

**CITY OF TEMECULA  
AGENDA REPORT**

**TO:** City Manager/City Council

**FROM:** Luke Watson, Director of Community Development

**DATE:** June 11, 2019

**SUBJECT:** Approve Fiscal Year 2019-20 Schedule of Solid Waste and Recycling Rates Pursuant to Franchise Agreement with CR&R, Inc.

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**PREPARED BY:** Dale West, Associate Planner II

**RECOMMENDATION:** That the City Council adopt a resolution entitled:

**RESOLUTION NO. 19-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY  
OF TEMECULA APPROVING SOLID WASTE AND  
RECYCLING RATES FOR FISCAL YEAR 2019-20**

**BACKGROUND:** Pursuant to the existing solid waste franchise agreement with CR&R, Incorporated (CR&R), the rates charged for refuse collection and recycling for residential and commercial services within the City of Temecula are subject to annual review and modification, based upon changes in the Consumer Price Index (CPI) and changes to the Riverside County landfill tipping fees. The modification methodology is outlined in the franchise agreement and is based on the previous year's rate multiplied by the CPI. The landfill tipping fee increase or decrease is a pass-through component of the rates.

For the Fiscal Year 2019-20 Solid Waste and Recycling Schedule of Rates, the annual average (January – December) CPI as reported by the U.S. Department of Labor Bureau of Labor Statistics for the Los Angeles-Long Beach-Anaheim increased by 3.07%, compared to the annual average CPI in 2018. The Riverside County Department of Waste Resources increased their tipping fee for Fiscal Year 2019-20 by 3.05%.

In addition to the standard rate adjustment, CR&R is requesting an extraordinary cost adjustment to the residential rate. Item #22 of Exhibit D of the franchise agreement with CR&R allows CR&R to request extraordinary increase or decreases in its cost of collection, subject to City Council approval. The reason for CR&R's request is the result of China's actions limiting the import of recyclables into China, known as the China Sword, which went into effect in January of 2018. The impact of the China Sword is felt worldwide as the value of recyclable materials have substantially fallen, creating a surplus of materials in the market, and reducing the ability of CR&R to offset the revenue from the sale of recyclable materials.

The City Sustainability Program Committee (Stewart/Rahn) discussed the requested extraordinary cost adjustment and recommends the City Council adopt the rate adjustment as proposed by CR&R.

Based on the combination of an increase in CPI, an increase in landfill tipping fees, and the request for extraordinary recycling cost, the residential rates will increase by approximately 5.2%, from the current rate of \$23.19 per month to \$24.46 per month. Commercial rates vary based on the bin size and frequency of collection, but are generally expected to increase by approximately 3%.

**FISCAL IMPACT:** Solid waste and recycling services are paid for directly by the customers receiving the services. No additional costs will be incurred by the City of Temecula.

**ATTACHMENTS:**

1. Resolution
2. Exhibit D – Schedule of Rates
3. Consumer Price Index – Bureau of Labor Statistics
4. Department of Waste Resources – Disposal Fee Increase