



## **CITY OF MENIFEE**

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SUBJECT: Annual Solid Waste Rate Adjustment

MEETING DATE: June 4, 2025

TO: Mayor and City Council

PREPARED BY: Kori Jones, Senior Management Analyst

REVIEWED BY: Mariana Mitchell, Community Services Director

APPROVED BY: Armando G. Villa, City Manager

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### **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) 2025/2026.

### **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 1<sup>st</sup> 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 2025/2026 proposal reflects an overall rate adjustment of 4.09%.

### **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.

The proposed solid waste rate adjustment for FY 2025/2026 represents an increase of 4.09% above the current rate, based upon the application of factors in Table 1 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%	4.44%	0.89%
<b>Adjusted Weighted Percentage</b>			<b>4.09%</b>

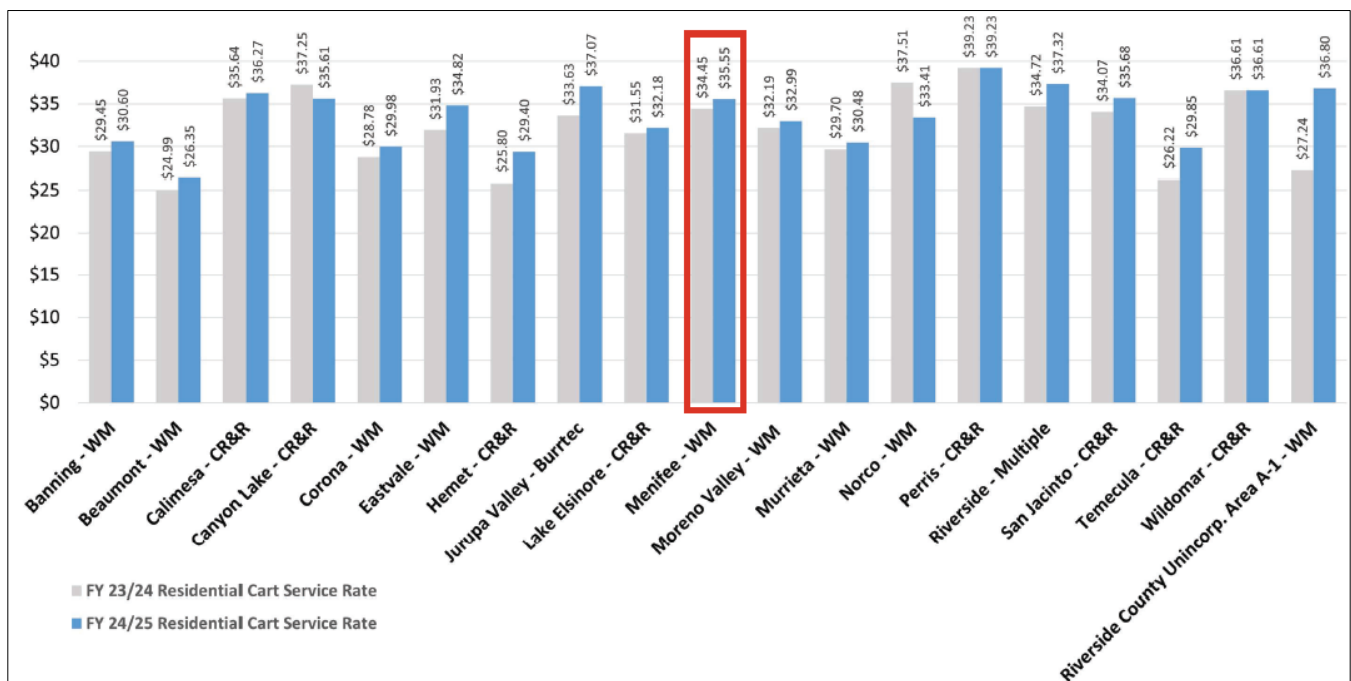
\* Service Component Factors: Consumer Price Index (CPI), not-to-exceed 4%.

\*\* Disposal Component Factors: County of Riverside landfill rate or CPI, whichever is greater.

