



Date: Tuesday, May 14, 2024

Honorable Mayor and Council Members

Author and title: Erin Brewster, Sustainability Program Manager

Title: **Council Direction on Solid Waste Franchise Agreement Amendments Specifically Related To Can-Averaging Billing System.**

Jen Callaway, Town Manager

Recommended Action: Direct staff to decline the proposal from Tahoe Truckee Sierra Disposal to amend the solid waste franchise agreement to implement a “can-averaging” billing system in the Town of Truckee.

Discussion: The purpose of this report is to provide the Town Council with a recommendation on the proposal provided by Tahoe Truckee Sierra Disposal (TTSD) to amend the solid waste franchise agreement to implement a can averaging billing system for the Town of Truckee (**Attachment 1**). Pursuing a return to can-averaging in Truckee is one of TTSD’s obligations under a class action settlement approved in July 2023. While the Town was not a party to this lawsuit, was not involved in settlement negotiations, and is not bound by the settlement agreement, staff have evaluated TTSD’s proposal to determine if it is in the best interest of most Truckee residential ratepayers. Staff do not recommend implementing TTSD’s can-averaging proposal because doing so would result in increased overall annual costs for a majority of Truckee households.

Background

On December 12, 2017, the Town Council approved execution of a new 10-year franchise agreement for solid waste collection services with TTSD (see **Attachment 2**). This contract went into effect on July 1, 2018. The new agreement included rollout of a three-container collection system including new recycling and green waste carts for residential customers. The switch to a three-container system was implemented to comply with the regulations created by California Senate Bill 1383 Short-Lived Climate Pollution Reduction (SB 1383), which required the Town to adopt significant program changes by January 1, 2022, to keep organic material out of landfills. Implementation of these new state requirements was projected to result in higher costs for the Town’s residential collection system. To help mitigate the rate impacts for residents, the Town and TTSD agreed to switch away from the “can-averaging” billing system utilized under the previous franchise agreement, as can-averaging would require a higher annual residential trash rate than implementation of a three-container system without can-averaging.

Current residential rate structure

Under the current franchise agreement, the annual residential trash rate includes collection of one 32-gallon can of trash per week. Residents paying an additional fee for second-can service can set out two 32-gallon containers (up to 64 gallons total). Any trash placed out in excess of this amount each week is charged the extra can rate (“overage fee”). This overage model encourages waste reduction while allowing for a lower annual trash rate. Residents do not receive credit for any weeks when they do not place trash out for collection under the current rate structure. Overage/extra-can fees also apply to overflowing trash cans, untied or heavily contaminated blue bags, and loose cardboard that is not inside a recycling cart or securely tied blue bag, all of which result in additional trash disposal. The Town

includes illustrated information for residents about what will result in an overage fee and how to avoid these charges on the Keep Truckee Green website and in the annual residential services mailer, which is sent to all residential property owners in Truckee each spring.

The annual residential trash rate includes a number of other services in addition to weekly trash pickup. This includes year-round, every-other-week recycling cart service, every-other-week green waste cart service May through November, six cubic yards of green waste drop-off at the Eastern Regional Landfill Material Recovery Facility, discounted six-yard yard waste dumpster rentals May through October, free cardboard and food scraps drop-off at various locations in Town, and two free bulky item pickups per year. Residential customers also get four scheduled overages of up to 96 gallons each (three standard trash cans) per year included with their trash rate, which must be scheduled in advance by calling TTSD. Through this scheduled overage program, residents can receive up to 12 additional cans of trash per year at no additional cost. The scheduled overage program was designed as a compromise measure to provide some level of flexibility for residential customers as Truckee moved away from can-averaging while still keeping the annual residential trash rate lower.

