



Solid Waste and Recycling Collection Rate 2025-2029

Rate Study and Proposed Rate Notice

April 15, 2025

Solid Waste & Recycling Collection Rates – 2025-2029

1. Quick Overview of Solid Waste & Recycling Enterprise Fund (SWR Fund)
2. Financial Position of SWR Fund
3. Primary Drivers for Rate Adjustments
 - NRWS Contract & Impact of SB 1383 Compliance
 - Major Capital & System Improvements
 - Dramatically Increased Fuel & Electricity Costs
4. Proposed Solid Waste Rate Adjustments
5. Next Steps – Direction from Council

Collection Services Provided

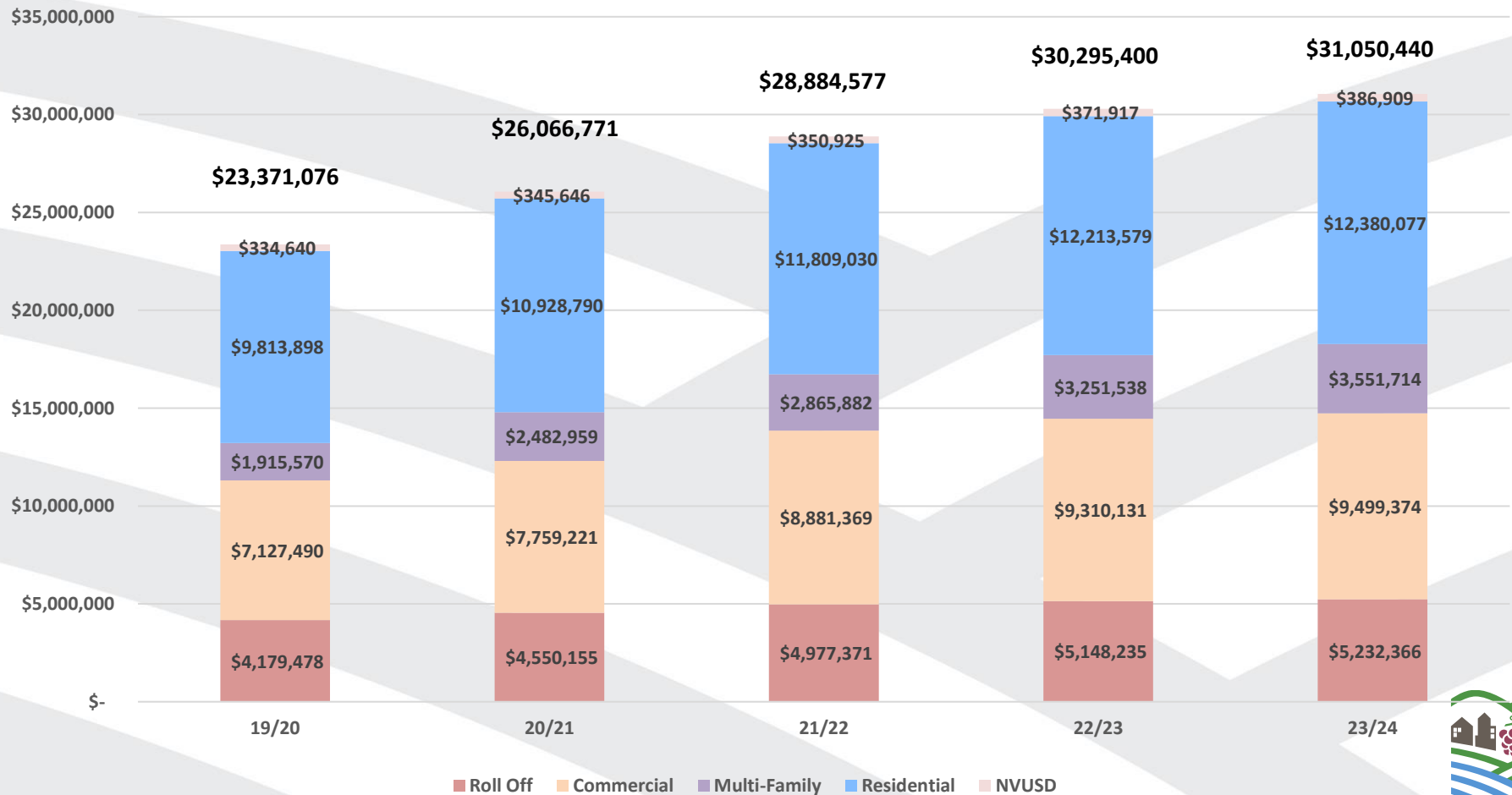
- 5 major “Lines of Service” for Collection:

1. Residential
2. Commercial
3. Roll-off Box
4. Multi-Family
5. NVUSD



5-Year Collection Rate Revenue by Line of Service

Collection Rate Revenue by Service Line – FY19/20 – FY23/24



Programmatic Status



- **Weekly Residential Curbside Service** – Trash (Landfill), Recycling & Compost Service (including Food Scraps/Soiled Paper since 2015)
- **4 streams of Commercial Service** – Trash (Landfill), Recycling, Greenwaste (Yard Trimmings) & Food Scraps Composting (since 2015)
- **Roll-Off Debris Box** – Trash and Multiple Recyclable/Compostable Materials (includes Clean Wood, Concrete, Dry Wall, Carpet, Metals, Cardboard, Mixed Recyclables, Dirt, Pomace & Yard Trimmings)
- **City Diversion Rate** - 65% overall landfill diversion (recycling and composting) for 2024 (70% by State formula). City and State goal is 75% level (or more).

Materials Diversion Facility (MDF)

