

## ITEM 4.15

### **CITY MANAGER'S REPORT JUNE 8, 2020 CITY COUNCIL REGULAR MEETING**

**ITEM: AUTHORIZE ADJUSTMENT TO THE REPUBLIC SERVICES SOLID WASTE COLLECTION RATES FOR FISCAL YEAR 2020-2021 AND RELATED BUDGET AMENDMENT**

**RECOMMENDATION: Adopt Resolution Authorizing an Increase to Republic Services Collection Rates Based on the Consumer Price Index for San Francisco-Oakland-San Jose for All Urban Consumers for Fiscal Year 2020-2021, Six Month Deferral, and Related Budget Amendment**

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#### **SUMMARY:**

The City of Lathrop is responsible for the collection and the transport of solid waste within City limits. Since 2003, the City has contracted for these services with Lathrop Sunrise Sanitation, now doing business as Republic Services. The Agreement between the City of Lathrop and Republic Services allows for an annual rate adjustment based on the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose, California area, not to exceed 4.0%.

On April 21, 2020, Republic Services submitted their annual CPI-U adjustment for commercial and residential rates. The current index is 2.9% for the upcoming fiscal year beginning July 1, 2020 and is below the maximum threshold established in their contract of 4.0%. The annual CPI-U increase would apply to all customer classes and amounts to approximately \$90,000.

As part of the established consumer rates, Republic Services collects a franchise fee from all customers to cover the cost of state mandated solid waste outreach. Franchise fees are remitted to the City and staff uses those funds to maintain compliance with state regulations. Due to the Governor's "stay at home order" in response to the Coronavirus (COVID-19), staff has been unable to spend those funds on outreach over the past several months.

To assist our residents with rising cost of services in the midst of the COVID-19 pandemic, we propose to utilize the unspent funds towards the proposed annual rate increase. Unspent funds are estimated to be \$45,000 which will cover the rate increase for the first six (6) months. A budget amendment is required to increase appropriations to the Solid Waste Expense Fund (2400).

If approved, this item will adjust the annual CPI-U by 2.9% for the upcoming fiscal year beginning July 1, 2020 in accordance with the contract terms, authorize the use of \$45,000 unspent franchise fees to offset the rate increase to the residents for the first 6 months and amend the budget for the solid waste fund (2400).

**BACKGROUND:**

The Lathrop Municipal Code Section 8.16.090 gives the City the exclusive right and duty to collect and transport solid waste or provide for the collection and transportation thereof within the City limits under such terms and conditions, as it deems necessary for the public health, safety and well-being, and it may contract for the provision of those services.

On October 21, 2003, City Council approved an Agreement between the City of Lathrop and Lathrop Sunrise Sanitation (Agreement), now doing business as Republic Services, to provide the necessary collection, transportation and disposal of solid waste generated within the City limit and for compliance with the source reduction and recycling elements of the City's Waste Management Plan.

On June 2, 2009, City Council approved Amendment No. 1 to the Agreement with Republic Services extending the contract term for an additional 5 years to June 30, 2014.

On June 2, 2014, City Council approved Amendment No. 2 to the Agreement with Republic Services extending the contract term for an additional 5 years to June 30, 2019.

On June 10, 2019, City Council approved Amendment No. 3 to the Agreement with Republic Services extending the contract term for an additional 5 years to June 30, 2024 with renewable language clause and rate increase adjustment.

Lathrop Municipal Code Section 8.16.170 and Section 26 of the Agreement provide the City Council shall determine the maximum solid waste collection rates.

Section 26 of the Agreement also provides collection rates shall be reviewed annually and any adjustment to the maximum solid waste collection rates is to be based on the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose, California area, not to exceed 4.0%.

On April 21, 2020, staff received a request from Republic Services to adjust their commercial and residential rates. The proposed 2.9% increase is based on the annual CPI-U percentage change over the last year, ending February 1, 2020. The increase would apply to all customer classes effective on July 1, 2020.

