

MEMORANDUM



TO: VICTOR CARDENAS, CITY MANAGER
FROM: JEFFREY HERCZEG, DIRECTOR OF PUBLIC WORKS
SUBJECT: OPTIONS FOR RECYCLING FEES
DATE: APRIL 16, 2026

At its February 23, 2026 meeting, City Council approved an Amendment to the City of Novi Code of Ordinance, Chapter 16, "Garbage and Refuse" to allow rates to be set by user fee to cover the cost for processing recycling, household hazardous waste collection, and tip fees that the City was supplementing out of the General Fund.

City Council has requested the fee increase also include enough to capture a fund balance for storm and disaster debris management. An ice storm in 2023 resulted in a ~\$400K expense in the General Fund to pick-up curb side debris, so the new fee collection would be used to offset any future incidents. **DPW recommends City Council adopt a fund balance policy of a minimum of \$500K for purposes of establishing reserves for a curbside emergency debris collection (similar to the Tree Fund and aligns with previous costs related to unforeseen weather events).**

The cost assumptions from RRRASOC below are used to calculate the **base rate increase of \$30.00/home** to cover the ~\$485K expenses related to recycling.

RRRASOC RECYCLING COSTS

DESCRIPTION	2023-24 ACTIVITY	2024-25 ACTIVITY	2025-26 ESTIMATES	2026-27 ESTIMATES	
Member Contribution	88,980	92,275	131,822	137,095	A
HHW Costs	132,461	150,414	160,000	175,000	B
Tip Fees			86,700	173,400	A
Total	221,441	242,689	378,522	<u>485,495</u>	

A Based on FY 27 RRRASOC Proposed Budget (Feb RRRASOC Packet)

B Estimated based on HHW activity and new rates

As of April 15, 2026, the city has **13,490 residential/single family** and **2700 condo accounts** with Priority Waste. The increase in fees requires a resolution by City Council and the following are options for the FY 2026-27.

