

Agenda Report Reviewed by:  
City Manager: 

CITY OF SEBASTOPOL  
CITY COUNCIL  
AGENDA ITEM

**Meeting Date:** November 16, 2021  
**To:** Honorable Mayor and City Councilmembers  
**From:** Ryan Crawford, Engineering Consultant  
Toni Bertolero, Engineering Consultant  
**Subject:** Sebastopol Solid Waste Collection Services Annual Rate Adjustment and possible Franchise Agreement Revisions by Recology Sonoma Marin  
**Recommendation:** Review and Approval of the Sebastopol Solid Waste Collection Services Rate Adjustments by Recology Sonoma Marin pertaining to Senate Bill 1383  
**Funding:** Currently Budgeted: \_\_\_\_\_ Yes \_\_\_\_\_ No  X  N/A

Account Code/Costs authorized in City Approved Budget (if applicable)  AK  (verified by Administrative Services Department)

**INTRODUCTION/PURPOSE:**

This item is to request the Council approve the Sebastopol Solid Waste Collection Services Annual Rate Adjustment by the City’s Franchise Solid Waste Collector/Hauler, Recology Sonoma Marin (RSM) pertaining to the implementation of State regulations “Senate Bill 1383” that requires minimum standards for organic waste collection services. Rate adjustments are permitted upon City review and approval as per the provisions of the Franchise Agreement between the City and RSM.

**BACKGROUND:**

On December 16, 2008 the Council adopted Resolution 5723 and entered into a Franchise Agreement (Agreement) with a local solid waste collection and hauling firm, Redwood Empire Disposal, also known as “The Ratto Group”. The Agreement covered solid waste, recyclable and compostable materials collection and street sweeping services. Subsequently, on September 19, 2017, the Council approved the assignment of the Agreement from Redwood Empire Disposal to RSM. The original Agreement was effective January 1, 2009 and is set to end by December 31, 2023.

On June 16, 2020, Council approved an annual rate adjustment schedule effective July 1, 2020 for services provided by RSM. Subsequently, on June 15, 2021, Council approved an Annual Rate Adjustment schedule that has been in effect since July 1, 2021.

The City received a letter from RSM dated October 27, 2021 requesting a rate adjustment effective July 1, 2022 pertaining to the implementation of SB 1383. A copy of the letter is attached. (Note that this SB 1383 rate adjustment request is separate from the annual rate adjustment that RSM is allowed to request under the terms of the Franchise Agreement.)

**DISCUSSION:**

SB 1383 regulation allows for a jurisdiction to designate its hauler to fulfill some of its SB 1383 responsibilities, and that designation may be made through its solid waste franchise agreement. The services that are proposed

to be designated to RSM are separate and distinct from the SB 1383 requirements that will be fulfilled by Zero Waste Sonoma and from the City of Sebastopol.

The SB 1383 services that would be handled by RSM are:

- Implementation of compost service to all Sebastopol customers (except those qualifying for a de minimis or space constraint waiver) including:
  - Carts and bins in required colors with clear and compliant signage
  - Trucks and drivers for added compost routes
- Waste Zero Specialist staff time for education, outreach, and route auditing responsibilities (all Sebastopol routes will need to be audited annually)
- SB1383 educational materials, mailers, and contamination tags

Franchise Agreement Section 7.3, “Adjustments to Maximum Collection Service Rates,” describes the fee elements and rate adjustment methodologies. In simple form, a “Refuse to Rate Index”, or RRI, is calculated and applied to several service components, such as Single-Family Dwelling, Multi Family Dwelling, or Commercial Collection service rates (typically per bin or level of service per month) based on several factors affecting costs such as fuel rates or landfill tip fees, for example.

The Franchise holder is allowed to apply to the City for potential rate adjustments based on complex formulas described in the Agreement, which must be timed to allow changes to be effective July 1 of a given year. RSM submitted their new proposed rate sheets and supporting calculations on their letter dated October 27, 2021.