The maximum allowable rate request is as follows:

**STANDARD RESIDENTIAL RATES:**

<b>Container Size</b>	<b>Current Rate</b>	<b>Proposed 2.9% Rate Increase</b>	<b>Difference</b>
Small – 30 gal	\$34.19	\$35.18	\$0.99
Medium – 60 gal	\$36.82	\$37.89	\$1.07
Large – 90 gal	\$41.81	\$43.02	\$1.21

**SENIOR RESIDENTIAL RATES:**

<b>Container Size</b>	<b>Current Rate</b>	<b>Proposed 2.9% Rate Increase</b>	<b>Difference</b>
Small – 30 gal	\$25.85	\$26.60	\$0.75
Medium – 60 gal	\$27.76	\$28.57	\$0.81
Large – 90 gal	\$31.33	\$32.24	\$0.91

**MOBILE HOME/TRAILER PARK RATES:**

<b>Container Size</b>	<b>Current Rate</b>	<b>Proposed 2.9% Rate Increase</b>	<b>Difference</b>
Small – 30 gal	\$28.58	\$29.41	\$0.83
Medium – 60 gal	\$29.14	\$29.99	\$0.85
Large – 90 gal	\$33.54	\$34.51	\$0.97

**SENIOR MOBILE HOME/TRAILER PARK RATES:**

<b>Container Size</b>	<b>Current Rate</b>	<b>Proposed 2.9% Rate Increase</b>	<b>Difference</b>
Small – 30 gal	\$21.79	\$22.42	\$0.63
Medium – 60 gal	\$22.19	\$22.83	\$0.64
Large – 90 gal	\$25.38	\$26.12	\$0.74

**COMMERCIAL RATES – CURRENT RATES:**

<b>Container Size</b>	<b>One/Wk</b>	<b>Two/Wk</b>	<b>Three/Wk</b>	<b>Four/Wk</b>	<b>Five/Wk</b>	<b>Max/Wt</b>
1 Cu. Yd	\$86.35	\$131.59	\$176.80	\$221.97	\$267.19	100 lbs.
2 Cu. Yd	\$111.01	\$170.52	\$234.22	\$289.59	\$349.11	200 lbs.
3 Cu. Yd	\$140.74	\$224.91	\$324.46	\$442.88	\$561.39	350 lbs.
4 Cu. Yd	\$175.66	\$289.59	\$447.20	\$604.89	\$759.69	400 lbs.
5 Cu. Yd	\$217.43	\$417.74	\$618.04	\$818.35	\$1,018.69	600 lbs.
6 Cu. Yd	\$257.80	\$503.01	\$748.55	\$994.02	\$1,239.55	650 lbs.
Lg. Cart	\$36.78	N/A	N/A	N/A	N/A	N/A

**COMMERCIAL RATES – PROPOSED RATES:**

<b>Container Size</b>	<b>One/Wk</b>	<b>Two/Wk</b>	<b>Three/Wk</b>	<b>Four/Wk</b>	<b>Five/Wk</b>	<b>Max/Wt*</b>
<b>1 Cu. Yd</b>	<b>\$88.85</b>	<b>\$135.41</b>	<b>\$181.93</b>	<b>\$228.41</b>	<b>\$274.94</b>	<b>100 lbs.</b>
<b>2 Cu. Yd</b>	<b>\$114.23</b>	<b>\$175.47</b>	<b>\$241.01</b>	<b>\$297.99</b>	<b>\$359.23</b>	<b>200 lbs.</b>
<b>3 Cu. Yd</b>	<b>\$144.82</b>	<b>\$231.43</b>	<b>\$333.87</b>	<b>\$455.72</b>	<b>\$577.67</b>	<b>350 lbs.</b>
<b>4 Cu. Yd</b>	<b>\$214.18</b>	<b>\$411.49</b>	<b>\$608.80</b>	<b>\$806.11</b>	<b>\$1,003.45</b>	<b>400 lbs.</b>
<b>5 Cu. Yd</b>	<b>\$223.74</b>	<b>\$429.85</b>	<b>\$635.96</b>	<b>\$842.08</b>	<b>\$1,048.23</b>	<b>600 lbs.</b>
<b>6 Cu. Yd</b>	<b>\$265.28</b>	<b>\$517.60</b>	<b>\$770.26</b>	<b>\$1022.85</b>	<b>\$1,275.50</b>	<b>650 lbs.</b>
<b>Lg. Cart</b>	<b>\$37.85</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

*\*Weights in excess of these maximum amounts per bin per pick up will be charged an additional \$8.00 per extra 100 pounds.*

**FISCAL IMPACT:**

To assist our residents with rising cost of services in the midst of the COVID-19 pandemic, we propose to utilize the unspent funds towards the proposed annual rate increase. Unspent funds are estimated to be \$45,000 which will cover the rate increase for the first six (6) months. A budget amendment is required to increase appropriations to the Solid Waste Expense Fund (2400) as follows:

