

CITY OF SAND CITY

RESOLUTION SC 20-52, 2020

**RESOLUTION OF THE CITY COUNCIL OF SAND CITY TO MAINTAIN
CURRENT MAXIMUM SERVICE RATES CHARGED BY GREENWASTE
RECOVERY FOR COLLECTION OF FRANCHISED SOLID WASTE,
RECYCLING, AND ORGANICS FOR FISCAL YEAR 2020-2021 AND THAT
REVENUE SURPLUSES BE USED AGAINST RATE INCREASES
IN FUTURE YEARS**

WHEREAS, the City of Sand City (the “City”) entered into a franchise agreement (the “Agreement”) with GreenWaste Recovery (hereinafter “GWR”) in April of 2015 for solid waste, recycling, and organic collection services for a period starting April 1, 2015 through the end of March of 2030; and

WHEREAS, in accordance with the Agreement, GWR initiated a ‘Cost Based Rate Adjustment’ (the “CBRA”) in 2019 for all seven of their Monterey Peninsula service cities to review GWR’s actual costs of operation and operational statistics (staffing levels, routes, route hours, customers, service levels, etc.) to determine the total compensation for the 2019-2020 and 2020-2021 fiscal years; and

WHEREAS, the City Council is authorized to approve, by resolution, the charge for collection and disposal of waste in the City in accordance with Sand City Municipal Code section 13.04.240; and

WHEREAS, HF&H Consultants, LLC (hereinafter “HF&H”) performed a review of GWR service rates on behalf of seven Peninsula cities, including Sand City; and

WHEREAS, the resulting analysis of HF&H has determined that there was a surplus revenue of \$145,467 (inclusive of franchise fees) during the 2019-2020 fiscal year and an anticipated surplus of \$109,047 (inclusive of franchise fees) for fiscal year 2020-2021 for Sand City; unlike other Peninsula cities that have revenue deficits determined from their individual analyses and are facing either potentially steep rate hikes or service/program cuts; and

WHEREAS, though it is understood that current waste collection rates for Sand City have generated a GWR revenue surplus in Fiscal Year 2019-2020 and are anticipated, under current rates, to generate a further surplus for Fiscal Year 2020-2021, it is also known that operational expenses will only increase in order to, in part, accommodate and meet current and future state diversion mandates and waste reduction/diversion goals; and

WHEREAS, the Monterey Regional Waste Management District (the “District”) have considered budget adjustments resulting in reduced staffing and services at the Marina landfill and increasing the disposal fee and the Material Recovery Facility’s (MRF’s) processing fee for single stream recycling that will result in additional GWR operational expenses; and

WHEREAS, continued and additional effort on the part of the City, GWR, and the District is required to work with the public, both residential and commercial populations, to increase participation in recycling/waste diversion programs, reduce recycle and organic material contamination, and improve food and organic waste collection; all of which will require additional staff and resources by GWR, and possibly also the District, to increase public outreach and education and monitor waste collection in identifying and correcting contamination issues that will improve the City's overall waste diversion numbers in meeting and exceeding state mandates; and

WHEREAS, with known future increases to operational expenses, it is hereby deemed prudent and fiscally responsible to hold current rates constant and utilize those surpluses in a "rate stabilization account" to subsidize and stabilize franchise service rates into the foreseeable future.

WHEREAS, the methodology and formulas for managing those surplus funds in a rate stabilization account towards subsidizing future rate increases will be incorporated into a franchise agreement amendment to be ratified by the City Council at a later date; and


WHEREAS, action by the City Council to establish, modify, maintain, and/or approve garbage collection/franchise rates is Statutorily exempt from CEQA (California Environmental Quality Act) per CEQA Guideline section 15237(a), nor does such action qualify as a Project per CEQA Guideline section 15378; and therefore, such action is not subject to CEQA per CEQA Guideline section 15060(c)(3).

NOW, THEREFORE, BE IT RESOLVED by the City Council of Sand City to maintain maximum service rates in Sand City for FY 2020-2021 and that revenue surpluses (less franchise fees) be used against rate increases in future years in accordance with a franchise agreement amendment subject to future City Council adoption.

PASSED AND ADOPTED, by the City Council of Sand City, California, this 21st day of July, 2020, by the following vote:

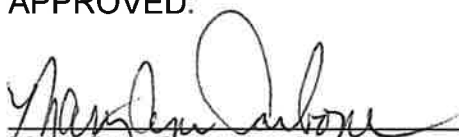
AYES: Council Member Blackwelder, Hawthorne, Sofer, Cruz, Carbone
NOES: None
ABSENT: None
ABSTAIN: None

ATTEST:



Connie Horca, Acting City Clerk

APPROVED:



Mary Ann Carbone, Mayor