Built: 1993; Expanded 1997; City Purchased 2004



Compost Operations

ATTACHMENT 3

Greenwaste Truck



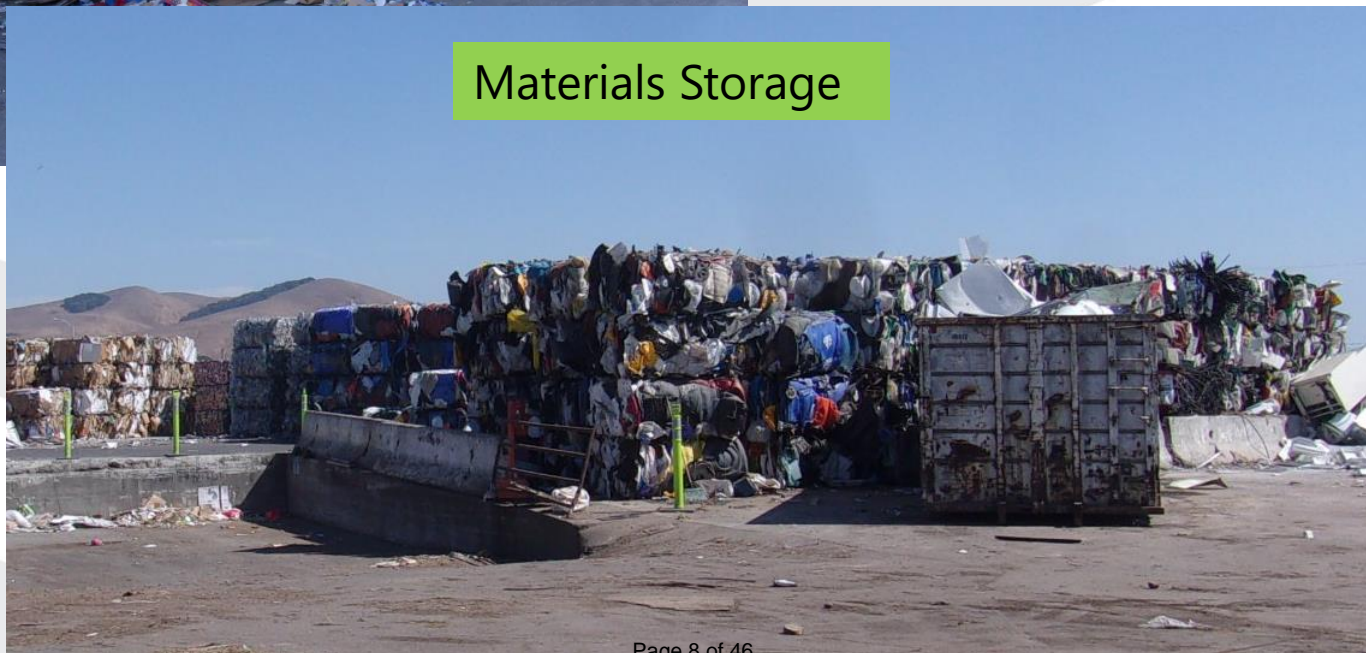
Organics Pre-Processing Line



Covered Compost (CASP) System



Recycling Operations



Tonnage Processed at MDF in 2024

ATTACHMENT 3

- Recycling = 49,400 tons
- Composting = 93,800 tons
- Construction & Demolition = 18,500 tons
- Wood = 10,000 tons
- Other Materials (e-waste, tires, bulky items) = 600 tons
- Facility Residue (disposal) = 13,900 tons
- 94% overall facility diversion (recovery) rate
 - (Note: 2% improvement vs. 2023)
- **Total Inbound Tons = 172,300 (vs. 103,500 in 2006; 66% increase!)**