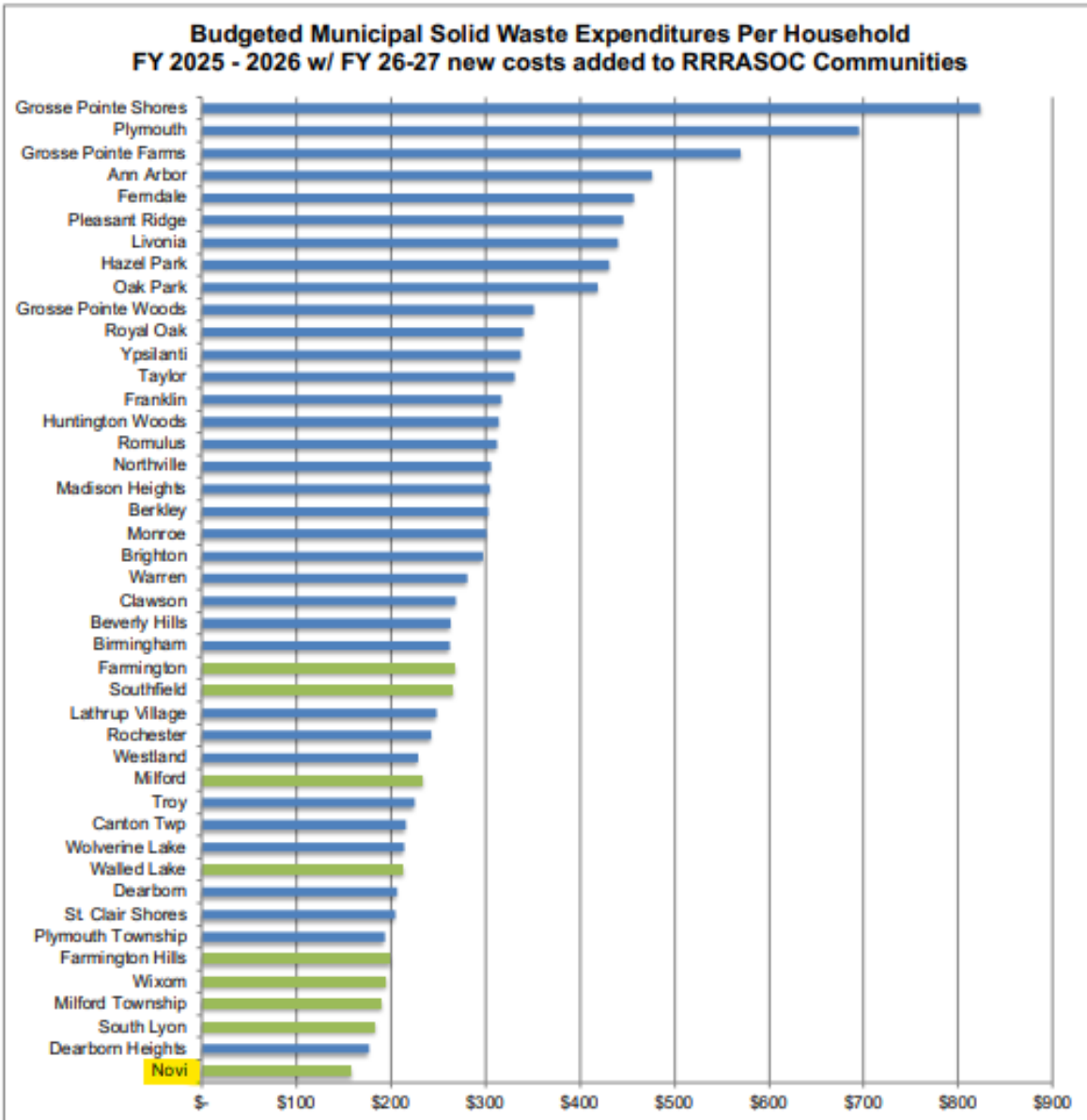
	SINGLE-FAMILY HOME RATE	CONDO RATE
Priority Waste Curbside Pickup (Solid Waste & Recycling for all; Yard Waste for homes only)	\$144.99	\$116.62
RRRASOC Recycling Costs (includes Member Contribution, Household Hazardous Waste, Tip Fees)	\$30.00	\$30.00
Emergency Debris Management Reserves		
<i>Option A- 50K Annual Collection</i>	<i>\$3.80</i>	<i>No yard waste collection</i>
<i>Option B- 100K Annual Collection</i>	<i>\$7.50</i>	
Total Annual Fee		
<i>Option A</i>	\$178.79	\$146.62
<i>Option B</i>	\$182.49	\$146.62

Since the Condo rate does not include yard waste collection, the debris charge cannot be applied to those Priority Waste accounts, therefore, they would also not be eligible for emergency debris management services (condos are generally on private streets). **Option A fee (\$179) would collect ~\$50K/year and Option B fee (\$183) would collect ~\$100K/year respectively and the condo fee (\$147) would stay constant in both scenarios. The emergency debris management fee would no longer be collected once the fund reached the minimum fund balance established.**

Option A would take **10 years**, and **Option B** would take **5 years to collect the recommended reserve funds (~\$500K)**. Option B would collect for 3 years (of the 5 total) during the existing Priority Waste agreement while contractual costs and low (Priority contract up in 2029 and prices are likely to increase) and therefore may be preferred. Alternatively, any other proposed increase (another amount different than the options presented) greater than the additional \$30.00 recycling rate would collect reserves at a multiplier of the total number of single-family home accounts (13,490) and can be considered as an alternate to the two recommendations above at City Council's direction.

With the increases, Novi's FY 2026-27 fees are still well below the regional averages for all curbside services.

See next page for chart.



Source: RRRASOC, April 2026

After direction is provided, staff will bring the Finance & Administration Committee's recommendation forward as a resolution for consideration at a future Council Meeting before July 1, 2026, the start of the new fiscal year.