

DATE SUBMITTED 3/11/2020  
 SUBMITTED BY ACM  
 DATE ACTION REQUIRED 3/18/2020

COUNCIL ACTION (X)  
 PUBLIC HEARING REQUIRED ( )  
 RESOLUTION ( )  
 ORDINANCE 1<sup>ST</sup> READING ( )  
 ORDINANCE 2<sup>ND</sup> READING ( )  
 CITY CLERK'S INITIALS AB

**IMPERIAL CITY COUNCIL  
 AGENDA ITEM**

SUBJECT: DISCUSSION/ACTION: REPUBLIC SERVICES 1. APPROVAL OF RATE INCREASE TO WASTE SERVICES DUE TO MANDATORY ORGANICS RECYCLING	
DEPARTMENT INVOLVED: CITY MANAGER'S OFFICE AND ADMINISTRATIVE SERVICES DEPARTMENT	
BACKGROUND/SUMMARY: On January 14, 2020 the City of Imperial, along with franchise holders Brawley and Calexico, met with Republic Services to discuss their requested rate increase to the commercial and residential customer base. The increase requested is due to the State of California's implementation of AB 1594 and AB 1826. Attached for your review and consideration is the proposed increases. It is the City's recommendation to implement column E, 5% total split between commercial and residential customers; increasing residential accounts by \$1.88.	
FISCAL IMPACT: TBD	ADMIN SERV INITIALS <u>AS</u>
STAFF RECOMMENDATION:	DEPT. INITIALS _____
MANAGER'S RECOMMENDATION: It is our recommendation to implement the proposed 5% in leu of CPI	CITY MANAGER'S INITIALS <u>AB</u>
MOTION:	
SECONDED: AYES: NAYES: ABSENT:	APPROVED ( )      REJECTED ( ) DISAPPROVED ( )      DEFERRED ( ) REFERRED TO:



February 11, 2020

Ms. Alexis Brown  
 Assistant City Manager  
 City of Imperial  
 420 South Imperial Avenue  
 Imperial, CA 92251

Dear Ms. Brown;

As a follow up to our meeting on January 14, 2020 regarding our request for a rate adjustment for the additional cost associated with compliance of AB 1594 and AB1826, we have evaluated the cost sharing between Commercial and Residential rates. The table below shows the rate adjustments needed to offset the additional cost incurred for processing of green waste and commercial organics.

Summary	(A) Commercial Customer Count	(B) Annual Revenue	(C) CPI Percentage Increase (2.5% Total)	(D) 1.5% Commercial Share (4.0% Total)	(E) 2.5% Commercial Share (5.0% Total)	(F) 3.5% Commercial Share (6.0% Total)	(G) 4.5% Commercial Share (7.0% Total)
Imperial Valley Franchise Cities	1,623	\$ 3,123,331	\$ 78,083	\$ 46,850	\$ 78,083	\$ 109,317	\$ 140,550
Processing Costs			\$ 475,445	\$ 475,445	\$ 475,445	\$ 475,445	\$ 475,445
Variance				\$ 428,595	\$ 397,362	\$ 366,128	\$ 334,895
Residential Customer Base			17,631	17,631	17,631	17,631	17,631
Annual Increase per Residents			\$ 26.97	\$ 24.31	\$ 22.54	\$ 20.77	\$ 18.99
Residential Increase per Month			\$ 2.25	\$ 2.03	\$ 1.88	\$ 1.73	\$ 1.58

Column A: Customer count for all three franchise cities  
 Column B: Revenue generated from all Commercial customers  
 Column C: CPI increase for Commercial customers  
 Column D - G: CPI +( 1.5% - 4.5%) adjustment for green waste and organic processing

Republic Services is committed to working with the cities to meet California diversion requirements. We will provide the cities with quarterly documentation showing the cost for preprocessing the organic and commercial waste.

Please do not hesitate to contact me with any questions regarding this matter or the services we provide. I may be reached at my office at (760) 337-2412 or my cell at (818)974-7796.

Sincerely,

German Hernandez  
 Division Manager

Imperial Load	Transportation to Copper	Labor	Process. DD&A	LF Residual	Total Cost	# Tons	Cost Per Ton	Margin	Total Cost/Ton	# Homes	\$/Home	\$/Home/Month
\$23,140	\$180,635	\$144,752	\$56,233	\$8,670	\$413,430	8500	\$ 48.64	\$ 7.30	\$ 55.93	17631	\$ 26.97	\$ 2.25

Greenwaste processing Cost

Tip Fee	\$ 23.65
Transportation	\$ 21.25
Transfer/Push	\$ 2.72
Contamination (disposal)	\$ 1.02
Margin	\$ 7.29
Total	\$ 55.93

Tip Fee	\$ 23.65
Transportation	\$ 21.25
Transfer/Push	\$ 2.72
Contamination (disposal)	\$ 1.02
Margin	\$ 7.29
Total	\$ 55.93



December 13, 2019

Mr. Stefin Chatwin  
City Manager  
City of Imperial  
420 South Imperial Ave  
Imperial, CA 92251

Dear Mr. Chatwin,

In September 2014, Governor Brown signed Assembly Bill (AB1594) mandating that as of January 1, 2020, the use of green material as alternative daily cover (ADC) will no longer constitute diversion through recycling and will instead be considered disposal. In order to obtain diversion, Republic Services will transport organics to Copper Mountain located in Arizona, to process and compost. In doing so, the city will continue to receive diversion. In order to offset the anticipated costs, we are asking for a rate adjustment as provided in Section 13 of the Solid Waste Disposal and Recycling Franchise Agreement, with a residential rate increase of \$2.25 per home. We have attached supporting documentation for the anticipated cost increase and the corresponding price adjustments.

Governor Brown also signed (AB1826) which requires businesses to recycle organic waste. In February 2019, Republic Services conducted a City-wide audit on all commercial business in which 79 - Tier 3 businesses (those generating 4 cubic yards or more of commercial solid waste per week) were identified. In order to offset the anticipated costs, we are asking for a rate adjustment as provided in Section 13 of the Solid Waste Disposal and Recycling Franchise Agreement, with a commercial customer rate increase of 4%.

In an effort to mitigate some costs to the consumer, we are committed to waive the 2020 Annual CPI increase. We would like to thank you for the privilege of being your partner in providing solid waste, recycling and street sweeping services to the residents of the City of Imperial. Republic Services is proud to serve the community. Please do not hesitate to contact me with any questions regarding this matter or the services we provide. I may be reached at my office at (760) 337-2412 or my cell at (818)974-7796.

Sincerely,

A handwritten signature in black ink, appearing to read "German Hernandez", with a long horizontal flourish extending to the right.

German Hernandez  
Division Manager