



City Council Agenda Report

Meeting Date: May 13, 2025

Prepared By: Public Works Department

Approved By: Gabe Engeland

Subject: Solid Waste Collection Rates for FY2025/26

COUNCIL PRIORITY AREA

- ☐ Public Safety
- ☐ Business Communities
- ☐ Circulation Safety and Efficiency
- ☒ Environmental Sustainability
- ☐ Housing
- ☒ General Government

RECOMMENDATION

Adopt a Resolution Authorizing the increase of Solid Waste Collection Rates by 4.86%, effective July 1, 2025

FISCAL IMPACT

A 4.86% increase in rates charged for services affects all ratepayers, including the City.

ENVIRONMENTAL REVIEW

The adoption of increased rates is exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15273(a), in that CEQA does not apply to actions to set rates, tolls, fares, or other charges.

PREVIOUS COUNCIL CONSIDERATION

June 12, 2018; May 28, 2019; May 12, 2020; May 11, 2021; May 10, 2022; May 9, 2023; May 14, 2024

BACKGROUND

The City of Los Altos signed a Collection Services Agreement with Mission Trail Waste Systems, Inc. (MTWS) in April, 2010. At its October 22, 2019, meeting, the City Council approved an extension of the Franchise Agreement that concluded in 2020, which resulted in an amended and restated Franchise Agreement. The amended and restated Franchise Agreement was executed on April 23, 2020. The Franchise Agreement with MTWS provides for periodic rate adjustments based on the Water-Sewer-Trash Consumer Price Index.

ANALYSIS

The City of Los Altos Municipal Code Section 6.12.020 (Charge for solid waste collection service) states that “Any and all charges for solid waste collection service shall be set forth in the franchise agreement, contract or the collection service agreement between the city and its franchised hauler.”

The Franchise Agreement with MTWS provides for periodic rate adjustments based on the Water-Sewer-Trash Consumer Price Index, and establishes that the next adjustment would apply to service beginning July 1, 2025.

The Franchise Agreement provides that MTWS shall charge service recipients an amount not to exceed the Maximum Service Rates (Attachment 1) approved by City Resolution as may be adjusted under the terms of the agreement.

DISCUSSION

Per the Franchise Agreement, 2025 rate adjustments are calculated based on CPI. This year’s rate adjustment does not include any adjustment for changes in organic processing costs. The Franchise Agreement commits the City to the 4.86% increase, effective July 1, 2025.

In addition to the 4.86% adjustment that is being applied to all rates, there is an additional increase to 15 individual rates to account for CPI adjustments that did not occur in prior years. 2 of these rates were calculated such that they failed to account for the CPI increase that took place between 2022 and 2023, and 13 of these rates were calculated such that they failed to account for the CPI increase that took place between 2021 and 2022. After discussion and clarification with City staff, MTWS submitted a final rate application that included the corrected 2024 calculations for these 15 rates, which will not be charged retroactively. These corrected calculations impact the following rates: City Debris Box, City Compactor, City Public Container Collection, City Green Waste Drop off Services, Additional Single Family Dwelling On-Call Bulky Waste Collection (Loose), and Single Family Dwelling Collection of Large Items Containing Freon. The July 1, 2025, 4.86% increase is applied to the corrected 2024 rates.

The Collection Service Agreement requires that the City Council effectuate the increase by resolution. Under Sections 4.01 and 4.02.2.6 of the Collection Service Agreement, the City Council is required to take action by resolution to effectuate rate increases in accordance with the Franchise Agreement.

The City’s solid waste consultant, R3 Consulting Group, Inc., reviewed the hauler’s rate adjustment request with the following results:

- Validated the mathematical accuracy and the correct use of the index.
- Validated the mathematical accuracy and logical consistency of the calculated Disposal Cost Change.
- Validated the calculated indexed increase.
- Confirmed that the indexed increase was applied correctly to last year’s rates.

ATTACHMENTS

1. Resolution
2. Maximum Rates for Adoption (FY2025/26)