The new monthly rates, as requested by RSM, are shown on the table below for consideration and if approved, are proposed to be effective July 1, 2022. All monthly service rates are proposed to increase by 6.3 percent.

<b>Single Family Residential</b>	<b>Current Monthly Rates</b>	<b>New Monthly Rates 7/1/2022</b>	<b>Multi-Family &amp; Commercial</b>	<b>Current Monthly Rates</b>	<b>New Monthly Rates 7/1/2022</b>
20 gallon	\$13.33	\$14.17	1.5 CY-1x/week	\$280.30	\$298.06
32 gallon	\$23.28	\$24.76	2 CY-1x/week	\$334.60	\$355.80
64 gallon	\$42.34	\$45.02	3 CY-1x/week	\$467.47	\$497.09
96 gallon	\$70.70	\$75.18	4 CY-1x/week	\$532.72	\$566.47
Rates not currently listed will increase by 6.3%.			6 CY-1x/week	\$663.46	\$1,027.52

GHD reviewed the proposed rate adjustments and found them to be in accordance with the appropriately applied RRI calculations for the services provided by RSM to the City.

**GOALS:**

This action supports the following City Council Goals or General Plan Actions:

- COS 8-2: Coordinate with Sonoma County and nearby cities to implement regional greenhouse gas (GHG) reduction plans.
- COS 8-3: Encourage local businesses and industries to engage in voluntary efforts to reduce GHG emissions and energy consumption.
- consolidate efforts to reduce GHGs throughout the County.
- COS 9-13: Continue the citywide recycling program, actively encourage recycling citywide, including the recycling/composting of food waste, and advocate for a regional composting facility.

- COS 9-14: Continue efforts to reduce solid waste generation throughout the life of the General Plan
- COS 9-17: Integrate the values and practices of environmental sustainability in government operations.

**PUBLIC COMMENT:**

As of the writing of this staff report, the City has not received any public comment. However, staff anticipates receiving public comment from interested parties following the publication and distribution of this staff report. Such comments will be provided to the City Council as supplemental materials before or at the meeting. In addition, public comments may be offered during the public comment portion of the agenda item.

**PUBLIC NOTICE:**

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to schedule meeting date. In addition, in meeting the posting requirements, a Legal Notice was published November 4, 2021 regarding the public hearing date, time and a brief description of the proposed.

**FISCAL IMPACT:**

There is no fiscal impact to City finances. The rate adjustments apply to residential and commercial customers.

**RECOMMENDATION:**

Staff recommends the Sebastopol City Council review and approve the Sebastopol solid waste collection services rate adjustments as proposed by the City's Franchise Solid Waste Collector/Hauler, Recology Sonoma Marin. If approved, it is further recommended that the City Council authorize the City Manager to execute the amendment to the Franchise Agreement with Recology Sonoma Marin with the proposed SB 1383 services and rates.

**Attachment:**

Letter from Recology Sonoma Marin dated October 27, 2021: New Proposed Service Rates and Proposed Revisions to the Franchise Agreement



October 27, 2021

Larry McLaughlin  
City Manager  
City of Sebastopol  
7120 Bodega Avenue  
Sebastopol, CA 95472

Dear Larry,

California Senate Bill 1383 (SB1383) will take effect on January 1, 2022. The law requires municipalities to provide compost collection service to all residents and businesses, in an effort to divert compostable materials from landfills and reduce greenhouse gas emissions statewide. The regulatory text states that a city may designate its hauler to fulfill some of its SB1383 responsibilities, and that designation may be made through its solid waste franchise agreement. As the City of Sebastopol's solid waste hauler, Recology is prepared to provide the following SB1383 services:

- Implementation of compost service to all Sebastopol customers (except those qualifying for a de minimis or space constraint waiver) including:
  - Carts and bins in required colors with clear and compliant signage
  - Trucks and drivers for added compost routes
- Waste Zero Specialist staff time for education, outreach, and route auditing responsibilities (all Sebastopol routes will need to be audited annually)
- SB1383 educational materials, mailers, and contamination tags

The Sebastopol SB1383 Implementation Costs document details the costs for provision of these services and the corresponding rate increase that will be needed, in conjunction with the regular contractual rate increase on July 1, 2022.

