



AGENCY: City Council
MEETING DATE: December 11, 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 Article 9 of the Agreement, RWS is entitled to annual rate adjustments in the form of pass-through adjustments, cost-of-living, fuel rate, and commodity price adjustments as of January 1st of each year. The pass-through adjustments included in this proposed fee increase result from increases in solid waste disposal, including recyclables and green waste. RWS has calculated the January 1, 2024 rate increase of 1.66% and is requesting the City's approval. By comparison, the rate adjustment approved for January 2023 was 13.23%. 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-22	5.86
Average Monthly Value for 12 Mths Leading up to Oct-23	5.42
	Δ -0.44
	% -7.51%
OCT-YTD Fuel Amount	\$298,969
OCT-YTD Cost of Ops	\$2,811,947
Total Fuel / Total Cost of Ops	11%
Total	-0.80%

AGENDA ITEM NO. _____

Cost-of-Living Adjustment (COLA)		
	22-Oct	332.06
	23-Oct	341.22
	Δ	9.16
	%	2.76%
OCT-YTD Op. Ex - D&F		\$1,847,774
OCT-YTD Cost of Ops		\$2,811,947
Total Op. Exp less Disposal & Fuel / Total Cost of Ops		66%
Total		1.63%

Pass Through Disposal + Pass-Through Recycling + Pass-Through Organics Rate Adjustments (PTDRA+RCVA+OCFA)	
Fort Bragg	
MSW	0.57%
Organics	0.11%
Recycling	0.15%
Total	0.82%

Expense Allocation %	COFA		Fuel %		Weighted % Change
	COFA	11%	Change	-7.51%	
	COLA	66%	CPI %	2.76%	
	Disposal Pass Through	24%	Change	Varies per Material	

1.66% Total Rate Adj. Effective 1/1/2024

Fuel cost is approximately 11% of the total expense allocation. As a result, the 7.51% decrease in the fuel component reduces the rate by 0.80%. Cost-of-Living is approximately 66% of the total expense allocation. As a result, the 2.76% increase in the cost of providing services (cost-of-living) component increases the rates by 1.63%. Disposal costs is approximately 24% of the total expense allocation. As a result the 4% increase in the disposal component increases the rates by 0.82%. There is no retroactive adjustment included in this rate increase.

The typical residential customer will see an increase from \$37.49 to \$38.11 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.

Follow link below to access complete franchise agreement:

<https://www.city.fortbragg.com/home/showpublisheddocument/4011/638112994517000000>

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 financial impacts extend to both residents and businesses in the City of Fort Bragg due to the proposed increase in rates. Elevated fees within the City directly correlate with a corresponding increase in franchise fees received by the City's general fund. These fees are tied to the 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 1, 2024, without any retroactive portion. As a reminder, the current Franchise Agreement expires on June 30, 2032.

ATTACHMENTS:

1. Resolution
2. Rate Increase Submittal

NOTIFICATION:

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