

SOLID WASTE & RECYCLING COLLECTION SERVICE RATE STUDY FOR 2025-2029



City of Napa

Utilities Department

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Solid Waste and Recycling Collection Service Rate Study for 2025-2029

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CHAPTER 1: EXECUTIVE SUMMARY

City of Napa's Solid Waste & Recycling Collection Service Rates ("Solid Waste Rates") were last adjusted in January of 2022 (with the approving Napa City Council action occurring on July 23, 2019). Since that last rate adjustment, many significant changes have occurred and the proposed rate adjustments to the Solid Waste Rates will address those changes in the Solid Waste and Recycling Enterprise Fund ("SWR Fund" or "Fund"). The purpose of the "rate study" is to evaluate the current and projected overall financial position of the SWR Fund and, if necessary, provide recommended (or "proposed") adjustments to the City's Solid Waste Rates for 2025 through 2029.

As an enterprise fund, the SWR Fund is independent of the City's general fund and is supported by non-tax revenue, primarily from solid waste rate revenue charged for the collection and processing (including disposal) of municipal solid waste (MSW), recyclable materials and compostables. Within the Fund, there are five major "lines of service" which include (1) residential, (2) commercial, (3) roll-off debris/recycling box, (4) multi-family and (5) service to the Napa Valley Unified School District (NVUSD). Because solid waste collection rates are tied to property (with property owners within City limits generally required to subscribe to solid waste removal services), solid waste rates (like City water rates) are subject to the provision of California's Proposition 218 (or "Prop 218"). Prop 218 has provisions for a notice process to property owners and/or solid waste/recycling service customers, a 45-day public review period once the notice of potential increased rates is mailed, and a public hearing process to protest the potential rates following the public review period. In general, the rates charged to a rate-paying customer must be based on the cost of service to provide those services.

Beyond solid waste rate revenue, the SWR Fund also has two other major "non-rate" sources of revenue – revenue from the sale of processed recyclable materials and revenue from "Gate Fees" charged to users of the City's Materials Diversion Facility ("MDF" or sometimes known as "Napa Recycling and Composting Facility"). The City of Napa currently contracts with a private company named Napa Recycling & Waste Services, LLC (or "NRWS") to provide for the collection and processing of solid waste, recyclable and compostable materials as well as operation of the City-owned Materials Diversion Facility ("MDF"). The City currently stands at a 69% level of recycling and composting (commonly known as "diversion rate" referring to the diversion of materials away from landfill disposal). Both the State of California and the City of Napa itself have set goals of meeting or exceeding a diversion rate of 75% or better. Relevant legislation and City programs toward that goal are discussed in this rate study (primarily chapter 2 and Appendices A, L, M, N, and O to this rate study).

The major projected expenditures for the SWR Fund include compensation to NRWS for contracted services, landfill disposal of MSW, mitigation of impacts of heavy refuse and recycling collection vehicles on City streets, capital improvements, costs associated with materials delivered to and processed at the City's MDF, and salaries and benefits of City staff serving the SWR Fund. Projected revenues and expenses for the Fund are discussed in detail in Chapters 3 and 4 (as well as Appendices B through O to this rate study).

While there are many changes to such a large Fund, the most significant three changes that impact the fund ("primary drivers") since the time of the last City of Napa solid waste rate setting are as follows:

1. **NRWS Contract and Impact of SB 1383 Compliance:** The 2022 Contract Amendment with NRWS was approved by the Napa City Council in October 2022 (see Appendix N for full staff

report to Council). Among other items, the 2022 Contract Amendment addressed operating and maintenance costs of the Covered Aerated Static Pile (CASP) and improved stormwater management system at the City's MDF. Both major facility improvements were necessary to be compliant with solid waste, stormwater and air permits applicable to the MDF, particularly in order to receive, process and compost food scraps and soiled paper in addition to more traditional greenwaste. The 2022 Contract Amendment also increased compensation to NRWS for economic growth and defined parameters to measure that growth through an every-other-year "reconciliation review" process. Finally, the 2022 Contract Amendment fixed the annual contractual inflators for labor at 3.5% per year and non-labor capital and operating payment at 2.5%. In order to avoid large fluctuations for both parties for non-labor costs, the Amendment also included a risk sharing procedure whereby the City and NRWS share non-labor costs increases 50%/50% when the index, the Consumer Price Index-All Urban Consumers – All Items less food and energy, San Francisco-Oakland-San Jose-CA (Series ID CUURA422SAOL1E), exceeds 5% in a given year (the "safety-valve"). This term applies to the current City-NRWS agreement which ends in Contract Year (CY) 2031. The "safety valve" provision for non-labor costs was exercised in contract year (and calendar year) 2023 as the inflation rate was greater than 5% (6.0% that particular year). The capital and operating impacts of the 2022 Contract Amendment "reset" the baseline capital and operating by approximately \$900,000 per year (escalated at the 3.5% labor and 2.5% non-labor indices since CY2022). The "reconciliation review" growth provision payment to NRWS is currently \$205,516/year for residential growth, \$698,404/year for commercial growth and the most recent annual roll-off debris box service growth was a payment of \$68,466 to NRWS for CY2024 actuals.

