



CITY OF DEL REY OAKS

650 CANYON DEL REY BLVD, DEL REY OAKS, CALIFORNIA 93940
PHONE (831) 394-8511 FAX (831) 394-6421

Staff Report

DATE: June 23, 2026

TO: Honorable Mayor and City Council

FROM: John Guertin, City Manager

SUBJECT: Adopt Resolution approving a 3.03 percent rate increase to charges by the City's franchised hauler, GreenWaste Recovery, for the collection of solid waste, recycling and organics, effective July 1, 2026.

CEQA: This action does not constitute a "project" as defined by the California Environmental Quality Act (CEQA) guidelines section 15378 as it is an organizational activity of the City that will not result in direct or indirect physical changes in the environment.

Recommendation

Adopt a Resolution approving a 3.03 percent rate increase to charges by the City's franchised hauler, GreenWaste Recovery, for the collection of solid waste, recycling and organics, effective July 1, 2026.

Background

On January 28, 2014, Council approved a Franchise Agreement (Agreement) with GreenWaste Recovery (GWR) for the collection of solid waste, recycling and organics, subsequent to a competitive Request for Proposals selection process. The Agreement became effective on July 1, 2015, and expires on June 30, 2030.

The Agreement includes a prescribed methodology for annual customer rate adjustments effective July 1 of each year. The rate adjustment formula incorporates inflationary indices for labor and operating costs, disposal and processing costs at ReGen Monterey, actual tonnage collected, franchise fees, and other applicable regulatory costs.

HF&H Consultants, LLC (HF&H), retained by ReGen Monterey on behalf of its member agencies, reviewed GWR's request for an adjustment to customer rates effective July 1, 2026. HF&H's review determined that a 3.03 percent rate increase is appropriate under the terms of the Agreement.

Summary & Discussion

The Franchise Agreement requires annual rate adjustments to be calculated using specified cost indices and actual operating data. HF&H reviewed GWR's RP12 rate application for completeness, mathematical accuracy, and consistency with the methodology established in the Agreement.

HF&H's review found that the proposed adjustment reflects:

- A 3.50 percent increase in labor-related costs;
- A 2.30 percent increase in vehicle-related costs;
- A 2.30 percent increase in other operating costs;
- Increased disposal and processing costs based on ReGen Monterey tip fees and actual tonnage;
- Franchise fees and ReGen administrative costs required under the Agreement.

City staff has reviewed HF&H's analysis and concurs that the proposed rate adjustment is consistent with the Franchise Agreement and accurately reflects the required annual index-based adjustment. Therefore, staff recommends that the City Council approve the proposed resolution and rate adjustment effective July 1, 2026

Fiscal Impacts

The new collection rates reflect an increase of 3.03 percent and are included as Exhibit A to the Resolution.

The rate adjustment incorporates inflationary increases in labor, vehicle, and operating costs, changes in disposal and processing costs, and applicable franchise and administrative fees.

Based on HF&H's review, the City's franchise fee revenue for FY 2026-27 is estimated to be approximately \$119,927.

ATTACHMENTS:

- HF&H Consultants Memo
- Resolution

Respectfully Submitted,

John Guertin
City Manager

RESOLUTION NO. 2026-16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL REY OAKS APPROVING A 3.03 PERCENT RATE INCREASE TO CHARGES BY THE CITY'S FRANCHISED HAULER, GREENWASTE RECOVERY, FOR THE COLLECTION OF SOLID WASTE, RECYCLING AND ORGANICS, EFFECTIVE JULY 1, 2026

WHEREAS, the City of Del Rey Oaks entered into a Franchise Agreement with GreenWaste Recovery, Inc. (GWR) on January 28, 2014 for solid waste, recycling, and organics collection services for the period of July 1, 2015 through June 30, 2030; and,

WHEREAS, Section 8.2 of the Franchise Agreement requires annual inflationary adjustments to customer rates on July 1 of each year, as described in Exhibit E1 to the Agreement, based on agreed-upon cost indices, changes in tipping fees at the ReGen Monterey (formerly Monterey Regional Waste Management District) landfill, City fees, and actual tonnage of materials collected by GWR; and,