The draft SB1383 franchise amendment, detailing the changes in the services that Recology will provide, is also attached.

Please contact me or Celia Furber at [cfurber@recology.com](mailto:cfurber@recology.com) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'F Stemmler', is written over a light blue horizontal line.

Fred Stemmler  
General Manager  
Recology Sonoma Marin

cc: Celia Furber  
Nikki Burke

**City of Sebastopol**  
**Rates Effective 7/1/2022**  
**SB1383 Implementation Costs**

		<u>Costs Before Profit</u>
IC Lease Costs (Capital Costs Amortized)		\$ 11,332.0
FTE Driver(s)	18%	28,698.5
Commercial compost tip fees (per year)		5,714.2
Compost collection truck fuel (per year)		14,267.2
Contamination mailers + postage (per year)	400	184.0
Contamination tags (per year)	400	184.0
FTE Waste Zero Specialist(s)	25%	25,875.0
Incremental Cost of Current FW Program		32,392.8
<b>Total Costs (projected on 2021 costs)</b>		<b>\$ 118,647.6</b>
Plus: Profit	12%	10,982.8
Plus: City Fees		19,804.6
<b>Total Required Revenue Increase (for 2021-2022)</b>		<b>\$ 149,435.0</b>

Projected Collection Revenue for CY 2021 Rate Year \$ 2,358,470

**Required Rate Increase to Cover SB1383 (Increase to 7/1/2022 rates) 6.3%**

<b>Additional Capital Needed</b>	<b><u>Quant.</u></b>	<b><u>Total Cost \$</u></b>
2yd. compost bins w/ labels	8	\$ 6,640.0
96 gallon compost carts w/ labels	67	5,494.0
Additional FL compost collection trucks	5%	19,300.0
Additional SL compost collection trucks	13%	48,490.0
<b>Capital Costs (Amortized above)</b>		<b>\$ 79,924.0</b>

**Summary Table of Impact of SB1383 on Key Rates**

	<b><u>Rates</u></b>	<b><i>SB1383</i></b>	<b><u>Rates with</u></b>
<b>Single Family Residential Cart Collection - Monthly Rate</b>	<b><u>7/1/2021</u></b>	<b><u>Increase</u></b>	<b><u>SB1383 Service</u></b> <sup>(1,2)</sup>
20 Gal	\$ 13.33	\$ 0.84	\$ 14.17
32 Gal	23.28	1.48	24.76
64 Gal	42.34	2.68	45.02
96 Gal	70.70	4.48	75.18
<b>Multi-Family and Commercial Collection - Monthly Rate</b>			
1.5-CY Bin - 1x/week	\$ 280.30	\$ 17.76	\$ 298.06
2-CY Bin - 1x/week	334.60	21.20	355.80
3-CY Bin - 1x/week	467.47	29.62	497.09
4-CY Bin - 1x/week	532.72	33.75	566.47
6-CY Bin - 1x/week	663.46	42.04	1,027.52

(1) Contractual RRI effective 7/1/2022 is not yet available, and will also be applied for rates effective 7/1/2022.

(2) Rates not currently listed on the table will increase by RRI rate of 6.3%.

AMENDMENT #[ ] TO [contract name]

This Amendment #[ ] to [contract name] (this “Amendment”) is entered into as of [ ], 2021 between the City of [ ] (“City”) and Recology Sonoma Marin (“Recology”).

WHEREAS, City and Recology are parties to a [contract name] dated [ ] (such agreement as amended, the “Agreement”);

WHEREAS, the parties wish to amend the Agreement to assist City in complying with the SB 1383 Regulations (as defined in Exhibit A);

WHEREAS, City intends to implement a 3-container Organic Waste collection service as contemplated by Section 18984.1 of the SB 1383 Regulations.