Funding for the Town's support of collection programs and waste reduction efforts comes from the Solid Waste Fund, an enterprise fund that does not receive financial support from the Town's general fund. This includes salary and benefits for the 1.5 full-time employee equivalent of staff time required to support implementation of solid waste collection programs. The Solid Waste Fund has two sources of revenue: the Town Administrative Fee and Assembly Bill 939 (AB 939) Fee that funds integrated waste management planning and waste reduction and diversion measures, both of which are set by the Town each year as part of the budget development process. The Administrative Fee applies to all customers, both residential and commercial. For residential customers, this fee is assessed and collected by the Town with property taxes. AB 939 fees are only applied to commercial accounts and are used to support implementation of commercial collection programs. These fees are set solely by the Town and incorporated into the rates approved by the Town Council each year.

TTSD does not provide any funding directly or indirectly to the Solid Waste Fund or to solid waste program staff. The franchise fee paid by TTSD to the Town goes into the general fund, which does not support any solid waste program staff time or initiatives. For context, the Town collects a franchise fee equal to 5% of gross receipts for all services performed under the Town's Franchise Agreement with TTSD. This is estimated to result in approximately \$540,900 in total franchise fee payments from TTSD in the 2023-24 service year, including \$264,123.12 from the annual residential trash rate collected with property taxes. Franchise fees are imposed on privately owned utilities (including solid waste haulers) and provide revenue to the Town's general fund as a way of recovering costs associated with a utility's use of public property and infrastructure such as public streets and roadways.

Rate Structure Comparison

Under a can-averaging system, each residential customer is issued a quarterly allotment of can "credits" based on the number of service days within each quarter. Customers may use their can credits at any time during the quarter, and only receive overage/extra trash fees for amounts in excess of their total quarterly allotment. Can credits do not roll over from one quarter to the next, and customers do not receive a refund for any unused credits. Under TTSD's can-averaging proposal, each residence on one-can service would receive thirteen can credits per quarter (average of one per week) and residences on two-can service would receive twenty-six can credits per quarter. While this system would provide the same number of cans per quarter as the current billing system, it allows residents more flexibility in their trash disposal than the current system because credits may be used any week throughout the quarter.

The franchise agreement's rate-setting methodology involves comparing the revenue received by TTSD to their projected costs for the next fiscal year, and adjusting rates as needed to cover those projected costs. The revenue received by TTSD to support residential collection programs includes the annual residential trash rate, which is collected as a parcel charge along with property taxes, and extra charges

(overage fees, extra can service, trip fees, etc.). There are not significant differences in cost for TTSD to operate under the different billing systems, but there are key differences in revenue that affect trash rates. Under can-averaging, there is less revenue collected from overage fees due to the can-credit system. Since TTSD's costs are the same under either system, the total revenue collected needs to be equivalent in order to cover costs. Accordingly, the annual residential trash rate is higher under can-averaging. Chart 1 illustrates the basic idea of how the rate structure differs between can-averaging and the current system, though it is not to scale. The total revenue received by TTSD is the same under both billing systems.

Because the rate-setting methodology in the Town's franchise agreement evaluates TTSD's actual revenue collected each year, all revenue from extra charges is taken into account when calculating the next year's rates. An increase in revenue creates downward pressure on trash rates for the following year. This creates an inherent safeguard if revenue from any source, including overage fees, is higher than anticipated. Under the franchise agreement, TTSD's profit is calculated using a formula that results in an estimated profit margin of approximately 11%, which is consistent with the standard range of profit (9-15%) in solid waste franchise agreements. This profit is not guaranteed, so there is no adjustment if TTSD's costs are higher than anticipated.

For residents that have few overages each year, the current billing system results in lower overall costs. Residents with highly variable trash disposal or who otherwise have a higher numbers of overages, will have a lower total cost under a can-averaging system. However, many of these residents could avoid overage fees by taking advantage of the scheduled overages available at no cost in the current collection program.