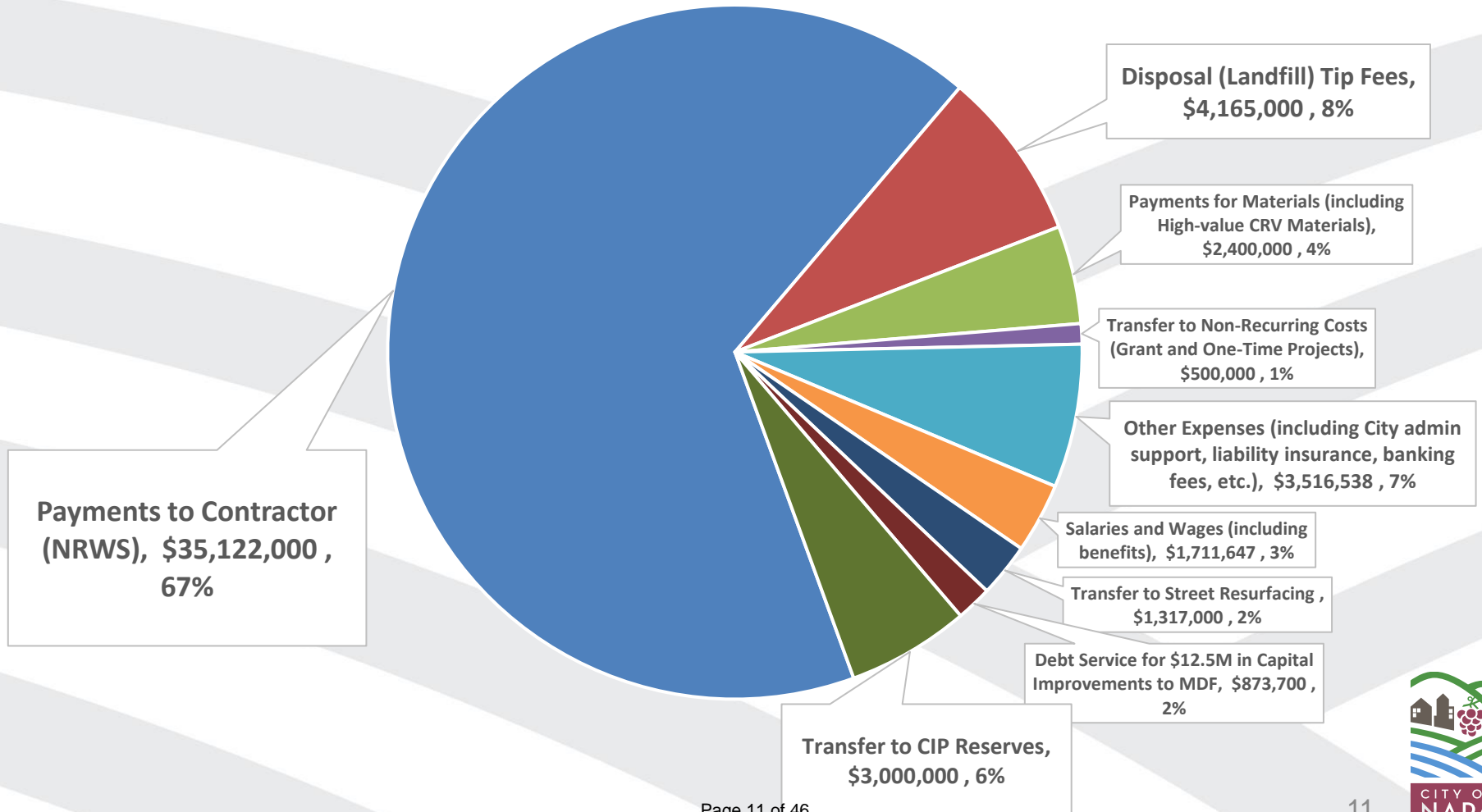




2. FINANCIAL POSITION OF SWR FUND

SWR Fund Overview – FY25/26 Expenditures

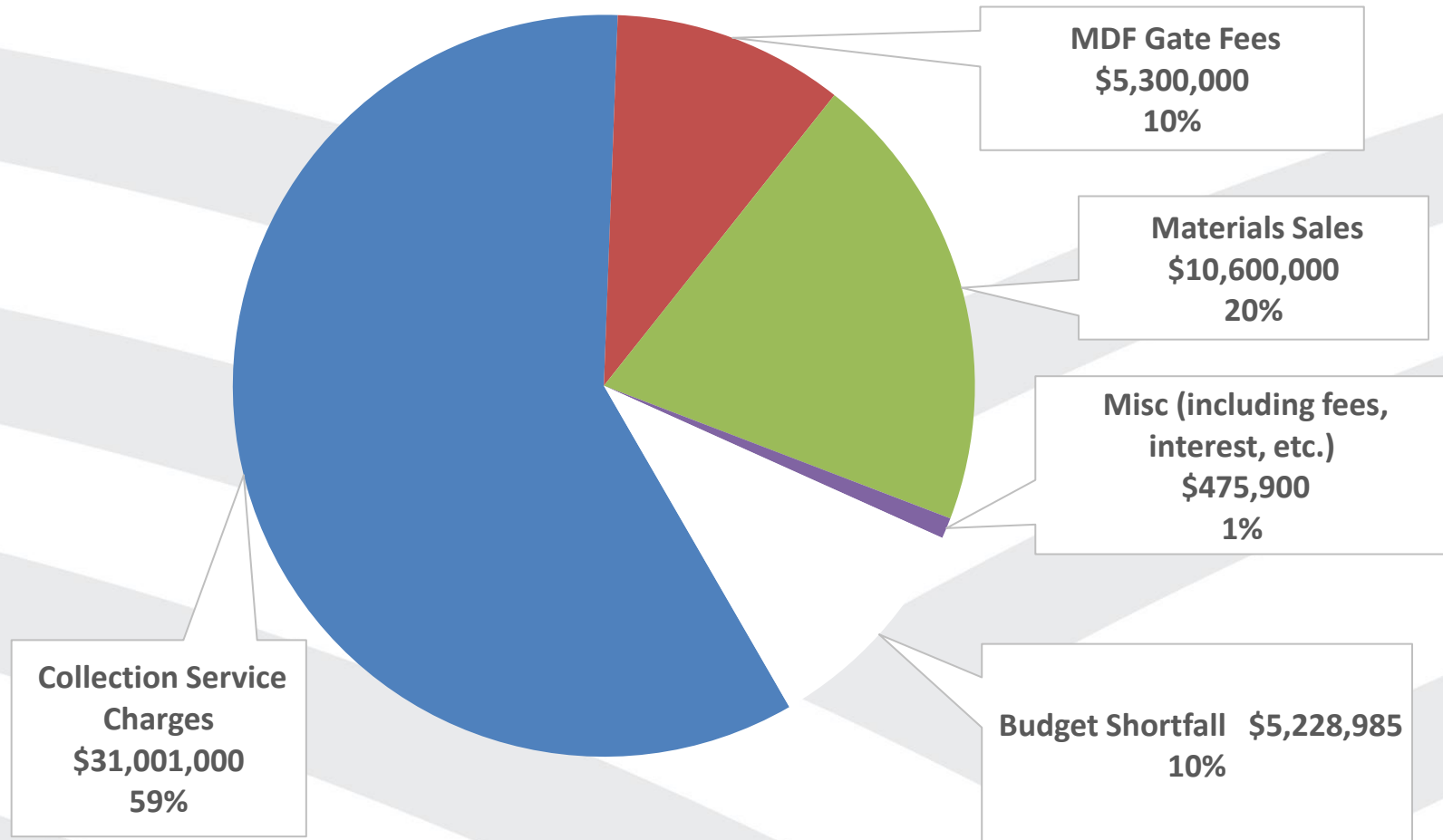
FY 2025/26 Budgeted Expenditures (Total = \$52,605,885)



SWR Fund Overview—FY25/26 Revenue

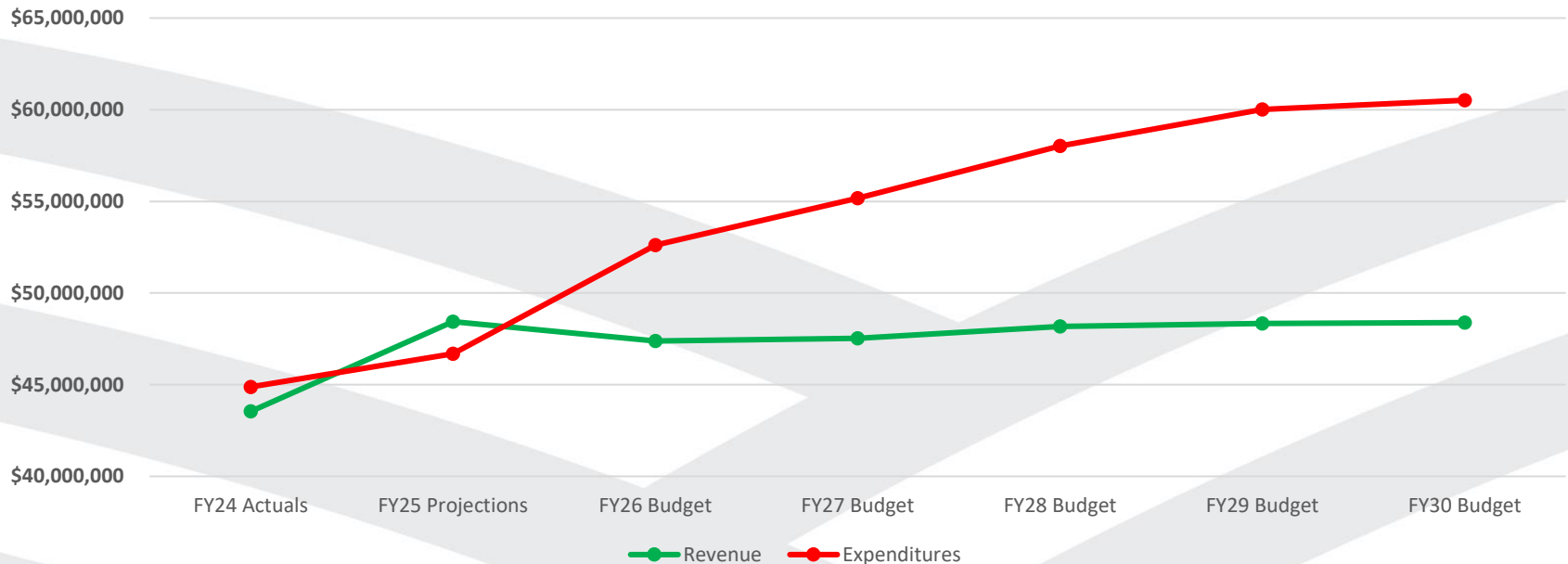
ATTACHMENT 3

FY 2025/26 Proposed Budgeted Revenues (Total = \$43,376,900)



Why are Rate Increases Needed?

Revenues vs Expenditures Trend (No Rate Adjustments)



- Last increase was January 2022
- For proposed FY2025/26 budget, expenditures will exceed revenues (\$5.2M in FY 25/26; \$12M in FY29/30)
- With no rate increase, current reserves would be exhausted by end of FY2026/27



3. PRIMARY DRIVERS OF PROPOSED RATE ADJUSTMENTS

3 Primary Drivers for Rates

1. NRWS Contract & Impact of SB 1383 Compliance
2. Major Capital & System Improvements
3. Dramatically Increased Fuel & Electricity Costs

State-of-the-art (& award winning!)