NOW, THEREFORE, the parties agree as follows:

1. Effective Date. This Amendment shall take effect January 1, 2022.
2. Definitions. For purposes of this Amendment, the terms set forth in Exhibit A, attached hereto and incorporated herein, shall have the meanings given to them in such exhibit.
3. Three-Container Organic Waste Collection Services.
  - 3.1. Phased Implementation. City and Contractor acknowledge that Contractor’s Organic Waste Collection routes must be expanded to satisfy the requirements of the SB 1383 Regulations, and that new collection trucks must be procured by Contractor in order to provide such services. Between January 1, 2022 and December 31, 2023, Contractor shall continue and expand its existing Organic Waste collection service within City. By January 1, 2024, Contractor shall provide Organic Waste collection service to all of its customers within City who are subscribed to and pay for Solid Waste collection service, unless (i) the customer is not required under City’s municipal code to subscribe for Organic Waste collection service, or (ii) the customer qualifies for a State- or locally-issued waiver, or (iii) the customer refuses to accept such service.
4. Container Colors.
  - 4.1. General Requirement. Contractor shall ensure that each Container that it newly purchases after January 1, 2022 and provides to a [Generator/Service Recipient] serviced under the Agreement conforms to the following color scheme: Gray Containers for collection of Solid Waste, Blue Containers for collection of Recyclable Materials, and Green Containers for collection of Organic Waste. In addition, Contractor shall ensure that all Containers it uses to provide such services to [Generators/Service Recipients] serviced under the Agreement conform to such color scheme by January 1, 2036.
  - 4.2. Specific Material Types. Paper products and printing and writing paper, each as defined in the SB 1383 Regulations, may be placed in either the Blue Container or the Green Container. Carpet and textiles may not be placed in either the Blue Container or the Green Container.

5. Container Labels.

5.1. General Requirement. Contractor shall ensure that each Container (or Container lid) that it newly purchases after January 1, 2022 and provides to a [Generator/Service Recipient] serviced under the Agreement shall be labeled or imprinted with language and/or graphics that clearly indicates the primary items accepted and the primary items that are Prohibited Container Contaminants for that Container type. Contractor may comply with this section by using model labeling provided by CalRecycle.

6. Route Reviews.

6.1. General Requirement. At least once annually, beginning in 2022, Contractor shall conduct a Route Review for each Hauler Route. For each Route Review of a Hauler Route, Contractor shall inspect at least the following minimum number of Containers, but may inspect more if Contractor wishes. Each inspection shall involve lifting the Container lid and observing the contents, but shall not require Contractor to disturb the contents or open any bags. Contractor may select the Containers to be inspected at random, or (if mutually agreed with City) by any other method not prohibited under the SB 1383 Regulations. For the avoidance of doubt, Contractor shall not be required to annually inspect every Container on a Hauler Route. Contractor shall include the results of each Route Review in its next regularly scheduled report to City, as required by Section 9.

<u>Route Size (# accounts)</u>	<u>Minimum Number of Containers</u>
Less than 1,500	25
1,500-3,999	30
4,000-6,999	35
7,000 or more	40

6.2. Notice of Contamination. If Contractor finds Prohibited Container Contaminants in a Container during a Route Review, Contractor shall notify the [Generator/Service Recipient] of the violation in writing. The written notice shall include information regarding the [Generator/Service Recipient]’s requirement to properly separate materials into the appropriate Containers. The notice may be left on the [Generator/Service Recipient]’s Container, gate, or door at the time the violation is discovered, and/or be mailed, e-mailed, electronically messaged or delivered personally to the [Generator/Service Recipient]. Contractor may dispose of the contents of any Container found to contain Prohibited Container Contaminants. The notice shall be provided in English and Spanish.

7. Compliance Reviews.

7.1. General Requirement. At least once annually, beginning in 2022, Contractor shall review the records of its Commercial and Multi-Family customers in City that are subscribed for at least two (2) cubic yards per week of combined Solid Waste, Organic Waste and Recyclable Materials service, to determine whether such customers are subscribed for Organic Waste collection service or have an applicable waiver. Contractor shall include the results of each compliance review in its next regularly scheduled report to City, as required by Section 9.