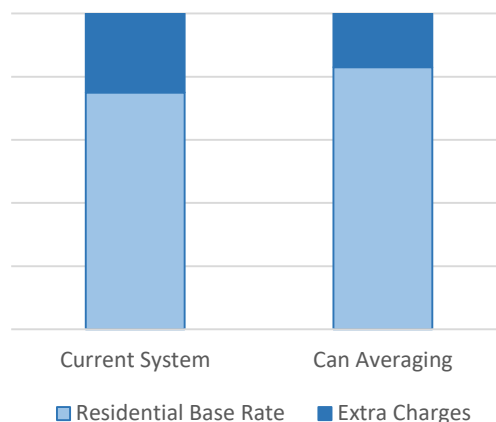
TTSD Class-Action Lawsuit and Settlement

In September 2020, plaintiffs filed a class action lawsuit against TTSD alleging that TTSD bills its customers for garbage and recycling collection services it fails to provide, charges unwarranted extra fees, and uses billing practices that hide these charges. The lawsuit pursued claims for violations of consumer protection statutes, breach of contract, and unjust enrichment. In a notice about this lawsuit provided to residential customers, TTSD denied that it had violated any law and denied that it engaged in any wrongdoing; specifically, TTSD asserted that it has not unlawfully billed its customers, it has provided all agreed-upon services to its customers and does not charge unwarranted extra fees.

TTSD entered into a class action settlement agreement with the plaintiffs of this lawsuit, which received preliminary approval from the Court in 2023. The settlement agreement was for injunctive relief only, and did not include any financial award to the general settlement class. TTSD mailed a notice of the preliminary settlement agreement in April 2023 to all persons within the Town of Truckee who receive TTSD's collection services to notify them of the hearing to be held on May 12, 2023, and of their right to object to the settlement agreement as members of the settlement class (**Attachment 3**). The settlement agreement (**Attachment 4**) received final approval from the court on July 24, 2023. While Town staff were aware of these proceedings, the Town was not a party to this lawsuit, was not involved in settlement negotiations, and is not bound by the settlement agreement.

The settlement agreement obligates TTSD to undertake certain actions to improve its services, including a requirement to "pursue reinstatement of a 'can-averaging' billing system for the Town of Truckee." Other requirements for TTSD include:

Chart 1: Illustration of Revenue Sources by Billing Model



- Creation of a full-time “route auditor” position to audit the billing charge entries made by drivers.
- Responding to customer complaints within three days and submitting quarterly reports to the class action plaintiffs’ attorneys.
- Creation of a new “claim process” for resolving billing disputes, with a goal of resolving all disputes within 15 days.
- Implementation of website upgrades to make it more functional and to provide an online way to submit complaints.
- Submittal of two reports on implementation of the settlement agreement to the class action plaintiffs’ counsel.

While the Town has no obligations under this settlement agreement, staff support making changes to the Town’s collection programs that benefit residents and/or businesses to the extent feasible. This includes consideration of TTSD’s proposal to return to a can-averaging billing system to determine if it is in the best interest of most Truckee residential ratepayers. As noted by the settlement agreement, any change to the billing structure for the Town’s solid waste collection programs would become effective “upon the successful negotiation of agreeable terms and rates for can-averaging by TTSD and the Town and approval by the applicable authority within the Town.” Because a return to can-averaging would require amending the solid waste franchise agreement, staff are requesting direction from the Town Council as to whether or not to proceed with pursuing these amendments, as this change would have impacts to ratepayers as well as to solid waste program staff capacity.

Can-Averaging Proposal

TTSD and Town staff began initial discussions about the feasibility of returning to can-averaging after the preliminary settlement agreement was approved. After the settlement agreement received final approval in July 2023, Town staff requested that any formal proposal from TTSD include a discussion of how the franchise agreement would be amended to accommodate this change, an estimate of cost impacts on residential customers, an explanation of the benefits, and a timeline for conducting a cost study or other financial analysis necessary to set new rates. TTSD submitted a formal revised can-averaging proposal to the Town of Truckee on March 8, 2024, with amendments on May 3 (**Attachment 1**).

