

# EXECUTIVE SUMMARY

## Requiring City Council Approval to Terminate Hold Harmless Agreements

---

### OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

---

**Date Issued:** April 29, 2011

**IBA Report Number:** 11-27

**City Council Docket Date:** May 2, 2011

**Item Number:** 151

---

At the March 2, 2011 Natural Resources and Culture Committee (NR&C) meeting the Environmental Services Department (ESD) presented information regarding the Mayor's plan to terminate certain "hold harmless agreements." These agreements allow for City-provided refuse collection services to residents on private streets that would otherwise be ineligible for such services.

Existing hold harmless agreements have termination clauses, and the Mayor currently has authority to terminate these agreements (upon seven-day notice of such intent). The City exercised the termination clauses of these agreements on February 4, 2011. Refuse collection services to an estimated 14,200 residential units on private streets is scheduled to be eliminated July 1, 2011.

The NR&C passed a motion which included direction to the City Attorney to prepare an ordinance and resolution to override the Mayor's action to terminate the hold harmless agreements. The drafted ordinance, requiring City Council approval to effect termination of the hold harmless agreements, is the subject of City Council docket item number 151, which is scheduled to be heard May 2, 2011. If, on May 2, Council approves this ordinance for a second reading, and subsequently passes this ordinance at the second reading, the resolution to rescind termination of the hold harmless agreements could then be enacted.

Annual cost reductions for elimination of trash collection services are included in the Environmental Services Department's (ESD) FY 2012 General Fund budget and total \$818,974. Additionally, a net positive impact of \$66,939 for elimination of recycling and greenery collection services is included in the FY 2012 Recycling Fund budget. Furthermore, a revenue increase in franchise fees from private haulers (\$187,620 in General Fund revenue) is also budgeted.

The IBA acknowledges that in the current financial environment, it is difficult to balance competing priorities and define core city services. Due to the fiscal constraints of the City, the IBA supports the FY 2012 proposed action to eliminate collections services for hold harmless customers. Given that the Mayor's Proposed Budget is balanced utilizing this action, the Council will need to identify \$1.0 million in alternative reductions or resources (General Fund) should the hold harmless agreements remain in place.