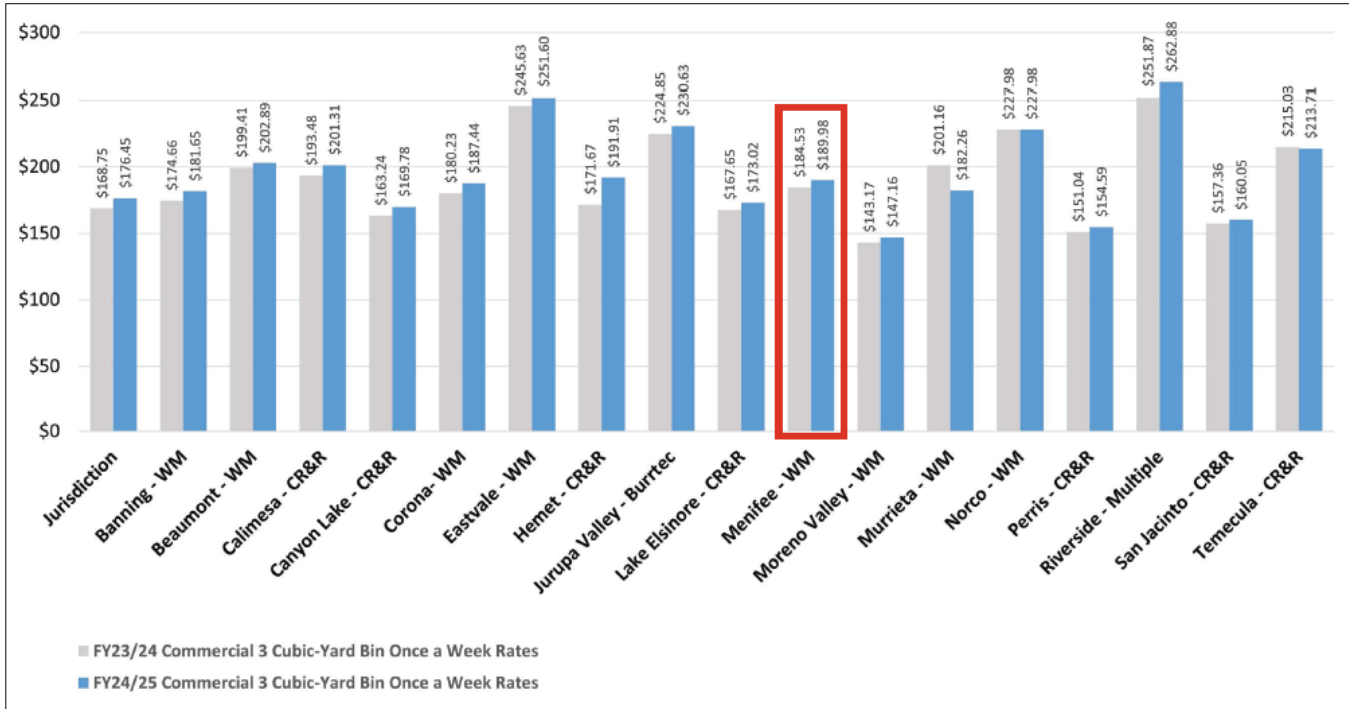
The FY 2025/2026 Waste Management Adjusted Rate Sheet and CPI adjustment detailed calculation have been attached to this staff report. This fiscal year adjustment will also include the final year of a two-year phased increase for 16 homeowners' association (HOA) accounts not previously adjusted to the City-approved rate structure until FY 2023/24 due to the continuance of now obsolete agreements established prior to the incorporation of the City.

As part of its membership to the Western Riverside Council of Governments (WRCOG) Solid Waste Committee, the City is provided access to an annual solid waste rate survey and report comparing regional residential and commercial rates of neighboring cities as well as Riverside County. As noted in the WRCOG report, factors such as inflation and additional services to comply with state mandates have contributed to rising rates. A snapshot of this study has been provided in Graphs 1 and 2 below. The complete WRCOG report has been attached to this staff report.

**GRAPH 2: SINGLE-FAMILY – 96 GALLON REFUSE CART**



**GRAPH 2: COMMERCIAL REFUSE – 3 CUBIC-YARD BIN ONCE A WEEK**



While comparison of rates can be utilized as a general tool, it is important to note that jurisdiction rates are varied based on ancillary services provided to customers in the area, structure of its franchise agreement with the servicing hauler, whether services are contracted or in-house, and/or number of households/accounts served by the hauler. All jurisdictions are required to comply with California Senate Bill (SB) 1383 and may be in various stages of implementation for ordinance and franchise modification, and service level adjustments. CalRecycle, the state agency which oversees applicable solid waste legislation, has indicated that the City of Menifee is meeting its requirements as set forth in SB 1383. The City can anticipate a complete audit and review of its required programs to be conducted by CalRecycle within the next 12-18 months.

### **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 (1100-436300). 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 is required.

**ATTACHMENTS**

1. FY 2025-26 Menifee Solid Waste Adjusted Rate Sheet
2. Waste Management CPI-Index Change and Rate Calculation
3. WRCOG Solid Waste Rate Report