TTSD’s proposal for can-averaging would follow a similar framework to the can-averaging system that was in place prior to the current franchise agreement, including the following parameters:

- Can-averaging would go into effect July 1, 2025
- Customers on 1-can service would receive 13 credits per calendar quarter.
- Customers on 2-can service would receive 26 credits per calendar quarter.
- Credits could be applied towards each 32-gallon can (or bag of equivalent capacity) left out for collection, including situations that currently result in overage fees such as loose cardboard, untied or heavily contaminated blue bags, or overflowing cans.
- Credits may not be applied towards bulky items (covered under a separate program), charges for mess cleanups, or other special collection events.

These can credits would be automatically applied to customer accounts at the beginning of each quarter, and would not roll over from one quarter to another. Customers could check their service history in their online account portal to determine how many can credits they have used each week. At the end of each quarter, TTSD would issue a bill for overage fees to any customer that exceeded their quarterly allotment of can credits. An anticipated outcome of this change is that the number of overage charges would be

substantially reduced, because a significant portion of overages would be covered by can credits and thus incorporated into the base rate. Can-averaging would also significantly reduce the number of billing statements generated, as overage fees would only be assessed once per quarter. TTSD estimates that in 2023, can-averaging would have resulted in 11,770 fewer billing statements Town-wide, and 4,846 customers that received a bill in 2023 would not have received one under can-averaging.

TTSD has projected the expected cost and revenue differences between the current system and can-averaging based on customer service history for 2023. TTSD projects that if customer disposal remains constant, under can-averaging their total revenue (comprised of base rate + extra charges) would decrease by 3.3% on all services except for revenue from second can service, which would decrease by 5.0%. Because the total revenue is required to remain constant to cover operating costs, TTSD would need to increase the base rates to offset this decrease. TTSD rounded these figures down to a proposed 3.0% rate increase for the annual residential trash rate and the extra can/overage fee, and a 4.5% rate increase for the second can rate, phased in over three years (1% per year for one-can service/overage fees and 1.5% per year for the second can rate). These rate increases would be applied *in addition to* any calculated rate increases TTSD is entitled to under the rate setting methodology in the franchise agreement. Under this proposal, TTSD would absorb the lost revenue from rounding the rate increase down and the first two years of the phase-in period during which the additional rate increases have not yet reached their full amounts.

Table 1. Proposed Additional Rate Increases (“Rate Adders”) Per Year

Year	Annual Residential Trash Rate (One-Can Service)	Extra Can/ Overage Rate	Second Can Rate	Other Rates
FY 25/26	1%	1%	1.5%	0%
FY 26/27	1%	1%	1.5%	0%
FY 27/28	1%	1%	1.5%	0%
Total additional rate increase by FY 27/28:	3%	3%	4.5%	0%

To help offset this lost revenue, TTSD is asking for a modification to the franchise agreement term. The current franchise agreement has a ten-year term (July 1, 2018 - June 30, 2028) with three one-year extension options. In place of the three one-year contract extension options, TTSD proposes that the contract would be formally extended for three years to June 30, 2031. In effect, the Town would be exercising all three one-year extension options now. Even with the proposed three-year extension, TTSD would still absorb some costs associated with making the change to can-averaging.

Evaluation of Can Averaging Proposal

Town staff provided the can-averaging proposal and supporting financial analysis to HF&H Consultants, who are under contract with the Town to provide independent review of TTSD’s annual solid waste rate application and other ongoing support for the franchise agreement. HF&H’s review of the can-averaging proposal concluded that it is reasonable both financially and methodologically (**Attachment 5**).

Anticipated Timeline

The proposal seeks a reinstatement of can-averaging effective July 1, 2025, if Council directs staff to make this change. This timeline is primarily based on two factors: the need for an amendment to the franchise agreement to accommodate this change, and alignment with the cost-based rate setting process for FY 25/26 (Rate Period 8). Cost-based rate setting includes a more thorough evaluation of both revenue and actual costs. Switching to a can-averaging billing system and accompanying rates during an index-based rate adjustment period would mean relying on estimated cost projections rather than calculated costs and leave the Town and ratepayers vulnerable to overpayment.

