

# Capitola City Council

## Agenda Report



**Meeting:** May 25, 2023

**From:** Public Works Department

**Subject:** GreenWaste Annual Rate Adjustment

**Recommended Action:** Adopt a resolution approving the contractual rate increase for collection and disposal of garbage, recycling, organics, food waste, yard waste, and construction and demolition debris, effective July 1, 2023, according to the Service Rate Schedule formula of the Franchise Agreement with GreenWaste Recovery, Inc.

**Background:** On October 14, 2021, the City Council authorized the City Manager to enter into an amended and restated Franchise Agreement (Agreement) with GreenWaste Recovery, Inc. for collection and disposal of garbage, recycling, organics, food waste, yard waste, and construction and demolition debris for the City of Capitola. The Agreement is effective through June 30, 2030.

The Agreement provides a prescribed formula to determine annual rate adjustments, which become effective July 1st of each year. The formula includes the cost of disposal and processing ("tipping fee") at the Monterey Regional Waste Management District facility in Marina and includes the Consumer Price Index (CPI) for adjustments to labor and operating costs, as well as other regulatory fees. Both residential and commercial rates are subject to annual rate adjustments.

**Discussion:** An average 5.5% residential rate increase for the next period is calculated based on a 4.88% increase to CPI and 10.00% increase to the tipping fee. Residential rates include collection and disposal of residential garbage, yard waste, food scraps, and recycling. Commercial customers are separately billed for garbage, organics, and recycling. Selected rates are included in Table 1 below, the draft resolution (Attachment 1) contains the full rate schedule effective July 1, 2023.

**Table 1. Residential Rates**

Garbage Service Cart Size	Prior Rate (07/01/2022)	New Rate (07/01/2023)
10 Gallon	\$ 17.36	\$ 18.31
<i>Care Discounted*</i>	\$ 10.41	\$ 10.99
20 Gallon	\$ 20.63	\$ 21.77
<i>Care Discounted*</i>	\$ 12.38	\$ 13.06
35 Gallon	\$ 23.38	\$ 24.67
<i>Care Discounted*</i>	\$ 14.03	\$ 14.80
64 Gallon	\$ 39.79	\$ 41.99
96 Gallon	\$ 56.40	\$ 59.51

\*The Care Discounted rate is available to residential customers who participate in the PG&E Care Program.

**Fiscal Impact:** Any rate adjustments that result from the cost-based rate adjustment would change costs to rate payers but will have no effect on City expenses. The Franchise Agreement has a 10% franchise fee of gross receipts. Any rate change provides a corresponding change in franchise fee revenue.

**Attachments:**

1. Resolution

**Report Prepared By:** Jessica Kahn, Public Works Director

**Reviewed By:** Julia Moss, City Clerk; Samantha Zutler, City Attorney

**Approved By:** Jamie Goldstein, City Manager