Covered Aerated Static Pile (CASP)

composting system (operational January 2020)



2022 NRWS Contract Amendment

Approved in October of 2022, this NRWS Contract Amendment addressed and accomplished the following:

- (1) Operating & emission testing costs for \$10M Covered Aerated Static Pile (CASP) composting system at MDF
- (2) Ongoing operating & maintenance costs for \$2.5M stormwater management system at MDF
- (3) Fixed annual labor cost increases at 3.5% per year to CY2031
- (4) Fixed non-labor annual increases at 2.5% per year to CY2031
** Non-labor annual increases have a 50/50 shared “safety valve” provision when Bay Area CPI exceeds 5% in a given year as occurred in 2023*
- (5) Set up an every-other-year “Reconciliation Review” process when residential, commercial and/or roll-off service growth exceed certain thresholds (currently a combined payment to NRWS of \$972K/year).

Added together, the amendment increased the base contract payment to NRWS by approximately \$1.87M/year (\$900K/year + \$972K variable payment based on growth in service).



SB 1383 NRWS Contract Amendment

Adopted April 18, 2023

SUMMARY OF SB 1383

Implementation Dates

2022

- Regulations take effect
- State enforcement on jurisdictions begins

2024




























- Regulations require jurisdictions to take enforcement

2025

- 75% reduction in organics disposal
- 20% increase in edible food recovery

December 2021 SB 1383 Status

Current vs. Full Compliance Summary

- | | |
|---|---|
| 1) Universal Compostable Organics: |   |
| 2) Ordinance/Enforcement Adoption: |      |
| 3) Edible Food Recovery Program: |     |
| 4) SB 1383 Procurement Requirements: |   |
| 5) Education, Training & Outreach: |    |
| 6) Secure Capacity for Composting,
Recycling & Edible Food Recovery: |     |
| 7) Monitor Compliance & Enforcement: |    |
| 8) Have Accurate Compliance Records: |     |

Dec 2021 Overall SB 1383 Compliance Score:



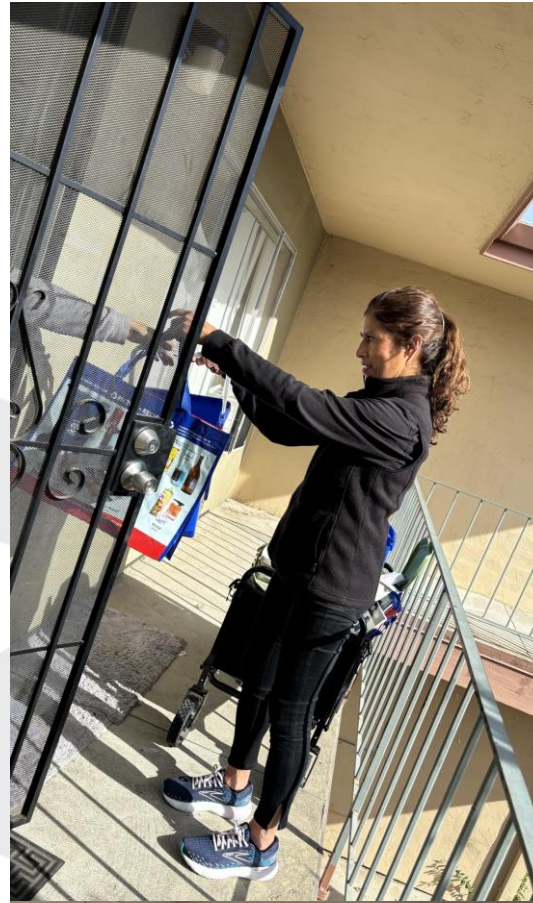
* Note five checkmarks indicates full SB 1383 compliance

SB 1383 – Current Compliance Status

Current Overall SB 1383 Compliance Score:



- 99% of commercial accounts subscribed to organics collection service
- 31 out of 47 multi-family (apartment) complexes with no organics collection service now subscribed (11 remaining by end of CY2025)
- Need Biomass Gasification or Anaerobic Digestion to fulfill SB 1383 procurement requirement for use of organic derived renewable energy and/or fuel.



HIGHLIGHTS OF SB 1383 CONTRACT AMENDMENT:



New Collection Truck & Driver:

- New commercial compost collection vehicle (\$523k less \$113k SB 1383 grant = \$410k)
- New Thursday through Monday route
- 1600 new wheeled cart for organics (200 lockable)
- Quarterly cleaning of organics equipment

** Note: Proposed 2025/26 budget includes increased cleaning schedule for commercial food carts from quarterly to monthly cleaning by NRWS.*

HIGHLIGHTS OF SB 1383 CONTRACT AMENDMENT:



New NRWS Staff:

- Two NRWS Recycling Outreach Specialists
- 1.5 new NRWS CSRs (0.5 NCRWS/County)
- Two NRWS Compost Equipment Operators
- New staff to educate, support, monitor, conduct route reviews/audits & report on SB 1383 progress; operate new organics processing equipment

HIGHLIGHTS OF SB 1383 CONTRACT AMENDMENT:



New Processing Equipment :

- \$1.45M optical sorter (85% City/15% NRWS)
- SB 1383-required quarterly facility audits
- \$2.6M in new organics processing equipment (\$1.5M grant-funded)
- In FY24/25, projected to add \$216k new material sales revenue; avoid \$460k in disposal costs & reduce transportation costs by \$154k (\$830k total)

Second Optical Sorter at MDF



Slow-Speed Shredder (\$920k – Grant Funded)



Density Separator (\$392k Grant Funded)



SB 1383 NRWS Contract Amendment

ATTACHMENT 3

Total Impact = Approximately \$2.8M per year

- **Reset NRWS Contract Base** : current collection rates at just over \$31M per year, \$2.8M translates into 9% of added cost per year. **Contract terms are through 2031.**
 - 3.5% per year in labor cost escalations
 - 2.5% per year in non-labor costs
 - "Safety Value" 50/50 shared cost provision if Bay Area CPI is above 5%
- **Unfunded State Mandate**: SB 1383 is state law and generally an unfunded mandate. Napa is ahead of many jurisdictions in implementing SB1383 and also understanding costs of full compliance with SB 1383.
- **Key Local Climate Action Step**: SB 1383 a key local program for Countywide Climate Action goals since methane is 30-50 times GHG impact vs. CO2.

2. Capital Improvements at MDF

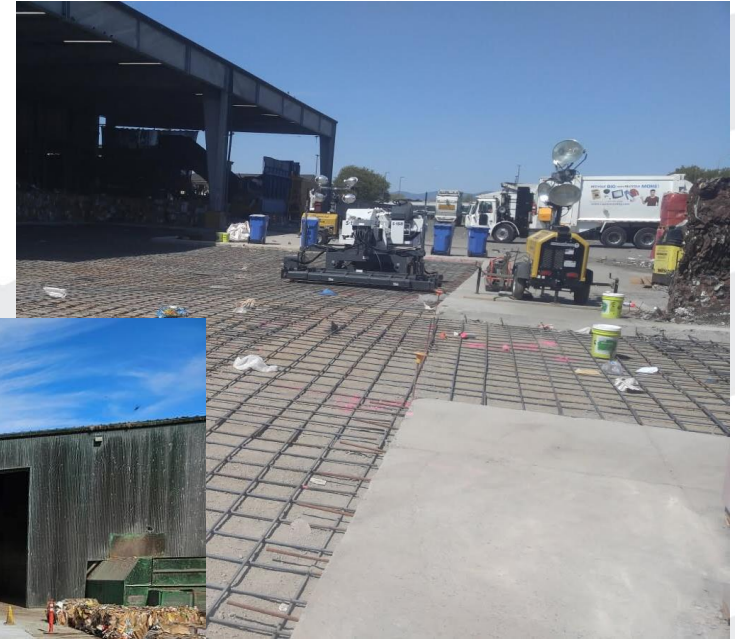
- In 2016, the City issued \$12.5M in Solid Waste Revenue Bonds for the following:
 - \$10.0M – “Covered” Composting system to comply with State regulations to process food scraps and air district regulations for emissions
 - \$2.5M – Stormwater system improvement to comply with Statewide “Compost Order” from Regional Board
 - \$2.0M – Covered processing and storage area for recyclables to comply with stormwater discharge permits
- Increased annual expenses by approximately \$900/year for debt service
- Requires a minimum 1.25x coverage ratio which must be considered for rate-setting

