



**CITY OF SANTA CLARITA
AGENDA REPORT**

CONSENT CALENDAR

CITY MANAGER APPROVAL:

Ken Stripling

DATE: May 23, 2017

SUBJECT: ANNUAL RATE ADJUSTMENT FOR FRANCHISED SOLID WASTE SERVICE PROVIDERS

DEPARTMENT: Neighborhood Services

PRESENTER: Dale Sargent

RECOMMENDED ACTION

City Council:

1. Adopt a resolution approving the Sixth Amendment to the Amended and Restated Agreement between the City of Santa Clarita and USA Waste of California, Inc. (DBA Waste Management) for residential solid waste management services, allowing an adjustment in their special services and multi-family residential rates by 1.53 percent based on the formula outlined in their Residential Franchise Agreement and single-family residential standard service rates based on Section 6.5.2, Santa Clarita Valley Rate Cap, as outlined in the Residential Franchise Agreement subject to City Attorney approval.
2. Adopt a resolution approving the Fifth Amendment to the Amended and Restated Agreement between the City of Santa Clarita and Burrtec Waste Industries, Inc. for the addition of commercial organic waste recycling services and for commercial solid waste management services, allowing an adjustment in rates by 1.61 percent based on the formula outlined in their Commercial Franchise Agreement subject to City Attorney approval.

BACKGROUND

In November 2003, the City Council selected USA Waste of California, Inc. (Waste Management), as the exclusive solid waste hauler for residential services and Burrtec Waste Industries, Inc. (Burrtec), for commercial services. Pursuant to Section 6.3 of their respective agreements, Waste Management and Burrtec may request rate adjustments for their next rate year, July 1, 2017, through June 30, 2018. They must submit a request for the adjustment by April 1, 2017, and follow the specific guidelines for a rate adjustment as outlined in the Franchise Agreements. Per Section 6.3 of the Franchise Agreements, "Adjustments to the maximum rates are subject to the approval of the City Council at a publicly noticed City Council

meeting, although the City Council's discretion shall be limited to determining, based on substantial evidence, whether the requested maximum rate adjustment meets the requirements as set forth herein.”

On May 24, 2011, the City of Santa Clarita (City) negotiated additional residential and commercial diversion programs to be added to the Franchise Agreements. The diversion programs included a Super Saver Program, which provides a financial incentive for increased recycling and use of smaller waste carts, small recycling carts for businesses lacking space for full-size bins, and litter/abandoned item abatement from the public right-of-way.

Waste Management

The City's review of Waste Management's proposed rate adjustment determined a 1.54 percent increase is in line with the methodology outlined in the Franchise Agreement. The annual rate cap is limited to 6 percent. This adjustment is based on price indexes, which include labor, fuel, equipment and disposal.

With the approval of the proposed rate change, the new single-family monthly rate would increase by \$0.35 to \$22.85 from the current rate of \$22.50, effective July 1, 2017. However, according to Section 6.5.2 of the Franchise Agreement, the maximum rates for standard residential services shall remain below all incorporated jurisdictions, including unincorporated Los Angeles County (County), with source separated franchised collection services in the Santa Clarita Valley.

Currently, the standard single-family service rate for unincorporated areas in the Santa Clarita Valley is \$22.51 for the rate year 2016-2017. At this time, staff does not have the proposed 2017-2018 service rates for the County. Therefore, the rate will remain at \$22.50 based on the current rate year 2016-2017 standard single-family service rate for the City, in accordance with Section 6.5.2 of the Franchise Agreement. Once the County rate is verified for rate year 2017-2018, the City residential service rate will be adjusted in accordance with the Franchise Agreement. The final adjusted rates will not be made until the new County rates take effect, and in accordance with 5.1.1 of the Franchise Agreement, after residential customers are notified 30 days prior to the adjustment.

In regard to multi-family rates, the difference in rates from what is proposed by staff and the letter submitted by Waste Management is due to rounding corrections. Attached is a summary of the Method of Adjustment for Waste Management for this annual rate adjustment described in Section 6.4 of the Franchise Agreement.

Burrtec

The City's review of Burrtec's proposed rate adjustment determined a 1.61 percent increase is in line with the methodology outlined in the Franchise Agreement. The annual rate cap is limited to 6 percent. This new rate would be effective July 1, 2017. With the approval of the proposed rate change, the new rate for a three-cubic-yard bin, serviced once a week, will increase by \$1.31 to \$82.69 per month from the current rate of \$81.38. Attached is a summary of the Method of Adjustment for Burrtec for this annual rate adjustment described in Section 6.4 of the Franchise

Agreement.

In October 2014, Governor Jerry Brown signed Assembly Bill (AB) 1826, encouraging businesses to recycle their organic waste beginning April 1, 2016, depending on the amount of waste generated per week. Organic waste, also referred to as organics, is food waste, green waste, landscape and pruning waste, non-hazardous wood waste, and food-soiled paper waste that is mixed in with food waste. This law phases in the recycling of commercial organics over time. Reducing the amount of organic materials sent to landfills and increasing the production of compost and mulch are part of the AB 32 (California Global Warming Solutions Act of 2006) Scoping Plan.

On May 24, 2016, the City Council approved a voluntary program regarding commercial organic waste. The program set forth rates separate from the traditional waste services as special processing is required. Staff requests the City Council consider approving the requested rates for Burrtec (see rate sheet in Burrtec Resolution) for commercial organics recycling service. Local businesses can choose to divert their organic waste in any number of ways, including recycling organic waste through Burrtec, selling the organic waste to a third-party hauler, donating their food to food banks/food rescues, back hauling organic waste to a processing facility, composting on site, or donating the food waste for livestock feed. The City and Burrtec have provided outreach and education to businesses about AB 1826. Staff will also review the program each year and provide data to California Department of Resources Recycling and Recovery, as required by the statute.

Burrtec's services run six days per week for trash, green waste, and recycling. The rate sheet (see rate sheet in Burrtec Resolution) in the Amendment shows only Monday through Saturday service, as no commercial customers require Sunday services at this time.

ALTERNATIVE ACTION

Other action as determined by the City Council.

FISCAL IMPACT

None

ATTACHMENTS

Waste Management Resolution
Waste Management Methodology
Waste Management Request Letter
Burrtec Resolution
Burrtec Methodology
Burrtec Request Letter