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May 6, 2025

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Discussion and Possible Action Authorizing the City Manager to Execute an Agreement with Bell & Associates, Inc. in an amount not to exceed \$18,000 for SB 1383 Analysis and Franchise Agreement Analysis.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the City Manager to execute an agreement with Bell & Associates, Inc. in coordination with the City Attorney.

BACKGROUND AND DISCUSSION

The City of Rio Dell is beginning franchise agreement negotiations with Recology Eel River. The current Franchise Agreement, negotiated under Eel River Disposal expires at the end of 2026. This agreement will provide valuable information on the past performance of our current franchise agreement which will help the City become better informed of the approach to a new franchise agreement.

The City continues to work with our municipal and county partners on this overall effort to combine efforts in franchise negotiations and create a more standardized approach to the franchise agreements while also exploring our options related to the implementation of SB 1383, the new mandates related to organic waste. While staff was not originally intending on participating in this work, preliminary information from the other jurisdiction's data shows that the data from a Rio Dell analysis may be useful.

The costs are expected to be covered under a \$75,000 CalRecycle grant the City has been awarded.

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Bell & Associates, Inc.

1628 NW 33rd Way, Camas, WA 98607

Phone 360-210-4344

Kyle Knopp
City Manager
675 Wildwood Ave
Rio Dell, CA 95562

April 25, 2025

Mr. Knopp,

The following scope and budget are to provide Rio Dell staff with solid waste and recycling cost of service consulting to assist with the regulatory requirement to ensure that the information submitted by Recology represents the financial and operational cost of providing services within its franchised territory.

This project involves the following Tasks for the City on an on-call basis:

1. Assist with the financial analysis of topics related to the new franchise agreement proposed for the County and cities within Humboldt County.
2. Assist with the financial analysis of Recology's 2025-26 rate application to assess data accuracy, analysis of operations, review assumptions, and calculation of costs, and provide a report of findings and recommendations for City staff.
3. Complete a financial analysis of Recology's cost proposal for providing SB 1383 services to assess data accuracy, analysis of operations, review assumptions, and calculation of costs, and provide a report of findings and recommendations for jurisdiction staff.

Project Scope

Task 1. Review, edit, and comment on Exhibits C, D, and Article 11 of the draft franchise agreement between Recology and the City to highlight areas of concern regarding cost and operational reporting requirements.

Task 2. Review Recology's cost proposal for accuracy, reasonableness, and comparability with the new agreement and the specific services and dates of implementation in the franchise agreement appendix.

Task 3. Complete a cost and operational analysis to understand Recology's methods for calculating the proposed rates and underlying costs for accuracy, reasonableness, and fairness. Compare to Recology's current costs and operations for these services. Items to compare include staffing, labor rates, collected tons, and customer counts.

Task 4. Follow up with managers from Recology with any questions regarding the City service/cost proposal and provide a report of findings and recommendations to improve the accuracy and fairness of the Recology proposal

and reduce rate impact. Identify and correct any report inconsistencies with the franchise agreement, cost methodology, and application.

Task 5. Participate in meetings with Recology, city, and county staff, and CSG staff to review and discuss Recology's proposed costs/rates methodology.

Task 6. After Recology has answered any questions on the proposal submission, adjustments will be finalized and approved by City staff. Project results will be presented to the City Council in a virtual meeting for questions and discussion on the process and rates, if requested.

The following table summarizes the estimated hours by task.

Project Summary Table

Task	Procedure(s) and Description	Estimated Hours
1	Financial Analysis of the New Franchise Agreement (Note)	20
2	Review Recology's 2025-26 Collection Rate Application	20
3	Complete a cost and operational analysis of Recology's SB 1383 proposal	20
4	On-Call consulting	20
	Total Project Hours	80

The consulting fees are based on the estimated time to complete the tasks. If the tasks can be completed in less than our estimates, then Bell & Associates will bill accordingly. If we find it will take considerably more time due to a change in scope, we will discuss any changes with City staff and not proceed without prior written authorization. Fees for the project are estimated at \$18,000 (80 hours x \$225 per hour) for the rate review. Chris Bell, CPA, will be the project manager and the primary point of contact.

The Humboldt County jurisdictions are sharing the cost of Task 1. The Rio Dell portion of the shared costs would be 15%, the same as Fortuna and Arcata. Eureka and Humboldt County would pay 27.5% of the cost.