CIPS COMPLETED IN FY2023/24 & FY2024/25 AT MDF

Materials Diversion Facility

New Scale
(\$80K)

Exterior Concrete Pads (\$2.25M over 6 years)



ADDITIONAL SWR CIP PROJECTS COMPLETED IN FY2023/24 & FY2024/25

New MDF Recycled Water Line Connection (\$125K)

Materials Recovery Facility (MRF) Building (at MDF)
Exterior Painting (\$75K)

Industrial Stormwater Mitigation Improvement (Phase 1)
(\$675K)

PLANNED SWR CIPS FOR FY26 AND FY27 ATTACHMENT 3

12 KV Electrical System Installation at MDF
(\$2.8M)

Industrial MDF Stormwater Mitigation
Improvement Ph 2 (\$750K)

Raising Height of MDF Compost Retention
Pond (\$500K)

City Corp Yard SWR Equipment Storage Bay
(\$150K)

HIGHLIGHTED SWR CIPS FOR FY27/28-FY29/30

ATTACHMENT 3

Materials Diversion Facility Improvements (\$1.5M)

Biomass (Wood Waste) Gasification CEQA Study (\$200K)
Potential \$28+M Project at City Materials Diversion Facility

CASP (Covered Aerated Static Pile)
Compost System 2.0 (\$13M)



**CASP 1.0
(2.0 Similar)**



3. Dramatically Increased Fuel & Electricity Costs

History CY2019-CY2024

Year	Fuel	Energy	Total Cost	Change vs. Previous Year
CY2019	\$846K	\$377K	\$1.22M	
CY2020	\$742K	\$447K	\$1.19M	-\$0.03M (-2.5%)
CY2021	\$787K	\$530K	\$1.32M	+0.13M (+11%)
CY2022	\$996K	\$622K	\$1.62M	+0.3M (+23%)
CY2023	\$1.48M	\$689K	\$2.17M	+0.55M (+34%)
CY2024	\$1.58M	\$878K	\$2.46M	+0.29M (+13%)
CY2019 vs. CY2024	+0.73M	+\$0.41M	+1.24M	

Projections FY2025/26-FY2029/30

- Fuel increased at 5.35%/year
- Electricity increased at 11%/year (per CPUC projection)

FY2025/26:	Fuel	= \$1.66M
	Energy	= \$0.97M
	Total	= \$2.63M
FY2026/27:	Fuel	= \$1.75M
	Energy	= \$1.08M
	Total	= \$2.83M
FY2027/28:	Fuel	= \$1.84M
	Energy	= \$1.20M
	Total	= \$3.04M
FY2028/29:	Fuel	= \$1.94M
	Energy	= \$1.33M
	Total	= \$2.63M
FY2029/30:	Fuel	= \$2.04M
	Energy	= \$1.48M
	Total	= \$3.52M

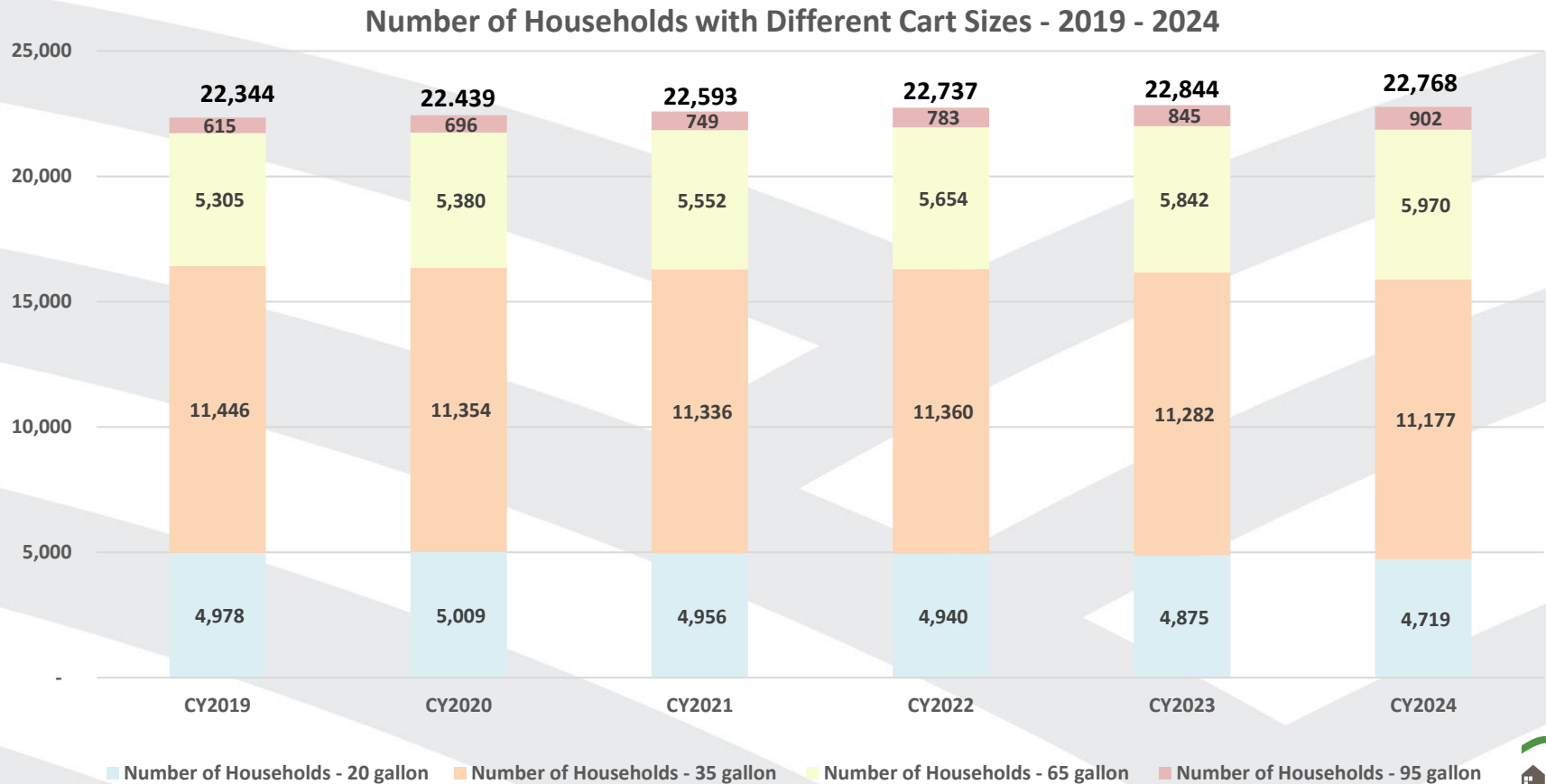
More than doubled over the 5-year period