WHEREAS, HF&H Consultants, LLC (HF&H) was retained by ReGen on behalf of all its member agencies to review GWR's request for an adjustment to customer rates, as submitted to the City on May 22, 2026; and,

WHEREAS, HF&H's calculation of the rate adjustments have been reviewed by City staff, and staff finds the calculations to be consistent with the methodology and requirements of the Franchise Agreement; and,

WHEREAS, the rate review resulted in a 3.03 percent rate increase.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Del Rey Oaks does hereby:

1. Approve a 3.03 percent rate increase to charges by the City's franchised hauler, GreenWaste Recovery, for the collection of solid waste, recycling and organics, effective July 1, 2026, as shown in the attached Exhibit A.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF DEL REY OAKS, this 23rd day of June, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Scott Donaldson, Mayor

Karen Minami, City Clerk



HF&H Consultants
590 Ygnacio Valley Rd. Suite 105
Walnut Creek, CA 94596
Phone: (925) 977-6950
Web: hfh-consultants.com

May 22, 2026

John Guertin
City Manager
City of Del Rey Oaks

Sent via email

Subject: Review of GreenWaste Recovery's 2026-27 Rate Request – Final Report

Dear John Guertin,

HF&H Consultants, LLC (HF&H) was retained by ReGen Monterey (ReGen), formerly the Monterey Regional Waste Management District, to assist with a review of GreenWaste Recovery's (GWR) request for an adjustment to customer rates, effective July 1, 2026, submitted to the City of Del Rey Oaks (City) on April 1, 2026. This report presents our findings and recommendations.

Executive Summary

HF&H's review of GWR's Rate Period 12 (RP12) rate request to the City resulted in the following outcomes:

HF&H has determined a 3.03% increase as appropriate based on the following components:

- 3.50% inflationary increase in labor-related costs
- 2.30% inflationary increase in vehicle-related costs (excluding fuel)
- Fuel rate held flat, as set by ReGen
- 2.30% inflationary increase in other costs
- Depreciation held flat, per the Agreement
- 3.17% overall net processing costs increase due to increases in per-ton fees, slightly offset by decreases in recyclable and organic tonnages
- 7.50% increase in disposal costs due to an increase in per-ton disposal rate and solid waste tonnages

Refer to **Figure 1** below for the impact to sample residential rates.



Figure 1: Example Rate Impact of Adjustment

	Current Rates (RP11)	RP12
Adjustment		3.03%
Residential 32-gallon rate	\$35.39	\$36.46
Residential 64-gallon rate	\$39.04	\$40.22

Background

In 2012, the City—participating with other members of ReGen—issued a competitive request for proposals for collection services and entered into the new Agreement with GWR effective July 1, 2015. The Agreement provides for the following, related to the adjustment of rates:

- Rates are to be adjusted annually throughout the term of the Agreement using various inflationary indices, actual tonnage, and changes in the tipping fees at ReGen, unless either the City or GWR requests a Cost-Based Rate Adjustment (CBRA).
- The City and GWR may mutually agree upon alternative approaches to structuring rates without amending the Agreement (Section 8.2.D).
- During the CBRA review in RP5, a number of issues surrounding the process for setting rates and the resulting rate relationships amongst sectors and materials were identified. As such, the City and GWR have negotiated an amendment to the prescribed methodology for the CBRA and index adjustments to not alter rate relationships between service sectors and material types.
- Through negotiations of the amendment, and as a result of the desire to maintain current rate relationships between sectors and service levels, the City and GWR have prescribed a uniform rate adjustment to be applied to all sectors.

Rate Calculation Review

HF&H SCOPE OF WORK

HF&H performed this review of the rate request in accordance with Exhibit E1 for the index-based rate adjustment. The procedures included:

1. Review of the rate request for completeness and compliance with the procedures contained in Exhibit E1 of the Agreement.
2. Review for mathematical accuracy and logical consistency to determine that the rate request is mathematically correct, the rows and columns of numbers add down and across as intended, and the stated assumptions were, in fact, used. Determine that the rate request is internally consistent and any summary schedules agree to the supporting schedules and worksheets.
3. Verify the inclusion of the franchise fee calculation in the adjustment.



