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| AGENCY: | City Council |
| MEETING DATE: | May 29, 2018 |
| 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 Proposed 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 maximum rates and charges by the City Council and/or the City Manager prior to such rates and charges becoming effective.

Waste Management has submitted a cost-of-living rate increase of 5.89% effective 6-1-2018 (Attachment 2).

ANALYSIS:

Pursuant to the Agreement, Waste Management is entitled to rate adjustments in the form of pass-through adjustments, cost-of-living adjustments and extraordinary rate adjustments.

Annual cost-of-living adjustments are provided for as of June 1st of each year in the Agreement (Attachments 3 and 4, Section 15 B, Cost of Living Rate Adjustment, as amended by Amendment No. 4 to Franchise Agreement Between the City of Fort Bragg and USA Waste of California Inc., DBA Empire Waste Management). The cost-of-living adjustment is based on the change in CPI-U, all items for the San Francisco-Oakland-San Jose CA and the most recently published California Index for #2 diesel fuel. The increase is defined as the sum of the following:

- The Fuel Component Increase: Existing Billed Rate X 3.3% x Diesel Fuel Index
- The Pass-through Component: None, since any increase is calculated per Section 15(A)
- The All Other Component: Existing Billed Rate X 58.1% X CPI Index

Per the Agreement, Waste Management is to notify the City of the CPI adjustment at least thirty days prior to the Adjustment Date (in this case June 1, 2018), so that there is sufficient time to review and approve the new rates prior to the rate adjustment date. The increase for June 1, 2017 was not billed until April 2018. Waste Management disputes the City's position on the retroactive portion of the prior year's cost-of-living adjustment. However, that amount is not incorporated or addressed in this agenda item.

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 a Resolution to approve the cost-of-living rate adjustment of 5.89%, effective June 1, 2018.

ALTERNATIVE ACTION(S):

Do not approve the Resolution or the Waste Management rate increases. This action would not comply with 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.

ATTACHMENTS:

1. Resolution
2. Rate Increase Submittal
3. Franchise Agreement
4. Amendment No. 4 to Franchise Agreement

NOTIFICATION:

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