4. PROPOSED SOLID WASTE RATE ADJUSTMENTS

Number of Households with Different Cart Sizes – CY2019 to CY2024



Proposed Rate Adjustments

Monthly Proposed Residential Rates 2025 to 2029 (does not show 95-gal)

Level of Service	Current (since 2022)	July 2025	Change	Jan 2026	Change	Jan 2027	Change	Jan 2028	Change	Jan 2029	Change	Total Change	Avg Monthly Change per Rate Year
20-gallon	\$30.54	\$34.20	\$3.66	\$37.63	\$3.43	\$40.64	\$3.01	\$43.89	\$3.25	\$46.52	\$2.63	\$15.98	\$3.20
35-gallon	\$38.29	\$42.88	\$4.59	\$47.17	\$4.29	\$50.95	\$3.78	\$55.02	\$4.07	\$58.32	\$3.30	\$20.03	\$4.01
65-gallon	\$58.71	\$65.76	\$7.05	\$72.33	\$6.58	\$78.12	\$5.79	\$84.37	\$6.25	\$89.43	\$5.06	\$30.73	\$6.15

Monthly Cost for Commercial/Multi-Family Service
(2 cubic yard bin picked up weekly)

Current (Since 2022)	July 2025	January 2026	January 2027	January 2028	January 2029	Cumulative Increase
\$ 597.10	\$ 668.75	\$ 735.63	\$ 794.48	\$ 858.04	\$ 909.52	\$ 312.42

Proposed Rate Adjustment by Percentage for All Rates including Commercial/Multi-Family and Roll-Off (with exception of Roll-Off MSW)

- Jul 1, 2025—12%
- Jan 1, 2026—10%
- Jan 1, 2027—8%
- Jan 1, 2028—8%
- Jan 1, 2029—6%

Enhanced SWR Low/Fixed Income Assistance Program



- Eligible if qualified for PG&E “CARE” Program
- Program in place since since 2019 at \$10/month for up to 1,250 households
- Recommended Increase to \$15/month for up to 1,500 households (1,222 households currently participating in SWR’s RateShare program)
- Revenue source is material sales (not rate revenue)

Napa's Rates Will Remain Below Regional Average

65 Gallon Monthly Residential Service Cost Comparison

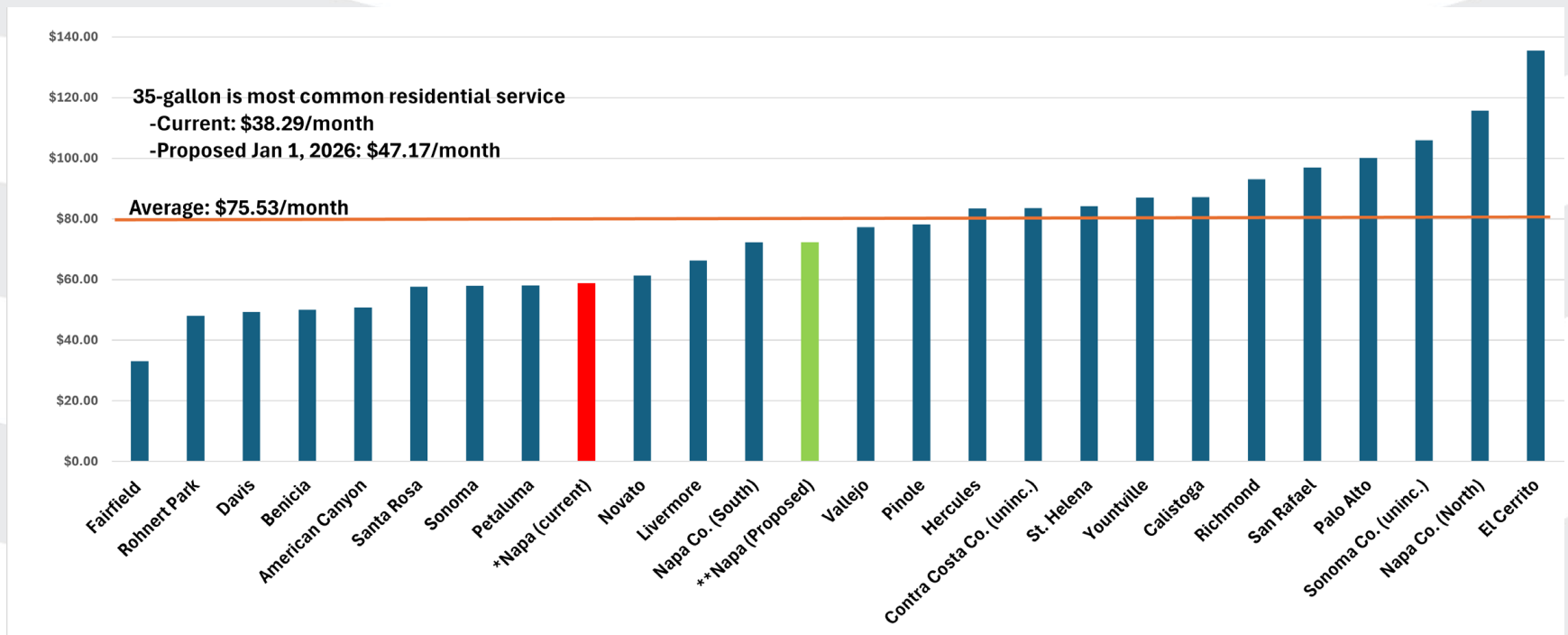
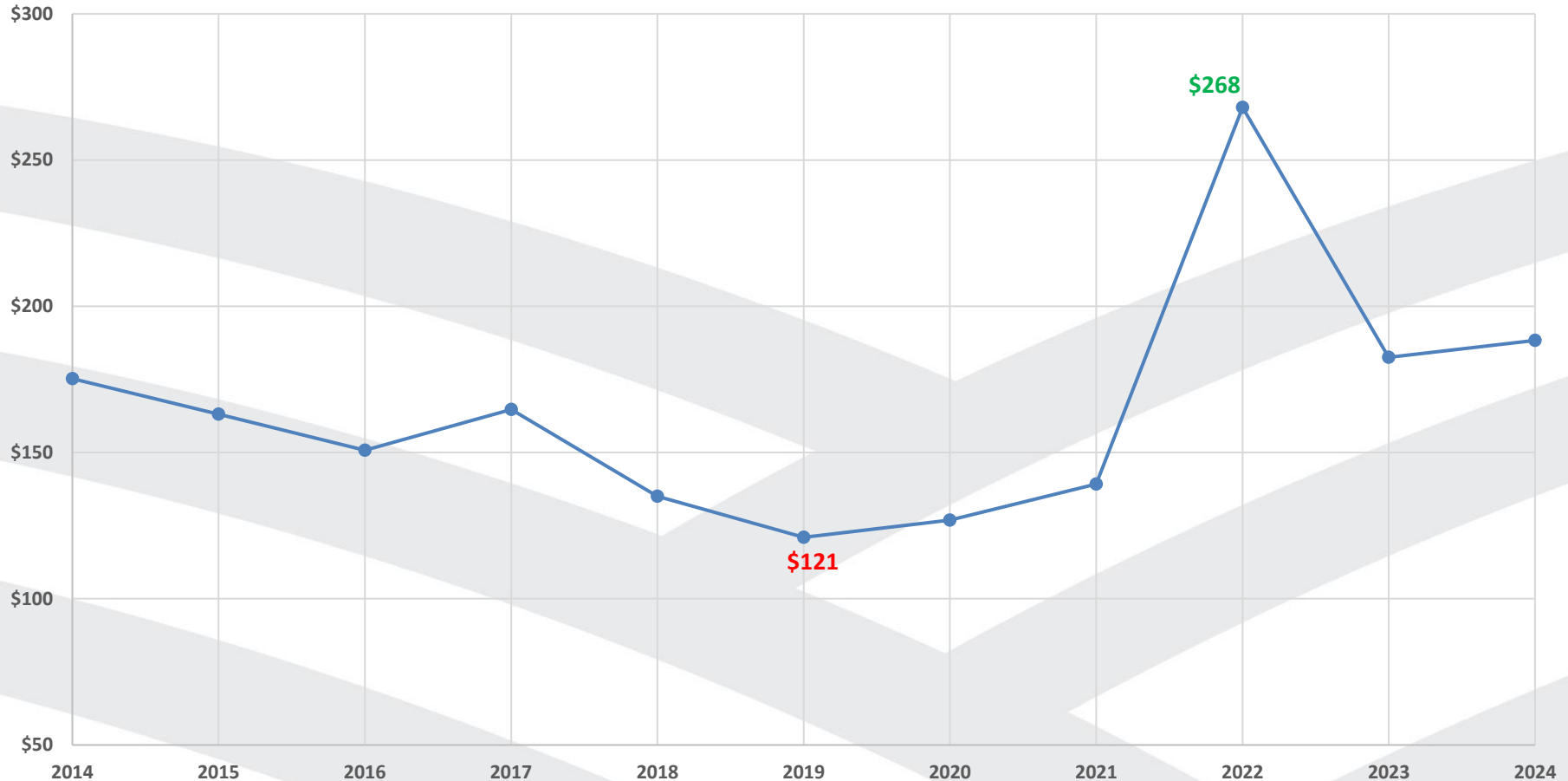