If Council directs staff to pursue amendments to the Franchise Agreement, staff will begin this process in July 2024, or as soon as the FY 24/25 consultant contract has been executed. Once the negotiation

process has been completed with TTSD, staff would return to Council for approval to execute the amended solid waste franchise agreement, likely in late 2024, and begin the process of setting FY 25/26 solid waste rates through a cost-based adjustment. An implementation date of July 1, 2025 also allows adequate time to conduct public outreach about these changes and implement necessary adjustments to TTSD's billing system. Neither Town staff nor TTSD believe it would be possible to implement a can-averaging billing system earlier than July 1, 2025, given these constraints.

Impacts to Ratepayers

TTSD's proposal to return to can averaging would raise the annual residential solid waste rate and overage fees by 3.0% and raise the second can rate by 4.5% to account for the anticipated difference in revenue between the two types of billing system. Using proposed FY 24/25 residential rates as a basis for estimating the financial impact, this change would be equivalent to an additional \$13.30 per year for one-can customers, and \$24.34 a year for two-can customers. However, the rate increases would be calculated based on FY 25/26-27/28 rates, so the actual cost difference may be higher if rates increase during that time. Whether a resident would pay less overall under can-averaging will depend on how many overages that household typically has in a year under the current system, and whether they have an equivalent number of days when they do not set out trash in the same quarter (unused "can credits" under a can averaging system).

TTSD provided data on customer overages for 2023 to allow Town staff to estimate the impact on total annual cost for residents, assuming behavior is similar from year to year. A 3.0% increase in the annual trash rate is equal to 1.8 overage fees, so one-can customers would need at least two overages per year to pay less under can-averaging. The total change in cost for two-can customers is equivalent to 3.3 overages per year, so two-can customers would need at least four overages per year to pay less under can-averaging. During the two-year phase-in period, some additional customers would temporarily pay less under can-averaging than the current system, but pay more once the rate increase has been fully implemented.

Table 2: Estimated Total Cost Difference for Residential Customers

Year of Additional Rate Increase Phase-in	Minimum % of Customers Paying Less Under Current Billing System
1	38%
2	55%
3+	58%

Table 2 shows the percentage of customers estimated to pay less overall under the current system compared to can-averaging during each year of the phase-in, based on 2023 overage data. If behavior is similar to 2023, a majority of residential customers could pay less overall under can-averaging during the first year of the phase in, but this number would drop as the additional rate increases are phased in. Once the rate increase is fully phased in after three years, at least 58% of residential customers would pay more under can-averaging than the current system. This analysis only looks at the number of overage fees charged to each customer and does not consider if they had an equivalent number of available "credits" from unused trash collection during that billing quarter to fully offset those overages under can-averaging. It can be assumed that at least some customers with overage fees in 2023 did not have sufficient available "credits" in the same billing quarter as their overages, so these numbers represent the *minimum* percentage of customers paying less under the current system. Approximately 37% of residential customers did not have any overage fees in 2023. Customers who rarely or never have overages would have the greatest total increase in cost under a switch to can-averaging.

In their proposal, TTSD notes that there are benefits to customers beyond potential cost savings. Can averaging provides flexibility for customers who may not use trash service in a given week, especially part-time residents and during winter storm conditions when placing trash out and/or clearing a path for

servicing may be difficult or impractical. Additionally, extra charges are only billed once per quarter, rather than each week that additional materials are set out for collection, resulting in fewer bills for customers.

There will also be impacts to customer notifications and the online account portal. TTSD notes in their proposal that reintroduction of can-averaging will require modification to customer e-mail service notifications. Residential customers will still be able to receive real-time service event email notifications, but they will not receive same-day notice of extra charges, since these will not be processed until the end of the service quarter. TTSD also reports that customers would not be able to view a real-time tally of their total quarter-to-date can credits used but could view their weekly service history and calculate the can allotment used themselves.