4. Verify contract compliance regarding:
 - A. The indices used in the adjustment.
 - B. The tip fees reported for the disposal and processing rate components.
 - C. The use of quarterly reported tonnage data and allocations among agencies. A detailed audit of tonnage and allocations of tonnage reported by GWR was not a part of this scope of work. HF&H discussed GWR's allocation methodology, which appears reasonable and consistent with standard industry practices.
 - D. Any changes in governmental fees affecting the fee component of the rates, and the accurate application of the resulting percentage changes to the various rate components in the rate schedule approved by the City through the Agreement.

REVIEW OF RATE REQUEST

RP12 Application

HF&H reviewed the rate application for RP12. The results of the RP12 calculation, performed in accordance with the methodology set forth in Exhibit E1 of the amendment, are presented in **Figure 2** on the following page.



Figure 2: City of Del Rey Oaks Application of Index-Based Adjustments to RP12

	RP 11	Adjustment Factor	RP 12
Annual Cost of Operations			
Labor-Related Costs	\$66,333	1.035	\$68,654
Vehicle-Related Costs	13,916	1.023	14,237
Fuel Costs	9,684	1	9,684
Other Costs	86,527	1.023	88,517
Direct Depreciation	32,755	N.A.	32,755
Total Allocated Costs - Labor, Vehicle, Fuel & Other	86,695	1.023	88,689
Total Allocated Costs - Depreciation & Start-Up	8,391	N.A.	8,391
Total Annual Cost of Operations	\$304,301		\$310,927
Profit	\$36,462	OR=89.30	\$37,256
Pass-Through Costs			
Disposal Costs	\$57,162	Tons*Tip Fee	\$61,447
Curbside Supplemental	(1,367)	1.00	(1,367)
Recycling Processing Costs	11,348	Tons*Tip Fee	10,980
Residue Processing Costs	-	Tons*Tip Fee	-
Yard Trimmings Processing Costs	21,174	Tons*Tip Fee	23,033
Food Waste Processing Costs	4,949	Tons*Tip Fee	4,647
C&D Processing Costs	-	Tons*Tip Fee	-
Interest Expense	9,862	N.A.	9,862
Direct Lease Costs	-	N.A.	-
Total Allocated Costs - Lease	7,536	N.A.	7,536
Total Pass-Through Costs	\$110,664		\$116,137
Total Costs before Agency Fees	\$451,427		\$464,320
Agency Fees/Payments			
Franchise Fee	\$116,402	20.00%	\$119,927
ReGen MOU Costs	14,000	Actual	15,390
Other Adjustments (as needed from time to time)			
Adjustment from Tip Fee Estimates	\$181	N.A.	-
Total Calculated Costs	\$582,010		\$599,637
Rate Increase			3.03%



Review of GWR Costs

There are four major components to GWR’s rate application: (1) the calculation and application of the inflationary indices as prescribed in the Agreement; (2) the disposal and processing component; (3) the Agency Fees; and (4) other one-time adjustments.

There are three indices used in the index adjustment: Consumer Price Index (CPI), fuel index, and labor index. The annual percentage change in each index is used to calculate the coming year’s cost for the line items to which they apply.

HF&H has reviewed, and GWR has confirmed, the accuracy of each of these indices. It is noted that the fuel index remains unchanged, as reported by ReGen management staff.

Review of Disposal and Processing Components

Collected tonnage for Calendar Year 2025 was used for the RP12 review, in accordance with the amendment. The disposal and processing components also consider the tipping fees charged by ReGen to project anticipated disposal and processing costs at ReGen. **Figure 3** below outlines the changes in the City’s disposal and processing costs for each material type—based on ReGen’s tip fees—effective July 1, 2026, which have been incorporated into our RP12 review.