8. Education & Outreach.

8.1. Prior to February 1, 2022, and annually thereafter, Contractor shall provide the following to all its customers under the Agreement:

8.1.1. Information on the Organic Waste [Generator's/Service Recipient's] requirements to properly separate materials in appropriate containers.

8.1.2. Information on methods for: the prevention of Organic Waste generation, recycling Organic Waste on-site, sending Organic Waste to community composting, and any other local requirements regarding Organic Waste.

8.1.3. Information regarding the methane reduction benefits of reducing the landfill disposal of Organic Waste, and the methods of Organic Waste recovery contemplated by the Agreement.

8.1.4. Information regarding how to recover Organic Waste.

8.1.5. Information related to the public health and safety and environmental impacts associated with the landfill disposal of Organic Waste.

8.2. The above information will be provided, at a minimum, through print and/or electronic media, and may also be provided through workshops, meetings and/or on-site visits.

8.3. Educational materials provided pursuant to the above shall be translated into Spanish.

9. Reporting.

9.1. Beginning January 1, 2022, Contractor shall provide the following information to City as part of Contractor's regularly scheduled quarterly reports under the Agreement:

9.1.1. For information provided by Contractor pursuant to Section 8 above:

(a) Copies of all such information (including flyers, brochures, newsletters, invoice messaging, website and social media postings, emails, and other electronic messages).

(b) The date the information was disseminated or the direct contact made. For website and social media postings, this shall be the date posted.

(c) To whom the information was disseminated or the direct contact made. For mass distributions such as mailings or bill inserts, Contractor may provide the type and number of accounts receiving the information, rather than listing each recipient individually.

9.1.2. For Route Reviews and Compliance Reviews:

(a) The date the review was conducted.

(b) The name and title of each person conducting the review.

(c) A list of the account names and addresses covered by the review.

- (d) For Route Reviews, a description of each Hauler Route reviewed, including Contractor's route number and a description of the Hauler Route area.
- (e) For Route Reviews, the results of such review (i.e. the addresses where any Prohibited Container Contaminants were found), and any photographs taken.
- (f) For Compliance Reviews, the results of such review (i.e. Contractor's findings as to whether the customers reviewed are subscribed for Organic Waste collection service, have an applicable waiver, or neither), and any relevant evidence supporting such findings (e.g. account records).
- (g) Copies of any educational materials issued pursuant to such reviews.

9.1.3. Documentation relating to observed Prohibited Container Contaminants, whether observed during Route Reviews or otherwise:

- (a) Copies of the form of each notice issued to generators for Prohibited Container Contaminants, as well as, for each such form, a list of the [Generators/Service Recipients] to which such notice was issued, the date of issuance, the [Generator's/Service Recipient's] name and service address, and the reason for issuance (if the form is used for multiple reasons). This information will also be provided monthly to Zero Waste Sonoma if City requests.
- (b) The number of times notices were issued to [Generators/Service Recipients] for Prohibited Container Contaminants.
- (c) The number of Containers where the contents were disposed due to observation of Prohibited Container Contaminants.

9.1.4. A description of Contractor's process for determining the level of Container contamination under the Agreement.

10. *[Rate increase language to be added. Rate increase will occur on the City's regularly scheduled adjustment date and will consist of three components:*

*– Contractual RRI*

*-- Cost to add SB1383 Service – 6.3% for Sebastopol*

*-- One time Adjustment to account for moving MOA tip fee from Gate Rate to directed payment—0.0% rate impact*

*Note that in order to remove the gate rate funding under the MOA/Prime Subcontract, the City's Waste Delivery Agreement and Franchised Hauler Agreement will also need to be amended. We will prepare a separate 3-way document (City-Republic-Recology) for that purpose.]*

11. Section 18988.1 and 18988.2 Compliance. Contractor hereby notifies City that Organic Waste collected pursuant to the Agreement is currently being delivered to the following facility(ies): [\_\_\_\_]. City hereby approves delivery of Organic Waste to such facility(ies). Contractor shall

comply with its obligations under this Amendment and the obligations that by operation of law are imposed upon it directly pursuant to Chapter 12 of the SB 1383 Regulations.

