



AGENDA REPORT SUMMARY

Meeting Date: May 9, 2023

Subject Solid Waste Collection Rates: Consider adopting Resolution No. 2023-____, authorizing the increase of Solid Waste Collection Rates by 5.96% effective July 1, 2023; consider California Environmental Quality Act (“CEQA”) exemption finding pursuant to CEQA Guidelines Section 15273(a)

Prepared by: Casey Leedom, Sustainability Coordinator

Reviewed by: Aida Fairman, Director of Environmental Services and Utilities

Approved by: Gabriel Engeland, City Manager

Attachments:

1. Maximum Rates for Adoption (FY 2023/24)
 - A. Resolution No. 2023-____

Initiated by:

Staff, to comply with the Solid Waste Franchise Agreement

Previous Council Consideration:

June 12, 2018; May 28, 2019; May 12, 2020; May 11, 2021; May 10, 2022

Fiscal Impact:

A 5.96% increase in rates charged for service affects all ratepayers, including the City. Because solid waste rates would increase, the revenues associated with the City’s franchise fee would also increase proportionately.

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.

Summary:

- 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.”

City Manager

GE

Reviewed By:

City Attorney

JH

Finance Director

JD



Subject: Resolution No. 2023-____: Solid Waste Rate Adjustment

- Mission Trail Waste Systems (MTWS) manages solid waste management for the City pursuant to an Amended and Restated Collection Services Agreement entered as of April 23, 2020 (the “Franchise Agreement”).
- For the fourth year of the extended franchise term, Section 4.02.2.4 of the Franchise Agreement provides for a Service Rate Adjustment by CPI (calculated per Section 4.02.2.2), plus a 1.3% Revenue-Neutral Franchise Fee Adjustment Factor, plus an Organics Processing Costs Service Rate Adjustment (calculated per Section 4.02.5; starting April 1, 2023, and each April 1 thereafter). Under Sections 4.01 and 4.02.2.6, the City Council is required to take action by resolution to effectuate rate increases in accordance with the Franchise Agreement.
- The increase that will be applied to the existing Solid Waste Collection rates is 5.96% and is captured in the Maximum Service Rates exhibit in Attachment 1 to the staff report.

Staff Recommendation:

Adopt Resolution No. 2023-____, authorizing the increase of Solid Waste Collection Rates by 5.96% effective July 1, 2023



Subject: Resolution No. 2023-___: Solid Waste Rate Adjustment

Purpose

Adopt Resolution No. 2023-___, authorizing the increase of Solid Waste Collection Rates by 5.96% effective July 1, 2023.

Background

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 Mission Trail Waste Systems (MTWS) provides for periodic rate adjustments based on the Water-Sewer-Trash Consumer Price Index, as defined below, and establishes that the next adjustment would apply to service beginning July 1, 2023.

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.

The amended and restated Franchise Agreement was executed on April 23, 2020.

Discussion/Analysis

At its October 22, 2019 meeting, the City Council approved an extension of the Franchise Agreement concluded in 2020, which resulted in an amended and restated Franchise Agreement that specifies rate increases of 8.48% on each July 1st of 2020, 2021, and 2022. Per the Franchise Agreement, 2023 rate adjustments are calculated based on CPI, plus a 1.3% Revenue-Neutral Franchise Fee Adjustment Factor, plus an Organic Processing Costs Service Rate Adjustment. This year’s rate adjustment does not include any adjustment for changes in organic processing costs. The Franchise Agreement commits the City to the 5.96% increase effective July 1, 2023, and requires that the City Council effectuate the increase by resolution.

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 calculated indexed increase.
- Confirmed that the indexed increase was applied correctly to last year’s rates, and made some minor corrections for typographical errors.

Recommendation

Adopt Resolution No. 2023-___, authorizing the increase of Solid Waste Collection Rates by 5.96% effective July 1, 2023