Chart based on current jurisdiction rates, many subject to annual adjustment prior to January 2026. Most common 35-gallon residential rates not utilized in above chart because several jurisdictions do not have multiple service size options smaller than 65-gallon and thus are not comparable residential rate structures.

Material Sales Revenue Volatility

ATTACHMENT 3

10-year Average Material Sales Price Per Ton for Residential Recyclables

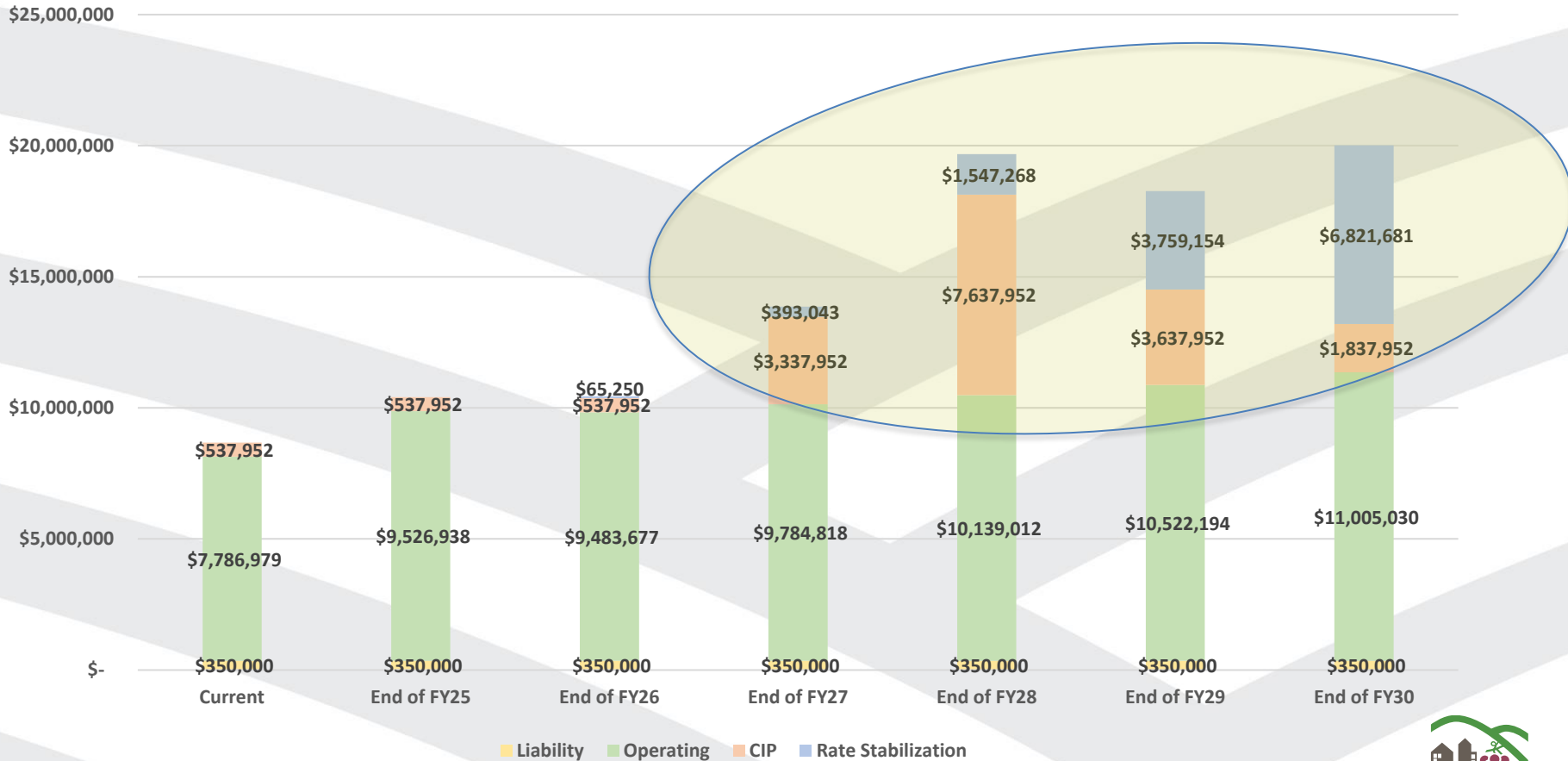


Maximum volatility of 121% from low of \$121/ton to high of \$268/ton
Materials sales revenue projection = \$10.6M/year; 60% drop = \$6.4M loss

➤ Rate Stabilization Fund Needed

Replenishment of Solid Waste Reserves & CIP Investments

Projected Solid Waste Fund Reserve Balances with Proposed Rate Adjustments



5-year “phase-in” for Commercial Compostable Organics

SB 1383 Mandatory Commercial Organics Rate Study

- Current commercial organics collections rates have a 75% of MSW (landfill) charge for commercial food scrap collection and “no charge” for commercial yard trimmings service.
- SB 1383 requires all commercial generators (including multi-family served as commercial accounts) to subscribe and be provided access to collection of compostable organics.
- Attachment 2 to staff report is a detailed study for phased-in consolidation of current commercial compostable organics service.

