



AGENCY: City Council
MEETING DATE: January 9, 2023
DEPARTMENT: Public Works
PRESENTED BY: Alfredo Huerta
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AGENDA ITEM SUMMARY

TITLE:

Receive Report and Consider Adoption of City Council Resolution Approving Redwood Waste Solutions Residential, Commercial and Multifamily, and Rolloff Rate Increases

ISSUE:

The City’s current Franchise Agreement (Agreement) with Redwood Waste Solutions, Inc. (RWS), provides for the approval of all increases in rates and charges by the City Council prior to such rates and charges becoming effective.

Pursuant to the Agreement (Article 9) RWS is entitled to rate adjustments in the form of pass-through adjustments, cost-of-living, fuel rate, and commodity price adjustments. The pass-through adjustments included in this proposed fee increase result from increases in Solid Waste disposal, including recyclables and green waste. Rate increases for each type of service are set forth in Attachment 2.

ANALYSIS:

Application of Adjustments

Pass-through adjustments are provided for in the Agreement (Attachment 3, Article 9.3.1, Pass-through Rate Adjustment). The Agreement states that a City surcharge or an increase in a City-owned disposal charge will be “passed-through” to the rate.

This pass-through adjustment, cost-of-living, fuel rate, and commodity price adjustments requested by RWS is based on the following increases in disposal cost over the last year:

Cost-of-Fuel Adjustment (COFA)	
	Index
Average Monthly Value for 12 Mths Leading up to Oct-21	3.91
Average Monthly Value for 12 Mths Leading up to Oct-22	5.86
	Δ 1.942
	% 49.61%
OCT-YTD Fuel Amount	\$320,843
OCT-YTD Cost of Ops	\$3,008,821
Total Fuel / Total Cost of Ops	11%
Total	5.29%

Cost-of-Living Adjustment (COLA)		
	21-Oct	313.26
	22-Oct	332.06
	Δ	18.8
	%	6.00%
OCT-YTD Op. Ex - D&F		\$1,866,250
OCT-YTD Cost of Ops		\$3,008,821
Total Op. Exp less Disposal & Fuel / Total Cost of Ops		62%
Total		3.35%

Pass Through Disposal + Pass-Through Recycling + Pass-Through Organics Rate Adjustments (PTDRA+RCVA+OCFA)	
Fort Bragg	
MSW	1.35%
Organics	3.24%
Recycling	0.00%
Total	4.59%

Expense Allocation %	COFA		Fuel % Change		Weighted % Change
		11%	49.61%		5.29%
	COLA		CPI % Change		
		62%	6.00%		3.35%
Disposal Pass Through		Disposal % Change			
	27%	20.00%		4.59%	

13.23% Total Rate Adj. Effective 1/9/23

Fuel Costs are approximately 11% of the total expense allocation. As a result, the 49.61% increase in the fuel component increases the rates by 5.29%. Cost-of-Living is approximately 62% of the total expense allocation. As a result, the 6% increase in the cost of providing services (cost-of-living) component increases the rates by 3.35%. Disposal costs are approximately 27% of the total expense allocation. As a result the 20% increase in the disposal component increases the rates by 4.59%. Keep in mind that the disposal rate increase includes the increase in tipping fee for organic waste collection that was recently approved. There is no retroactive adjustment included in this rate increase.

The typical residential customer will see an increase from \$33.11 to \$37.49 a month.

City Approval of Rate Increases

The Agreement Article 9.1.1, titled City’s Powers, provides for City approval of all rates:

The Fort Bragg City Council shall set and regulate all rates and charges assessed by Contractor for any and all services and activities it performs or engages in the Franchise Area, which are covered under this Agreement.

The Agreement Article 9.2, titled Rate Requirements, provides for modifications to the rates:

C. The rates specified in Exhibits A, B, and C may be modified in accordance with the Rate Adjustments as described in this Agreement.

Staff has reviewed the rate adjustment calculations and concurs that they have been calculated correctly.

RECOMMENDED ACTION:

Staff recommends that the Council adopt the Resolution to approve the Rates attached as Attachment No. 2.

ALTERNATIVE ACTION(S):

Do not approve the Resolution or the RWS rate increases. However, the Franchise Agreement requires the City to provide rate adjustments, so long as they meet the terms of the Agreement.

FISCAL IMPACT:

The rate increases impact City of Fort Bragg Residents and Businesses. Increases in City of Fort Bragg fees result in the same increase in franchise fees that the City receives on gross revenue generated within the City limits.

GREENHOUSE GAS EMISSIONS IMPACT:

The price increases are not expected to have any direct impact on greenhouse gas emissions, although any action that encourages a reduction in the waste stream through diversion, composting or reduced production of waste will reduce creation of methane gas in landfills and reduce the number of truck trips to haul the waste to recycle centers, compost facilities and/or the landfill.

CONSISTENCY:

Approval of the rate increases are consistent with the terms of the current Franchise Agreement.

IMPLEMENTATION/TIMEFRAMES:

Rate increases will be effective January 9, 2023, without any retroactive portion.

The current Franchise Agreement expires on June 30, 2032.

ATTACHMENTS:

1. Resolution
2. Resolution Exhibit A: RWS Rate Increase
3. Franchise Agreement

NOTIFICATION:

1. Bruce McCracken, Vice President, C&S Waste Solutions of California