



AGENCY: City Council
 MEETING DATE: December 7, 2020
 DEPARTMENT: City Manager
 PRESENTED BY: Tabatha Miller
 EMAIL ADDRESS: TMiller@fortbragg.com

AGENDA ITEM SUMMARY

TITLE:

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

ISSUE:

The City’s current Franchise Agreement (Agreement) with USA Waste of California, Inc., DBA Empire Waste Management (Waste Management) provides for the approval of all increases in rates and charges by the City Council and/or the City Manager prior to such rates and charges becoming effective.

Pursuant to the Agreement (Section 15) Waste Management is entitled to rate adjustments in the form of pass-through adjustments, cost-of-living adjustments and extraordinary rate 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, Section 15 A, 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. The Agreement explicitly provides for retroactive application of a pass-through adjustment. Likewise, if another jurisdiction establishes or increases surcharges, fees or taxes, the increased expense may be added to the rate and applied retroactively.

This pass-through adjustment requested by Waste Management is based on the following increases in disposal cost over the last year:

Disposal Changes						
Material	Previous Rate	New Rate	Rate Change	Rate Change Percent	Material Allocation	Allocated Rate Change
MSW	\$81.24	\$82.01	\$0.77	0.95%	61.87%	0.59%
Yard Waste	\$36.97	\$37.34	\$0.37	1.00%	16.11%	0.16%
Recycle	\$70.00	\$80.00	\$10.00	14.29%	22.02%	3.15%
Total Disposal Adjustment (All Materials)						0.75%

Expense Allocation %	Fuel Component	6.61%	Fuel % Change	0.00%	Weighted % Change
	All Other Component	57.35%	CPI % Change	0.00%	0.00%
	Disposal Pass Through Component	36.04%	Disposal % Change	0.75%	0.27%
					0.27% RRI Total % Adj. Eff. 1/1/21

Disposal costs is approximately only 36% of the total expense allocation. As a result the .75% increase in the disposal component only increases the rates by .27%. Disposal rates typically increase at the first of the calendar year and the cost of living increase applied to the fuel and all other components are calculated and applicable June 1st each year. There is no retroactive adjustment included in this rate increase.

The typical residential customer will see an increase from \$38.85 to \$38.95 a month.

City Approval of Rate Increases

The Agreement Section 14 A, titled City’s Powers, provides for City approval of all rates:

Maximum rates and charges assessed by Grantee for any and all services and activities it performs or engages in the Franchise Area, and which are covered under this Agreement, must be approved by the City Council and/or the City Manager prior to such rates and charges becoming effective.

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 Waste Management 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:

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 1, 2021, without any retroactive portion. As a reminder, the current Franchise Agreement expires on June 30, 2021.

ATTACHMENTS:

1. Resolution
2. Rate Increase Submittal
3. Franchise Agreement
4. Amendment No. 1 to Franchise Agreement
5. Amendment No. 2 to Franchise Agreement
6. Amendment No. 3 to Franchise Agreement
7. Amendment No. 4 to Franchise Agreement
8. Amendment No. 5 to Franchise Agreement

NOTIFICATION:

1. Kayla Rodriguez, Public Sector Manager, Waste Management
2. Steve Shamblin, District Manager 1, Empire Waste Management