



STAFF REPORT

November 16, 2022
File Number 1310-50

SUBJECT

PROPOSED EDI RATE ADJUSTMENTS

DEPARTMENT

Utilities Department, Wastewater Division, Recycling and Waste Reduction

RECOMMENDATION

Request the City Council adopt Resolution No. 2022-158, approving the annual residential and commercial solid waste and recycling rate adjustments pursuant to the terms of the City of Escondido's ("City's") adopted Solid Waste and Recycling Franchise Agreement with Escondido Disposal, Inc. ("EDI") Upon approval by the City Council, the proposed rate adjustments will become effective January 1, 2023.

Staff Recommendation: Approval (Utilities: Christopher W. McKinney, Deputy City Manger / Director of Utilities)

Presenter: Lori Calvert, Program Coordinator for Recycling

FISCAL ANALYSIS

The San Diego Consumer Price Index ("CPI") for all urban consumers increased by 8.1468% from the first half of 2021 to the first half of 2022 (from 314.28 to 339.89). Pending City Council approval of the proposed rate increase, solid waste and recycling rates will increase by the same percentage. Per previous council approval, the Franchise Fee paid to the City by EDI will increase 0.5%, from 12% to 12.5%, a percentage of the total fees collected from customers for solid waste and recycling services, so the City's Franchise Fee revenue will also increase with the CPI. (See Exhibit "A.")

The City will therefore collect an additional \$0.40 per month per customer in Franchise Fees for basic residential services. For basic commercial services, the Franchise Fee will increase by \$1.85 per customer per month.

The above-described Franchise Fees are revenue for the City's General Fund. Increases in base rates for residential and commercial services will be detailed in the Background section of this report. These base rates are distinct from the Franchise Fee and are retained by EDI.



CITY of ESCONDIDO

STAFF REPORT

PREVIOUS ACTIONS

On June 19, 2019, the City Council adopted Resolution No. 2019-142, authorizing a Franchise Agreement (“Agreement”) between the City and EDCO Refuse Services, Inc., a California corporation dba Escondido Disposal, Inc. The Agreement specified rates to be charged for solid waste and recycling services, established initial maximum rates paid by the ratepayers, and authorized the contractor to increase rates annually by a percentage equal to the previous year’s CPI increase. The Agreement established that the City Council must adopt, by resolution, the proposed annual increases submitted by EDI for these rates to take effect.

On November 20, 2019, the City Council conducted a Proposition 218 Hearing and adopted Resolution No. 2019-142, approving a 2.7824 percent increase for residential and commercial collection services, effective January 1, 2020.

On October 28, 2020, the City Council adopted Resolution No. 2020-130, approving a 1.3057 percent increase for residential and commercial collection services, effective January 1, 2021.

On November 3, 2021, the City Council adopted Resolution No. 2021-158, approving a 4.0524 percent increase for residential and commercial collection services, effective January 1, 2022.

BACKGROUND

The rate increases in the table below were requested by EDI and approved by the City Council for basic residential and commercial collection services over the last five years:

Date	Residential Increase	Commercial Increase
January 2018	3.2766%	2.519%
January 2019	2.62%	1.46%
January 2020	2.7824%	2.7824%
January 2021	1.3057%	1.3057%
January 2022	4.0524%	4.0524%



CITY of ESCONDIDO

STAFF REPORT

Proposed January 2023	8.1468%	8.1468%
-----------------------	---------	---------

On September 28, 2022, the City received notice from Escondido Disposal, Inc., requesting an increase in the solid waste and recycling rates in accordance with Section 13.2(A) of the City of Escondido Waste and Recycling Franchise Agreement. The rate increases are set by the 8.1468% change in the CPI between the first half of 2021 and the first half of 2022. Pending approval of the rate increases by the City Council, residential and commercial rate increase notices will be mailed to customers in November 2022. Under the proposed CPI rate increase for residential accounts, the total monthly rate for curbside trash and recycling collection will increase by \$2.21 per month, from \$26.45 to \$28.66. Current commercial rates will be increased by the same change in CPI. A typical commercial rate for a 3-yard container serviced one time per week will increase \$10.16 per month, from \$118.13 to \$128.29. The proposed 8.1468% increase will become effective January 1, 2023, and will apply to all residential and commercial collection rates and services as presented in Exhibit "A" to Resolution No. 2022-158.

Household Hazardous Waste ("HHW") fees and AB 939 fees were established in 1994. AB 939 is an Assembly bill enacted into law that authorizes collection of fees to fund recycling and waste reduction programs required by the California Integrated Waste Management Act of 1989. HHW fees were last increased on January 1, 2006, from \$0.35 to \$0.52 per month. AB939 fees were last increased on January 1, 2019, from \$0.52 per month to \$0.63 per month. No increases in either AB 939 or HHW fees are being requested at this time, so the HHW fee will remain \$0.52 per month and the AB 939 fee will remain at \$0.63 per month.

ATTACHMENTS

- A. Resolution No. 2022-158
- B. Resolution No. 2022-158 Exhibit "A"