaluation ensures that rates annually contribute enough to meet the minimum solid waste operations and maintenance reserve balance. Under Proposition 218, the rates cannot exceed the cost of providing the service. The rate study can be viewed at District Headquarters or on the District’s website at [www.cmsdca.gov/solidwasteratestudy](http://www.cmsdca.gov/solidwasteratestudy).

In addition, the District’s agreement with CR&R includes a provision for CR&R to request an annual adjustment to the District’s rates. The requested adjustment is calculated by multiplying each rate by the percentage change in the Consumer Price Index (CPI) for All Urban Consumers in the Los Angeles Area, not seasonally adjusted (CPI-U) – Los Angeles-Long Beach-Anaheim for the twelve (12) month period ending in February. This request is subject to Board approval and is capped at five percent (5%) per year.

### PROPOSED RATES

The table below shows the current and proposed annual and monthly rates for a five-year period for residential service. **If adopted, the proposed solid waste rates will be effective July 1, 2024, and will be adjusted each July 1 thereafter through July 1, 2028.** The annual solid waste service charge includes:

1. Weekly curbside collection of trash, recycling, and organics
2. Large Item Collection Program (3 pickups per year)
3. Door-to-Door Household Hazardous Waste (HHW) Collection Program (3 pickups per year)
4. Christmas Tree Collection Program
5. Annual Free Shredding and Compost Giveaway Event
6. Annual Alkaline Battery Collection Contest (for schools within District boundaries)

Service Type	Current Rates	Proposed Rates				
	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Annual Increase		16.80%	9.00%	7.00%	7.00%	5.00%
<b>Annual Rates</b>						
<b>Flat Rate</b>	\$289.20	\$337.68	\$368.07	\$393.84	\$421.40	\$442.47
<b>Monthly Rates</b>						
<b>Flat Rate</b>	\$24.10	\$28.14	\$30.67	\$32.82	\$35.12	\$36.87

### PUBLIC HEARING PROCESS

At the Public Hearing on Monday, June 24, 2024, the Board of Directors will hear all testimony concerning the proposed solid waste service rates. Property owners may protest the proposed rate adjustment in writing. **Written protests must be submitted to the District Clerk by 3:00 PM on Monday, June 24, 2024.**

A valid written protest must include:

1. The name of the record owner(s) of the property; and,
2. Identification of the property by Assessor Parcel Number (APN) or service address; and,
3. A statement of protest; and,
4. The original signature of the protesting property owner(s).

Written protests should be mailed or delivered to:

District Clerk  
 Costa Mesa Sanitary District  
 290 Paularino Avenue  
 Costa Mesa, CA 92626

If written protests are submitted by a majority of affected property owners, the proposed solid waste collection service rates may not be implemented. Owners of multiple properties must file a separate written protest for each property. Only one written protest per parcel will be accepted. **Protests sent by email or fax will not be accepted.** Public comments at the Public Hearing will not qualify as a formal protest unless accompanied by a written protest. If you have any questions regarding this notice or the proposed rate adjustments, please email [info@cmsdca.gov](mailto:info@cmsdca.gov) or call 949-645-8400.