Senate Bill (SB) 1383, California's Short-Lived Climate Pollutant Reduction Strategy (Mandatory Organics Recovery), was signed into law in 2016 and the state-issued regulations to implement the statute became effective January 1, 2022 (SB 1383). SB 1383, focused on organics, is imposed on jurisdictions and solid waste generators (i.e., residential, commercial and institutional generators and collectors of solid waste/recyclable/compostable materials) that requires participation in recycling and organics recovery programs, including edible food recovery. The City submitted a Notification of Intention to Comply with SB 1383 to the state (CalRecycle) in February of 2022 and subsequent programmatic and contractual adjustments and additions were made to adhere to SB 1383 and the implementation plan approved by CalRecycle.

The SB 1383 Contract Amendment with NRWS was approved by the City Council in April 2023 (see Appendix M for full staff report to Council). This contract amendment continued the City's effort to achieve (or exceed) a 75% level of diversion from landfill disposal pursuant to both adopted City policy and state goals. Key cost drivers included:

- (1) addition of one commercial compost collection vehicle and driver;
- (2) new and/or upgraded collection equipment for expanded collection of compostable organic materials;
- (3) addition of two NRWS compost equipment operators, two NRWS recycling outreach specialists and 1 ½ NRWS customer service representatives (half of one NRWS customer service representative was paid by south Napa County unincorporated rate payers);
- (4) new and/or upgraded sorting and processing equipment for recyclables at the City-owned MDF and

(5) \$2.6 million of new organics processing equipment at the MDF (\$1.5 million of which was paid through a competitive grant secured from CalRecycle by the City).

The total annual impact was projected at approximately \$2.8 million per year. At current SWR collection service rates, every \$310,000 in additional costs is approximately 1% of collection service rate revenue. Thus the annual increase in costs for SB 1383 compliance has “reset” the base NRWS contract by approximately 9% (all other factors being unchanged). The impact of the 2022 and SB 1383 Contract Amendments are described in more detail in section 3.1 and Appendices L, M, N, O and P of this rate study.

2. **Dramatically Increased Fuel and Electricity Costs:** A rapid and significant increase in the cost of fuel for NRWS collection vehicles and electricity for operation of the MDF has been experienced since the time of previous rate setting and is expected to continue to increase in the next five-years. Full reimbursement of actual NRWS fuel and MDF electricity costs (once documented and verified) is built into the City-NRWS Agreement. In CY2019 (time of previous multi-year SWR rate setting), the combined cost of fuel and electricity was \$1.22 million. By CY2024, the combined fuel and electricity cost had risen to \$2.46 million, a 101.6% increase. Projections for fuel cost are a 5.35% increase per year for the next five-years and an 11% per year increase for electricity for the next five-years. If these projected increases materialize as projected, the cost of fuel and electricity will be \$3.53 million in CY2029 (a 43.5% increase compared to CY2024 actual fuel and electricity costs) creating an additional \$1.07 million obligation for the SWR Fund. As noted above, at current collection service rates, every \$310,000 in additional costs is approximately 1% of collection service rate revenue. Thus a \$1.07 million increase constitutes a 3.45% increase by itself over current collection service rates. The impact of dramatically increased fuel and electricity costs is described in more detail in section 3.3 of this rate study
3. **Major Capital and System Improvements:** In September 2016, the City issued \$12.5 million in solid waste revenue bonds (“SWRB”) for several major capital and system improvements at the MDF. Approximately \$8 million of the SWRB proceeds have been invested in a CASP system to process compostable organic materials at the MDF. The CASP system is necessary to process a wide range of compostable materials including food scraps, grape pomace, soiled paper and manure (along with traditional yard trimmings) to be in compliance with permit conditions imposed on the MDF. Three major permits govern the MDF operation: solid waste facility, air district emissions, and stormwater management. Beyond the CASP system, approximately \$2 million of the SWRB proceeds was dedicated towards a greatly improved stormwater management and treatment system at the MDF to meet the General Compost Order from the San Francisco Bay Area Regional Water Quality Control Board. The remainder of the SWRB proceeds funded necessary roof extensions, additional concrete pad, and loading dock improvements for storage and processing of recyclable materials at the MDF. The annual debt service for the SWRB is slightly under \$900,000 per year.

