

Capitola City Council

Agenda Report



Meeting: May 23, 2024
From: Public Works Department
Subject: GreenWaste Annual Rate Adjustment

Recommended Action: Adopt a resolution approving the contractual rate increase for collection and disposal of residential and commercial garbage, recycling, organics, food waste, yard waste, and construction and demolition debris, effective July 1, 2024, according to the Service Rate Schedule formula of the Franchise Agreement with GreenWaste Recovery, Inc.

Background: On October 14, 2021, the City entered 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 allows adjustments to labor and operating costs and other regulatory fees based on the Consumer Price Index (CPI). Both residential and commercial rates are subject to annual rate adjustments.

Discussion: Residential service rates include collection and disposal of residential garbage, yard waste, food scraps, and recycling. New residential monthly rates for FY 2024-25 were calculated using a 2.62% CPI increase for service rates and 3.00% increase for Tipping Fees. The sum of the service and disposal rate components are used to calculate the new rates for each garbage service category. The average residential rate increase among all garbage service categories is 2.67% (Table 1).

Commercial customers are separately billed for garbage, organics, and recycling. New commercial monthly service rates were calculated using a 2.62% CPI increase for service rates, a 3.00% increase for Tipping Fees on Garbage and Recycle service, and a 8.07% increase for the Tipping Fee on Organics service.

Selected rates are included in Table 1 below, the resolution (Attachment 1) contains the full rate schedule effective July 1, 2024. **Table 1. Residential Rates**

Garbage Service Cart Size	Prior Rate (07/01/2023)	New Rate (07/01/2024)	% Rate Increase
Care Discounted*	\$10.99	\$11.28	2.64%
20 Gallon	\$21.77	\$22.35	2.66%
Care Discounted*	\$13.06	\$13.41	2.68%
35 Gallon	\$24.67	\$25.33	2.68%
Care Discounted*	\$14.80	\$15.20	2.70%
64 Gallon	\$41.99	\$43.11	2.67%
96 Gallon	\$59.51	\$61.10	2.67%
Average % Rate Increase			2.67%

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

Fiscal Impact: Any rate adjustments 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: Erika Senyk, Environmental Projects Manager

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Approved By: Jamie Goldstein, City Manager