Increase Appropriation

2400-5040-420-16-00     \$45,000

**ATTACHMENT:**

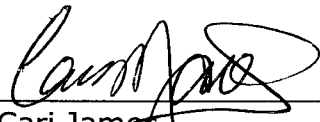
- A. Resolution Authorizing an Increase to Republic Services Collection Rates Based on the Consumer Price Index for San Francisco-Oakland-San Jose for All Urban Consumers for Fiscal Year 2020-2021, Six Month Deferral, and Related Budget Amendment
- B. Letter from Republic Services dated April 21, 2020

**CITY MANAGER'S REPORT  
JUNE 8, 2020 CITY COUNCIL REGULAR MEETING  
REPUBLIC SERVICES CPI-U ADJUSTMENT FOR FY 2020-2021**

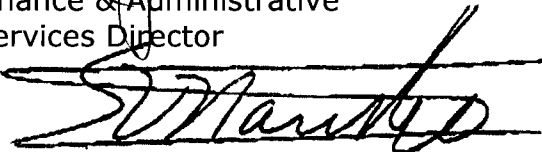
**APPROVALS:**

  
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Michael King  
Director of Public Works

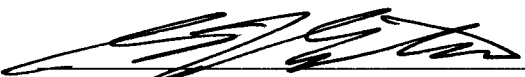
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Cari James  
Finance & Administrative  
Services Director

5-26-2020  
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Date

  
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Salvador Navarrete  
City Attorney

5/21/2020  
\_\_\_\_\_  
Date

  
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Stephen J. Salvatore  
City Manager

6-3-2020  
\_\_\_\_\_  
Date

**RESOLUTION NO. 20 –**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP AUTHORIZING AN INCREASE TO REPUBLIC SERVICES COLLECTION RATES BASED ON THE CONSUMER PRICE INDEX FOR SAN FRANCISCO-OAKLAND-SAN JOSE FOR ALL URBAN CONSUMERS FOR FISCAL YEAR 2020-2021, SIX MONTH DEFERRAL, AND RELATED BUDGET AMENDMENT**

**WHEREAS**, on October 21, 2003, City Council approved an Agreement between the City of Lathrop and Lathrop Sunrise Sanitation (Agreement), now doing business as Republic Services, to provide the necessary collection, transportation and disposal of solid waste generated within the City limit and for compliance with the source reduction and recycling elements of the City's Waste Management Plan; and

**WHEREAS**, on June 2, 2009, City Council approved Amendment No. 1 to the Agreement with Republic Services extending the contract term for an additional 5 years to June 30, 2014; and

**WHEREAS**, on June 2, 2014 City Council approved Amendment No. 2 to the Agreement with Republic Services extending the contract term for an additional 5 years to June 30, 2019; and

**WHEREAS**, on June 10, 2019, City Council approved Amendment No. 3 to the Agreement with Republic Services extending the contract term for an additional 5 years to June 30, 2024 with renewable language clause and rate increase adjustment; and

**WHEREAS**, Lathrop Municipal Code Section 8.16.170 and Section 26 of the original Agreement provide the City Council shall determine the maximum solid waste collection rates; and

**WHEREAS**, Section 26 of the Agreement also provides collection rates shall be reviewed annually and any adjustment to the maximum solid waste collection rates is to be based on the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose, California area, not to exceed 4.0%; and

**WHEREAS**, on April 21, 2020, staff received a request from Republic Services to adjust their commercial and residential rates pursuant to Section 26 of the Agreement; and

**WHEREAS**, The current index is 2.9% for the upcoming fiscal year beginning July 1, 2020 and is below the maximum threshold established in their contract of 4.0%; and

**WHEREAS**, the annual CPI-U increase would apply to all customer classes and amounts to approximately \$90,000; and

**WHEREAS**, as part of the established consumer rates, Republic Services collects a franchise fee from all customers to cover the cost of state mandated solid waste outreach and franchise fees are remitted to the City and staff uses those funds to maintain compliance with state regulations; and

**WHEREAS**, due to the Governor's "stay at home order" in response to the Coronavirus (COVID-19), staff has been unable to spend those funds on outreach over the past several months; and

**WHEREAS**, to assist our residents with rising cost of services in the midst of the COVID-19 pandemic, we propose to utilize the unspent funds towards the proposed annual rate increase; and

**WHEREAS**, unspent funds are estimated to be \$45,000 which will cover the rate increase for the first six (6) months and a budget amendment is required to increase appropriations to the Solid Waste Expense Fund (2400); and

**NOW, THEREFORE, BE IT RESOLVED**, that to the extent that the solid waste hauler gives notice pursuant to Section 26 of the Agreement, and pursuant to Lathrop Municipal Code Section 8.16.170, the City's franchised solid waste hauler shall not be permitted to charge fees any higher than specified for each customer type listed:

**STANDARD RESIDENTIAL RATES:**

<b>Container Size</b>	<b>Current Rate</b>	<b>Proposed 2.9% Rate Increase</b>	<b>Difference</b>
<b>Small – 30 gal</b>	<b>\$34.19</b>	<b>\$35.18</b>	<b>\$0.99</b>
<b>Medium – 60 gal</b>	<b>\$36.82</b>	<b>\$37.89</b>	<b>\$1.07</b>
<b>Large – 90 gal</b>	<b>\$41.81</b>	<b>\$43.02</b>	<b>\$1.21</b>

**SENIOR RESIDENTIAL RATES:**

<b>Container Size</b>	<b>Current Rate</b>	<b>Proposed 2.9% Rate Increase</b>	<b>Difference</b>
<b>Small – 30 gal</b>	<b>\$25.85</b>	<b>\$26.60</b>	<b>\$0.75</b>
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<b>Large – 90 gal</b>	<b>\$31.33</b>	<b>\$32.24</b>	<b>\$0.91</b>

**MOBILE HOME/TRAILER PARK RATES:**

<b>Container Size</b>	<b>Current Rate</b>	<b>Proposed 2.9% Rate Increase</b>	<b>Difference</b>
<b>Small – 30 gal</b>	<b>\$28.58</b>	<b>\$29.41</b>	<b>\$0.83</b>
<b>Medium – 60 gal</b>	<b>\$29.14</b>	<b>\$29.99</b>	<b>\$0.85</b>
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**SENIOR MOBILE HOME/TRAILER PARK RATES:**

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**COMMERCIAL RATES – CURRENT RATES:**

<b>Container Size</b>	<b>One/Wk</b>	<b>Two/Wk</b>	<b>Three/Wk</b>	<b>Four/Wk</b>	<b>Five/Wk</b>	<b>Max/Wt</b>
<b>1 Cu. Yd</b>	<b>\$86.35</b>	<b>\$131.59</b>	<b>\$176.80</b>	<b>\$221.97</b>	<b>\$267.19</b>	<b>100 lbs.</b>
<b>2 Cu. Yd</b>	<b>\$111.01</b>	<b>\$170.52</b>	<b>\$234.22</b>	<b>\$289.59</b>	<b>\$349.11</b>	<b>200 lbs.</b>
<b>3 Cu. Yd</b>	<b>\$140.74</b>	<b>\$224.91</b>	<b>\$324.46</b>	<b>\$442.88</b>	<b>\$561.39</b>	<b>350 lbs.</b>
<b>4 Cu. Yd</b>	<b>\$175.66</b>	<b>\$289.59</b>	<b>\$447.20</b>	<b>\$604.89</b>	<b>\$759.69</b>	<b>400 lbs.</b>
<b>5 Cu. Yd</b>	<b>\$217.43</b>	<b>\$417.74</b>	<b>\$618.04</b>	<b>\$818.35</b>	<b>\$1,018.69</b>	<b>600 lbs.</b>
<b>6 Cu. Yd</b>	<b>\$257.80</b>	<b>\$503.01</b>	<b>\$748.55</b>	<b>\$994.02</b>	<b>\$1,239.55</b>	<b>650 lbs.</b>
<b>Lg. Cart</b>	<b>\$36.78</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**COMMERCIAL RATES – PROPOSED RATES:**

<b>Container Size</b>	<b>One/Wk</b>	<b>Two/Wk</b>	<b>Three/Wk</b>	<b>Four/Wk</b>	<b>Five/Wk</b>	<b>Max/Wt*</b>
<b>1 Cu. Yd</b>	<b>\$88.85</b>	<b>\$135.41</b>	<b>\$181.93</b>	<b>\$228.41</b>	<b>\$274.94</b>	<b>100 lbs.</b>
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<b>4 Cu. Yd</b>	<b>\$214.18</b>	<b>\$411.49</b>	<b>\$608.80</b>	<b>\$806.11</b>	<b>\$1,003.45</b>	<b>400 lbs.</b>
<b>5 Cu. Yd</b>	<b>\$223.74</b>	<b>\$429.85</b>	<b>\$635.96</b>	<b>\$842.08</b>	<b>\$1,048.23</b>	<b>600 lbs.</b>
<b>6 Cu. Yd</b>	<b>\$265.28</b>	<b>\$517.60</b>	<b>\$770.26</b>	<b>\$1022.85</b>	<b>\$1,275.50</b>	<b>650 lbs.</b>
<b>Lg. Cart</b>	<b>\$37.85</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

