



CITY OF MENIFEE

SUBJECT: Annual Solid Waste Rate Adjustment

MEETING DATE: May 1, 2024

TO: Mayor and City Council

PREPARED BY: Kori Jones, Senior Management Analyst

REVIEWED BY: Jonathan Nicks, Deputy City Manager

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Approve the USA Waste of California, Inc., dba Waste Management of the Inland Empire ("Waste Management") proposed solid waste rate adjustments for Fiscal Year (FY) 2024/2025.

DISCUSSION

The City of Menifee has an exclusive franchise agreement with Waste Management for the collection and handling of solid waste, dry recycling, and organics within the City (collectively, "solid waste"). The City requires that all premises within the City that accumulate or produce solid waste receive weekly solid waste services through the franchise waste hauler, unless they self-haul waste in a manner that complies with all applicable laws. Regular solid waste service is important to preserve the health, welfare, and sustainability of our community.

The City Council reviews and approves, as applicable, an annual rate adjustment proposal submitted by Waste Management for application to solid waste bills to be in effect as of July 1st of the respective fiscal year. The Waste Management Franchise Agreement ("Agreement") states that at the approval of the City, which approval shall not be unreasonably withheld, the Contractor Service Rates shall be adjusted annually to reflect changes in the Consumer Price Index (CPI). The FY 2024/2025 proposal reflects an overall rate adjustment of 3.78%.

Proposed Rate Adjustment and Calculation

Section 24 of the Agreement details the two components of the solid waste rates. The service component comprises 80% of the solid waste rate, while the disposal component comprises the remaining 20% of the solid waste rate. The factors impacting the cost of each of these components are detailed on the following page.

- Service Component Factors: Consumer Price Index (CPI), not-to-exceed 4%.
- Disposal Component Factors: County of Riverside landfill rate or CPI, whichever is greater.

The proposed solid waste rate adjustment for FY 2024/2025 represents an increase of 3.78% above the current rate, based upon the application of factors in the table below:

TABLE 1: RESIDENTIAL/COMMERCIAL RATE COMPONENT FACTORS

Rate Component	Weight	Percentage	Weighted Percentage
Service Component - CPI	80%	4.00%	3.20%
Disposal Component - Landfill	20%	2.88%	0.58%

The FY 2024/2025 Waste Management Adjusted Rate Sheet and CPI adjustment detailed calculation have been attached to this staff report. The rate sheet also identifies the final year of a three-year phase-in of costs for the implementation of SB 1383 organics collection and compliance monitoring for senior residents. This phase-in of the senior rate increase was approved by City Council at the June 1, 2022 meeting.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

In accordance with the current Agreement with Waste Management, the City receives a 12% franchise fee on net revenue collected by Waste Management in the City's General Fund Account No. 100-3630 (Franchise Fee-Solid Waste). Adjustments to solid waste rates have a proportionate effect on revenues received by the City. The adopted budget for FY 2024/2025 includes an increase from \$2,300,000 in revenue to \$2,400,000 in anticipation of the rate increase. No additional budget appropriation action(s) is required.

ATTACHMENTS

1. FY 2024-25 Waste Management Adjusted Rate Sheet
2. 2024 Waste Management CPI Adjustment Calculation
3. 2024 CPI-U Index Chart