Figure 3: Impact of ReGen Tip Fee Changes

Material	2025 Tons	Projected Per Ton Tip Fee	RP 12 Costs
	A	B	A x B
Solid Waste	723	\$85.00	\$61,447
Recycling	255	43.00	10,980
Yard Trimmings	427	54.00	23,033
Food Waste	64	73.00	4,647

Note: Values may not be exact due to rounding.

Review of Fee Component

HF&H ensured that the fee component of each rate matches the contractual percentage of 20% for franchise fees, remitted to the City by GWR.

Additionally, rate application review costs and other identified ReGen costs totaling \$15,390 were added as a one-time adjustment. These costs cover the rate review, franchise management, staff time, and public education and outreach.

NEW RATES

Attached hereto is a table of all rates recommended for RP12 based on the adjustments described in this report (Attachment A). HF&H recommends adopting these rates by resolution to be effective July 1, 2026.



* * * * *

We would like to express our appreciation to GWR staff for their assistance and cooperation in this process. Should you have any questions, please contact me at (925) 977-6964 or dhilton@hfh-consultants.com.

Sincerely,
HF&H CONSULTANTS, LLC

A handwritten signature in blue ink, appearing to read 'Rob Hilton'.

Rob Hilton
President

A handwritten signature in blue ink, appearing to read 'Dave Hilton'.

Dave Hilton
Senior Project Manager

Residential Solid Waste Collection Rates			
Service Level	Solid Waste	Recycling	Organics
Curbside 32 Gallon	\$36.46	Included	Included
Curbside 64 Gallon	\$40.22	Included	Included
Curbside 96 Gallon	\$44.01	Included	Included
Notes:			
See Exhibit B1 for specific service availability			

Commercial/Multi-Family Solid Waste Collection Rates						
Service Level	Frequency					
	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
64-Gallon Cart	\$59.56	\$131.03	\$196.55	\$262.05	\$327.57	\$393.07
96-Gallon Cart	\$71.92	\$143.84	\$237.32	\$316.42	\$395.54	\$474.63
1-Cubic Yard Bin	\$226.32	\$497.91	\$746.88	\$995.81	\$1,244.77	\$1,493.70
2-Cubic Yard Bin	\$380.71	\$698.66	\$1,023.41	\$1,675.19	\$2,093.99	\$2,512.80
3-Cubic Yard Bin	\$574.42	\$1,017.47	\$1,461.54	\$2,527.35	\$3,159.20	\$3,791.04
4-Cubic Yard Bin	\$653.23	\$1,333.59	\$2,362.41	\$2,874.20	\$3,592.74	\$4,311.31
6-Cubic Yard Bin	\$1,011.49	\$2,225.30	\$3,337.95	\$4,450.59	\$5,563.25	\$6,675.88
8-Cubic Yard Bin	\$1,327.63	\$2,655.26	\$3,982.89	\$5,310.52	\$6,638.18	\$7,965.80
2-Cubic Yard Compactor	\$423.19	\$783.61	\$1,150.80	n/a	n/a	n/a
3-Cubic Yard Compactor	\$638.11	\$1,144.85	\$1,652.65	n/a	n/a	n/a
4-Cubic Yard Compactor	\$738.16	\$1,503.46	\$2,617.21	n/a	n/a	n/a

