

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Patrick Thomas, Director of Public Works/City Engineer

DATE: May 24, 2022

SUBJECT: Set Public Hearing to Approve Solid Waste and Recycling and SB1383 Compliance Fee on Commercial Collection Rates for Commercial Customers for Fiscal Year 2022-23

PREPARED BY: Julie Tarrant, Principal Management Analyst

RECOMMENDATION: That the City Council adopt a resolution entitled:

RESOLUTION NO. 2022-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
TEMECULA SETTING A TIME AND PLACE FOR A PUBLIC
HEARING IN CONNECTION WITH THE SOLID WASTE AND
RECYCLING AND SB1383 COMPLIANCE FEE ON
COMMERCIAL COLLECTION RATES FOR COMMERCIAL
CUSTOMERS FOR FISCAL YEAR 2022-23

BACKGROUND: The Franchise Agreement between the City of Temecula and CR&R Incorporated stipulates the conditions upon which rates may be adjusted on an annual basis. Per the agreement, these rates shall be adjusted each July 1st to reflect the changes in various applicable indices, and as such the commercial rates are due to adjust for fiscal year 2022-23. In addition to the rate adjustment based on indices, CR&R has requested an additional increase in commercial and temporary bin/roll-off rates due to Extraordinary Costs as allowed in the Franchise Agreement, to include an SB1383 Compliance Fee. The requested additional rate +increase is 3.4% of the current commercial and temporary bin/roll-off solid waste collection and transportation rates. The SB1383 Compliance Fee is intended to pay for the additional costs of implementing Senate Bill 1383 (SB1383) in the City of Temecula. These additional costs include, but are not limited to:

- Additional Personnel
- Reporting requirements
- Public Education and Outreach
- Equipment Costs
- Audit and Material Monitoring Costs

SB1383 took effect on January 1, 2022 and sets Statewide greenhouse gas emission reduction goals for California. This legislation aims to slow climate change by diverting organic materials from landfills, recovering 20% of edible food and redirecting it to food-insecure Californians. Its goal is to reduce organics waste to landfills disposal by 75% by 2025, which is intended to divert more than 20 million tons from landfills. Disposing of organic waste creates 20% of California's methane emissions, and methane is a climate pollutant and is more potent than carbon dioxide.

All residents and businesses are required to sort and separate food scraps, yard debris and food soiled paper from trash and recycling and place in organics waste collection bins. Additionally, commercial entities, non-local entities, education agencies, governmental jurisdictions, and food generators must comply with the new regulations and implement specific programs to include, but not limited to, education and outreach, edible food recovery, procurement, and organics waste collection services. The costs and implementation of these programs falls on local jurisdictions and the local waste haulers. To not significantly impact any one waste sector all at once, CR & R has been mindful to slowly implement any increase in rates over the course of time since the adoption of various State Mandated programs.

Pursuant to the Franchise Agreement with CR & R, the rates charged for refuse collection and recycling for residential and commercial services within the City of Temecula is subject to annual review and modification, based upon changes in the Consumer Price Index (CPI) and changes to the Riverside County landfill tipping fees, as well as Extraordinary Costs to meet compliance measures instituted by the State Mandate Laws. Therefore, all Commercial Customers within the City of Temecula will incur a rate adjustment to include a 5.37% increase due to change in CPI, an 8.6% increase in the landfill disposal rate, pursuant to the County of Riverside's Waste Management Department, and a 3.4% increase due to Extraordinary Costs to meet SB1383 compliance measures. Commercial rates vary based on the bin size and frequency of collection, per the attached CR & R Rate Schedule.

Staff recommends the City Council adopt the resolution and set the public hearing concerning the approval the Solid Waste and Recycling and SB1383 Compliance Fee on Commercial Collection Rates for Commercial Customers for July 12, 2022. Staff will proceed with noticing each affected commercial customer in the City with regards to the proposed rate increase with a minimum of forty-five (45) days prior to the public hearing.

FISCAL IMPACT: Solid Waste and Recycling services for Commercial Customers are paid for directly by the property owner or business owner receiving services. No additional costs will be incurred by the City of Temecula.

ATTACHMENTS:

1. Resolution
2. CR & R Rate Schedule