Impacts to Town Staff and Budget

Implementation of a can-averaging system would increase the Town's solid waste consulting costs in FY 24/25. The Town contracts with a consultant each year to provide a third-party, independent review of TTSD's rate application. If directed by Council to implement can averaging, staff would include additional funds in the contract scope for FY 24/25 for the consultant to provide technical expertise in drafting the franchise agreement amendments. These costs would be recovered through the Town's administrative fee applied to solid waste rates. Estimated costs for this consultant support are \$26,395 and have been included in the proposed FY 24/25 budget, as well as the noticed residential rates.

If Council does not direct staff to pursue a can averaging billing system, staff will remove these costs from the consultant contract and reduce the proposed FY 24/25 Administrative Fee applied to solid waste program annual rates by approximately \$1.98 per customer for the FY24/25 service year.

Additional staff time would also be needed to support the franchise agreement amendments, as this project is not currently in the FY 24/25 workplan. This could result in delays to FY 24/25 workplan projects as staff time is redirected to support this new project.

Staff Recommendation

Staff does not recommend amending the franchise agreement to implement a can-averaging billing system as outlined in TTSD's proposal. The Town originally moved away from can-averaging to help mitigate cost increases to trash rates, and returning to can-averaging would require implementing a higher annual residential trash rate. Given that can-averaging would likely result in increased costs for at least 58% of residential customers, staff recommends that it is in the best interest of most residential ratepayers to remain under the current system. The current system also better encourages waste reduction in accordance with the Town's strategic priorities by incentivizing residents to reduce their trash generation and avoid behaviors that result in otherwise recyclable materials being disposed of as trash.

Staff also does not recommend extending the current franchise agreement with TTSD as outlined in their can-averaging proposal. The current franchise agreement does not include some measures necessary to come fully into compliance with SB 1383, such as ensuring bins (often referred to as dumpsters) meet color-coding and labelling requirements no later than 2036. With the 3-year extension proposed by TTSD, the current franchise agreement would not expire until 2031, allowing less time to implement these changes when the next franchise agreement is in place.

Additionally, staff anticipate considering service changes into the RFP for the next franchise agreement to address current commercial collection program constraints, such as:

- Recycling collection more than once a week for commercial and multifamily customers
- Bin service for mixed recyclables (currently only cart service is offered)
- Saturday trash collection option (allowing for trash service up to 6 days a week) to address constraints in the current program.

Without extensions, the current franchise agreement ends on June 30, 2028. Staff anticipate beginning the process of drafting an RFP for a new franchise agreement in 2026 if no extensions are made. If the current franchise agreement is extended an additional three years as proposed by TTSD, this would delay implementation of these program changes to 2031 or later, or require staff to amend the current franchise agreement to incorporate them.

Regardless of Council direction on can-averaging, Town staff plans to continue to conduct and enhance outreach about how to avoid overage fees, encourage labelling of carts and bear sheds with address numbers to reduce inaccurate billing, and promote the scheduled overage program. Keep Truckee Green is also working with TTSD to provide information to residents about the service improvements made as part of the settlement agreement, including the new online complaint submittal.

Alternatives

Alternatively, Council may determine that the increased flexibility for residents under a can-averaging billing system would warrant the additional cost to residents. If so, Council may direct staff to initiate negotiations with TTSD to amend the franchise agreement to implement can-averaging beginning July 1, 2025. Staff have discussed various scenarios for implementation of can-averaging with TTSD, and they have expressed flexibility in some aspects of their proposal, most notably the 3-year contract extension.

Based on these discussions, staff have outlined four possible scenarios for making this change:

1. Amend the franchise agreement to accommodate a return to can-averaging under the terms proposed by TTSD, including the additional residential rate increase each year for three years, as well as a three-year extension of the franchise agreement.
2. Amend the franchise agreement to accommodate a return to can-averaging with a one-time, additional rate increase in FY 25/26 (3% for the annual residential trash rate and overage fee, 4.5% for the second can rate), but without extending the franchise agreement. These rate increases would be *in addition to* any increase made through the standard annual rate adjustment process.
3. Direct staff to negotiate amendments to the franchise agreement with the conditions specified in Scenario 1 above, and to explore cost savings from cutting optional residential services (i.e. services that are provided under the franchise agreement that are not required by state law) to offset the rate increase from can-averaging. These services are listed below:
 - Free scheduled overages.
 - Subsidized green waste dumpster rental (applicable rebates from the Truckee Fire Protection District would still apply).
 - Free drop-off of up to 6 CY/year at the Eastern Regional Material Recovery Facility.
4. Direct staff to negotiate amendments to the franchise agreement with the conditions specified in Scenario 2 above, and to explore cost savings from cutting the optional residential services (i.e. services that are provided under the franchise agreement that are not required by state law) to offset the rate increase from can-averaging. These services are listed below:
 - Free scheduled overages.
 - Subsidized green waste dumpster rental (applicable rebates from the Truckee Fire Protection District would still apply).
 - Free drop-off of up to 6 CY/year at the Eastern Regional Material Recovery Facility.

If Council does wish to return to a can averaging system, staff recommends pursuing Scenario 4. It is unknown at this time how much the removal of the optional residential services identified in Scenario 4 would reduce costs. If directed to pursue evaluating service reductions, staff will work with TTSD and our

consultants HF&H to evaluate these potential cost reductions and present them to Council as options with the amended franchise agreement.

Should Council direct staff to pursue franchise agreement amendments to return to can-averaging, the anticipated timeline is outlined in Table 3.

Table 3: Anticipated Timeline for Amendments and Rate Setting

Task	Timeline
Franchise Agreement Negotiations with TTSD	7/1/2024 - 10/15/2024
Amended Franchise Agreement to Council for Approval	11/2024
Execution of Franchise Agreement Amendments	12/2024
TTSD Submittal of FY 25/26 Rate Application	1/2/2025
Consultant Review of Rate Application, including Revenue and Cost Review	1/2/2025 - 3/7/2025
Draft Consultant FY 25/26 Rate Application Review Report	3/14/2025
Final Consultant FY 25/26 Rate Application Review Report	4/11/2025

Priority:

<input type="checkbox"/> Enhanced Communication	<input checked="" type="checkbox"/> Climate and Greenhouse Gas Reduction	<input type="checkbox"/> Housing
<input type="checkbox"/> Infrastructure Investment	<input type="checkbox"/> Emergency and Wildfire Preparedness	<input checked="" type="checkbox"/> Core Service

Fiscal Impact: Because the Town's solid waste collection programs are supported by an enterprise fund, there are no impacts on the Town's general fund. However, changes to the Town's collection services to accommodate can-averaging will result in ratepayer impacts, both through the rates charged directly by TTSD and through the administrative fee assessed by the Town to cover our costs. If Council directs staff to pursue amendments to the Town's solid waste franchise agreements to shift, this will require in approximately \$26,400 in FY 24/25 consultant costs to support franchise agreement amendments, which corresponds to approximately \$1.98 in annual administrative fees per customer for the year. The annual residential trash rate, overage fee, and second can fee would also increase by an additional percentage compared to standard calculated adjustments, with the exact amount depending on the franchise agreement scenario chosen by Council.

Staff have included estimated consultant costs for supporting amendments to the franchise agreements in the proposed FY 24/25 budget and residential solid waste rate as noticed to residents on April 26, 2024, pending direction from Council on these franchise agreement amendments. If Council does not direct staff to amend the franchise agreement to return to can-averaging, the consultant costs for FY 24/25 can be reduced, resulting in a lower administrative fee component of the residential trash rates. These changes would be reflected in the Solid Waste rates and consultant contract that will be brought to Council on June 11, 2024.

Public Communication: Agenda posting and social media outreach.

Attachments:

1. TTSD Can Averaging Proposal
2. December 12, 2017, Staff report available at: <https://portal.laserfiche.com/Portal/DocView.aspx?id=59303135&repo=r-6a91ddbc>
3. Notice of Class Action Settlement
4. Final Settlement Agreement, available at: <https://bholawsd.wpenginepowered.com/wp-content/uploads/2024/02/00197935.pdf>
5. HF&H Can Averaging Proposal Review