Commercial/Multi-Family Recycling Collection Rates						
Service Level	Frequency					
	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
64-Gallon Cart	\$8.92	\$19.75	\$29.48	\$39.31	\$49.13	\$58.96
96-Gallon Cart	\$10.79	\$21.57	\$35.61	\$47.45	\$59.32	\$71.19
1-Cubic Yard Bin	\$33.95	\$74.68	\$112.03	\$149.37	\$186.72	\$224.05
2-Cubic Yard Bin	\$57.12	\$104.80	\$153.50	\$251.28	\$314.09	\$376.93
3-Cubic Yard Bin	\$86.16	\$152.62	\$219.23	\$379.10	\$473.88	\$568.66
4-Cubic Yard Bin	\$97.98	\$200.04	\$354.36	\$431.12	\$538.91	\$646.69
6-Cubic Yard Bin	\$151.72	\$333.79	\$500.69	\$667.59	\$834.49	\$1,001.39
8-Cubic Yard Bin	\$199.14	\$398.30	\$597.43	\$796.59	\$995.72	\$1,194.86
2-Cubic Yard Compactor	\$39.36	\$69.30	\$100.26	n/a	n/a	n/a
3-Cubic Yard Compactor	\$59.54	\$99.37	\$139.36	n/a	n/a	n/a
4-Cubic Yard Compactor	\$62.48	\$129.04	\$247.88	n/a	n/a	n/a

Commercial/Multi-Family Food Waste Collection Rates						
Service Level	Frequency					
	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
64-Gallon Cart	\$44.66	\$98.27	\$147.40	\$196.55	\$245.67	\$294.81
96-Gallon Cart	\$53.94	\$107.86	\$177.98	\$237.34	\$296.66	\$355.98
1-Cubic Yard Bin	\$169.74	\$373.42	\$560.16	\$746.88	\$933.56	\$1,120.28
2-Cubic Yard Bin	\$285.54	\$524.01	\$767.57	\$1,256.39	\$1,570.49	\$1,884.58

Commercial/Multi-Family Yard Trimmings Collection Rates						
	Frequency					
Service Level	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
64-Gallon Cart	\$44.66	\$98.27	\$147.40	\$196.55	\$245.67	\$294.81
96-Gallon Cart	\$53.94	\$107.86	\$177.98	\$237.34	\$296.66	\$355.98
1-Cubic Yard Bin	\$169.74	\$373.42	\$560.16	\$746.88	\$933.56	\$1,120.28
2-Cubic Yard Bin	\$285.54	\$524.01	\$767.57	\$1,256.39	\$1,570.49	\$1,884.58
3-Cubic Yard Bin	\$409.17	\$724.74	\$1,041.10	\$1,800.29	\$2,250.36	\$2,700.45
4-Cubic Yard Bin	\$465.31	\$949.94	\$1,682.81	\$2,047.35	\$2,559.19	\$3,071.05
6-Cubic Yard Bin	\$720.51	\$1,585.13	\$2,377.70	\$3,170.25	\$3,962.82	\$4,755.39
8-Cubic Yard Bin	\$945.71	\$1,891.40	\$2,837.12	\$3,782.82	\$4,728.53	\$5,674.22

Roll-Off Collection Rates (Per Pull)				
	Material			
Service Level	MSW	REC	YT	C&D
10 YD	\$820.47	\$820.47	\$820.47	\$820.47
20 YD	\$900.56	\$900.56	\$900.56	\$900.56
30 YD	\$1,177.37	\$1,177.37	\$1,177.37	\$1,177.37
40 YD	\$1,454.18	\$1,454.18	\$1,454.18	\$1,454.18
Per Ton	\$106.25	\$53.75	\$67.50	\$106.25

Additional Service Rates		
Service	Sector	Charge Per Event
Cart Rental	RES	\$4.20
Cart Replacement	RES	\$83.94
Re-Delivery or Re-Start	RES	\$34.97
Cart Cleaning	RES	\$34.97
Non-Scheduled Collection	RES	\$26.57
Difficult to Service Cart	COM	\$1.40
Difficult to Service Bin	COM	\$4.20
Locking Bin	COM	\$69.94
Cart Replacement	COM	\$83.94
Cart Cleaning	COM	\$34.97
Bin Swap - Cleaning or Repainting	COM	\$104.91
Bulky - Recyclable	COM/RES	\$27.97
Bulky - Non Recyclable	COM/RES	\$34.97
Bulky - Event	COM/RES	\$41.96
Covered Box	RO	\$104.91
Driver Time per Hour	RO	\$153.87
Dry Run or Relocation	RO	\$104.91
Extra Days	RO	\$34.97

*Note: All rates charged monthly unless stated otherwise.