*\*Weights in excess of these maximum amounts per bin per pick up will be charged an additional \$8.00 per extra 100 pounds.*

**BE IT FURTHER RESOLVED**, that the City Council of the City of Lathrop authorizes the use of \$45,000 in unspent franchise fees to offset the rate increase to the residents for the first six (6) months;

**BE IT FURTHER RESOLVED**, that the City Council of the City of Lathrop authorizes a budget amendment to the Solid Waste Fund (2400) as follows:

Increase Appropriation  
2400-5040-420-16-00     \$45,000



The foregoing resolution was passed and adopted this 8<sup>th</sup> day of June, 2020, by the following vote of the City Council, to wit:

AYES:

NOES:

ABSENT:

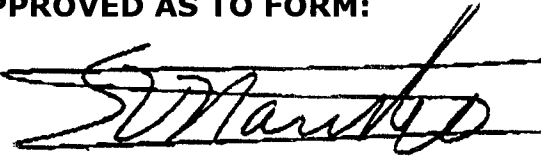
ABSTAIN:

\_\_\_\_\_  
Sonny Dhaliwal, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Teresa Vargas, City Clerk

  
\_\_\_\_\_  
Salvador Navarrete, City Attorney



1145 W. Charter Way, Stockton, CA 95206  
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April 21, 2020

Teresa Vargas  
City of Lathrop  
390 Towne Centre Dr.  
Lathrop, CA 95330

Dear Ms. Vargas,

Pursuant to Section 26 of the "Agreement Between the City of Lathrop and Lathrop Sunrise Sanitation Corporation" the collection rates shall be reviewed annually during the month of May and adjusted effective July 1. The agreement allows for an adjustment based on the prior year change in the Consumer Price Index for the San Francisco-Oakland-San Jose, all urban consumer as published by the United States Department of Labor, Bureau of Labor Statistics. The change in the CPI for the period February 1, 2019 through February 1, 2020 was 2.9%.

Attached please find the proposed new collection rates effective July 1, 2020. Thank you for the continued confidence in Republic Services of Lathrop, as always we will continue to strive to provide professional solid waste services. Should you have any questions, please do not hesitate to call me at (209) 547-7531.

Sincerely,

Republic Services of Lathrop

A handwritten signature in black ink that reads "Molly Gomez". The signature is written in a cursive, flowing style.

Molly Gomez  
Municipal Manager

Enclosure





**Lathrop Sunrise Sanitation Rates Effective 7/1/19 (Current)**

	1/WK	2/WK	3/WK	4/WK	5/WK
1 YD	\$86.35	\$131.59	\$176.80	\$221.97	\$267.19
2 YD	\$111.01	\$170.52	\$234.22	\$289.59	\$349.11
3 YD	\$140.74	\$224.91	\$324.46	\$442.88	\$561.39
4 YD	\$175.66	\$289.59	\$447.20	\$604.89	\$759.69
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6 YD	\$257.80	\$503.01	\$748.55	\$994.02	\$1,239.55
LG Cart	\$36.78				

**Residential Service Weekly Recycling and Green Waste**

	Standard	Senior	MHP/Trailer	MHP Senior
30 gallon	\$34.19	\$25.85	\$28.58	\$21.79
60 gallon	\$36.82	\$27.76	\$29.14	\$22.19
90 gallon	\$41.81	\$31.33	\$33.54	\$25.38

**Lathrop Sunrise Sanitation Rates Effective 7/1/20 (Proposed)**

	1/WK	2/WK	3/WK	4/WK	5/WK
1 YD	\$88.85	\$135.41	\$181.93	\$228.41	\$274.94
2 YD	\$114.23	\$175.47	\$241.01	\$297.99	\$359.23
3 YD	\$144.82	\$231.43	\$333.87	\$455.72	\$577.67
4 YD	\$180.75	\$297.99	\$460.17	\$622.43	\$781.72
5 YD	\$223.74	\$429.85	\$635.96	\$842.08	\$1,048.23
6 YD	\$265.28	\$517.60	\$770.26	\$1,022.85	\$1,275.50
LG. CART	\$37.85				

**Residential Service Weekly Recycling and Green Waste**

	Standard	Senior	MHP/Trailer	MHP Senior
30 gallon	\$35.18	\$26.60	\$29.41	\$22.42
60 gallon	\$37.89	\$28.57	\$29.99	\$22.83
90 gallon	\$43.02	\$32.24	\$34.51	\$26.12

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