1 65-gallon 3X week service – charge per month	Current	July 2025	Jan 2026	Jan 2027	Jan 2028	Jan 2029
Commercial MSW (Landfill)	\$288.03	\$323.23	\$355.55	\$383.99	\$414.71	\$439.59
Commercial Food Scraps	\$216.45	\$183.16	\$151.22	\$119.00	\$88.40	\$54.82
Food Scraps savings vs. MSW	25% savings	43% savings	57% savings	69% savings	79% savings	87% savings
Commercial Yard Trimmings	No Charge	\$9.36	\$20.03	\$30.37	\$42.28	\$51.16



5. NEXT STEPS – DIRECTION FROM COUNCIL

Next Steps – Proposition 218 Notice

ATTACHMENT 3

- Attachment 3 to Staff Report
- Proposition 218 Notice includes:
 1. Proposed Rates
 2. Reasons/Data behind Proposed Rate Adjustments
 3. Information on Public Hearing (June 17th)
 4. Protest Form & Instructions

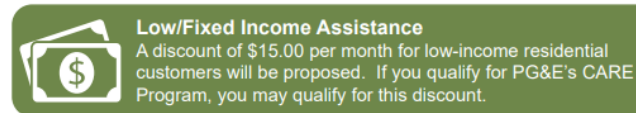


Solid Waste & Recycling Proposed Rates to Meet Requirements

Residents can be proud of Napa's solid waste program that diverts approximately 65% of collected materials from landfill. Clean Compressed Natural Gas (CNG) vehicles collect materials that are processed at our robust recycling, food scrap and composting facility. **What has changed? State Senate Bill 1383 requires recovery of organic materials.** Initiatives have been implemented with Napa Recycling and Waste Services (NRWS) to ensure compliance.

Rates have not increased since 2022 and changes are proposed to meet the costs of the City's successful materials diversion program. If approved, residential customers can expect to see the following in their future monthly solid waste bills from NRWS:

Level of Service	Current (since 2022)	July 2025	Change	Jan 2026	Change	Jan 2027	Change	Jan 2028	Change	Jan 2029	Change	Total Change	Avg Monthly Change per Rate Year
20-gallon	\$30.54	\$34.20	\$3.66	\$37.63	\$3.42	\$40.64	\$3.01	\$43.89	\$3.25	\$46.52	\$2.63	\$15.98	\$3.20
35-gallon	\$38.29	\$42.88	\$4.59	\$47.17	\$4.29	\$50.95	\$3.77	\$55.02	\$4.08	\$58.32	\$3.30	\$20.03	\$4.01
65-gallon	\$58.71	\$65.76	\$7.05	\$72.33	\$6.58	\$78.12	\$5.79	\$84.37	\$6.25	\$89.43	\$5.06	\$30.72	\$6.14



Napa's Rates Will Remain Below Regional Average

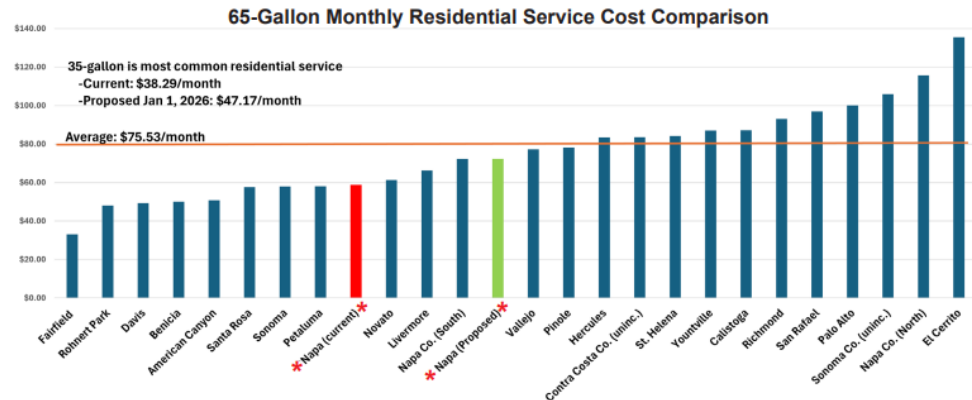
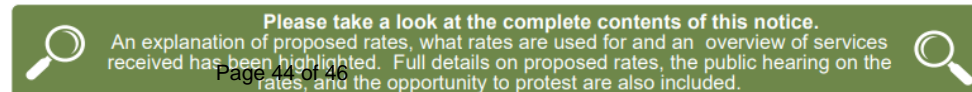


Chart based on current jurisdiction rates, many subject to annual adjustment prior to January 2026. 35-gallon residential rates not utilized in above chart because several jurisdictions do not have multiple service size options smaller than 65-gallon like Napa and thus are not comparable rate structures.



Next Steps – Proposition 218 Notice

- Modeled on 2019 SWR Rate Notice & in fulfillment of promise to 2020 Napa Grand Jury.
- Incorporates 2019 Napa Taxpayers requested revision to wording adjacent to check box on protest form.

CITY OF NAPA SOLID WASTE RATES PROTEST FORM

*You do not need to complete this form if you do not oppose the proposed rate increase.
If you wish to protest the proposed rate increase, you may use this sample form.*

☐ Check the box if you agree with the following statement:

I protest the proposed rate increase for the collection of solid waste (trash), recycling, and compostables. I certify that I am the property owner and/or responsible for paying the solid waste rates for this property.

Comments or Reason for Protest (optional):

Street Address

Signature

Printed Name

Mail to:
Napa City Clerk
P.O. Box 660
Napa, CA 94559-0660
Attn: Proposition 218 Protest
***Please mail this protest form
back in a stamped envelope.***

- OR -

Deliver in person to:
Napa City Clerk
955 School Street
Napa, CA 94559-0660
Attn: Proposition 218 Protest

In order to be counted, all written protests must be received by the City, whether sent by mail or delivered in person, by the close of the public hearing June 17, 2025 at 6:30 pm.



Council Direction – Issuance of Proposition 218 Notice

- Authorize City staff to provide written notice by mail of the proposed update to solid waste and recycling collection rates in compliance with all requirements of state law, and
- Schedule a public hearing to consider adoption of updated solid waste and recycling collection rates at City Hall, 955 School Street on June 17, 2025, at 6:30 pm.