12. Future Changes. The parties acknowledge that future changes to this Amendment or the Agreement may be desirable to assist the parties with their respective compliance obligations under the SB 1383 Regulations or subsequent amendments thereto or interpretations thereof. The parties agree to negotiate any such proposed changes in good faith. The foregoing shall not be deemed to limit either party's rights or remedies under the Agreement.
13. Miscellaneous. In the event of any conflict between this Amendment and the Agreement, this Amendment shall govern. Section headings in this Amendment are for convenience only and shall not be used in the interpretation of this Amendment. This Amendment may be executed in counterparts and/or by electronic signature (e.g. DocuSign). As used in this Amendment, "including" and its variants mean "including without limitation."

*[Remainder of this page intentionally left blank]*

IN WITNESS WHEREOF, this Amendment is entered into as of the date first written above.

City of [\_\_\_\_\_]

Recology Sonoma Marin

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: Salvatore M. Coniglio  
Title: Chief Executive Officer  
Date: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

ATTEST:

\_\_\_\_\_  
City Clerk

Exhibit A

DEFINITIONS

“Blue Container” means a Container colored as follows: (a) the lid shall be blue, or (b) the body shall be blue and the lid shall be either blue, gray, or black. Hardware such as hinges and wheels may be any color.

“Container” means any Cart, Bin or Debris Box.

“Gray Container” means a Container colored as follows: (a) the lid shall be gray or black, or (b) the body shall be gray or black and the lid shall be gray or black. Hardware such as hinges and wheels may be any color.

“Green Container” means a Container colored as follows: (a) the lid shall be green, or (b) the body shall be green and the lid shall be green, gray, or black. Hardware such as hinges and wheels may be any color.

“Hauler Route” means the designated weekly itinerary or sequence of stops scheduled to be performed by one collection vehicle providing regularly scheduled Solid Waste, Recyclable Material or Organic Waste collection services (not on-call or Bulky Item/Abandoned Waste) within the Contractor’s collection service area under the Agreement.

“Organic Waste” means wastes comprising material originated from living organisms and their metabolic waste products, including food, green material, landscape and pruning waste, clean unpainted/untreated wood (with no nails, wire, etc.), paper products, and printing and writing paper, but excluding textiles and carpets, manure, biosolids, digestate, sludges, non-compostable paper, Construction & Demolition Debris, and Hazardous Waste. No material shall be considered Organic Waste unless it has been segregated by the [Generator/Service Recipient] for separate collection.

“Prohibited Container Contaminants” means any of the following:

- (a) Non-Organic Waste placed in the Green Container, including but not limited to textiles and carpets, manure, biosolids, digestate, sludges, non-compostable paper, Construction & Demolition Debris, and Hazardous Waste;
- (b) Organic Waste placed in the Gray Container that is specifically identified under the Agreement for collection in the Green Container or Blue Container;
- (c) Organic Waste placed in the Blue Container that is specifically identified under the Agreement for collection in the Green Container. Paper products and printing and writing paper may be considered acceptable and not considered Prohibited Container Contaminants if they are placed in the Blue Container.

“Route Review” means a visual inspection of Containers along a Hauler Route for the purpose of identifying Prohibited Container Contaminants, which may include mechanical inspection methods such as use of cameras.

“SB 1383 Regulations” means the Short-lived Climate Pollutants (SLCP): Organic Waste Reductions regulations adopted by the California Department of Resources Recycling and Recovery (“CalRecycle”) in 2020.

For purposes of this Amendment, the following terms (whether or not capitalized) shall have the meanings given to them in the SB 1383 Regulations, unless the context indicates a different meaning was intended: biosolids, digestate, food, non-compostable paper, paper products, printing and writing paper, sludges.