Unfortunately, several major capital improvement projects (CIPs) have either been deferred or are now required because of combination of SB 1383 processing and increasingly stringent regulations and necessary permits (air, stormwater, and solid waste facility permits). In consultation with NRWS as the contracted facility operator, the proposed rates support \$18.7 million in MDF CIPs over the next five years. In FYs 2025/26 and FY2026/27, the proposed rates would fund the following CIPs at the MDF: (1) \$2.8 million for installation of a 12 KV electrical system (as required by PG&E and deferred from 2020 because of the COVID-19

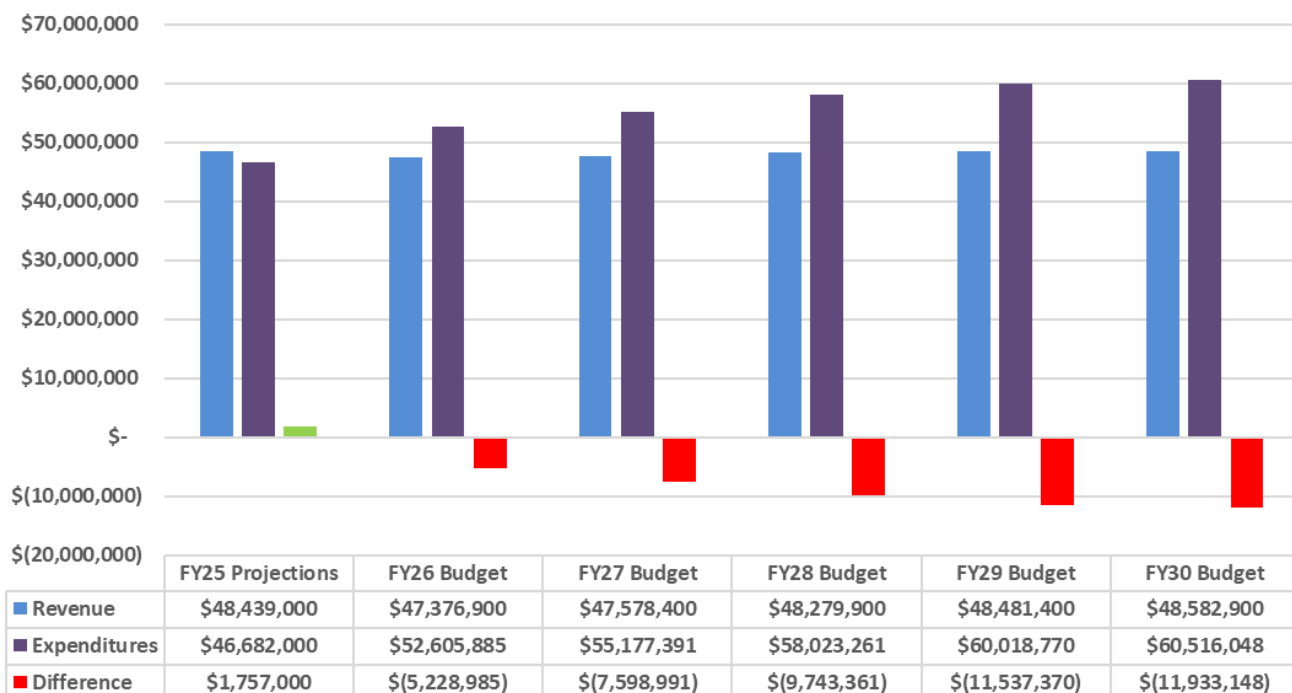
pandemic); (2) \$750,000 for a second phase for treatment and storage of MDF industrial stormwater; (3) \$500,000 for raising the height of the “compost contact” retention pond since no discharge is allowed for compost contact water, and (4) \$150,000 for a permanent equipment storage bay at the City’s corporation yard. In FYs 2027/28 through FY2029/30, the major MDF CIPs that need to be funded are: (1) \$13 million for next phase of CASP composting system (largely in response to air permit requirements to maximize on-site composting and avoid expense off-hauling of excess organic material to other composting facilities); (2) \$500,000 for MDF concrete pad partial replacement (first year of a 3-year \$500,000/year plan starting in FY2029/30 and continuing through FY2031/32); (3) \$400,000 for replacement/rehabilitation of the 20 year-old MDF scalehouse in 2026 which has been deferred previously; and (4) \$300,000 for partial replacement of perimeter MDF fencing (which has already been deferred several times). The original perimeter fencing will be 35 years old by CY2029 and cannot withstand additional deferral.

The City considered bond-funding for some of the above MDF CIPs, but the bond interest rates at nearly 6% interest are not favorable compared to the SWRB rate of 3.14%. The MDF CIP plan is described in more detail in section 3.2 of this rate study.

Beyond the three major changes described above, this rate study examines the Fund’s projected revenue with existing rates against projected expenses for 2025-2029. When the City issued the SWRB in 2016, the bond indenture placed a minimum 1.25 debt coverage ratio for the Fund which the City would not meet without some level of increases in solid waste rates. Please see chart below that presents the projected net operating position of SWR Fund with no rate adjustments for City FY2025/26 through FY2029/30.

Projected 5-year Operating Position of SWR Fund with No Rate Adjustments

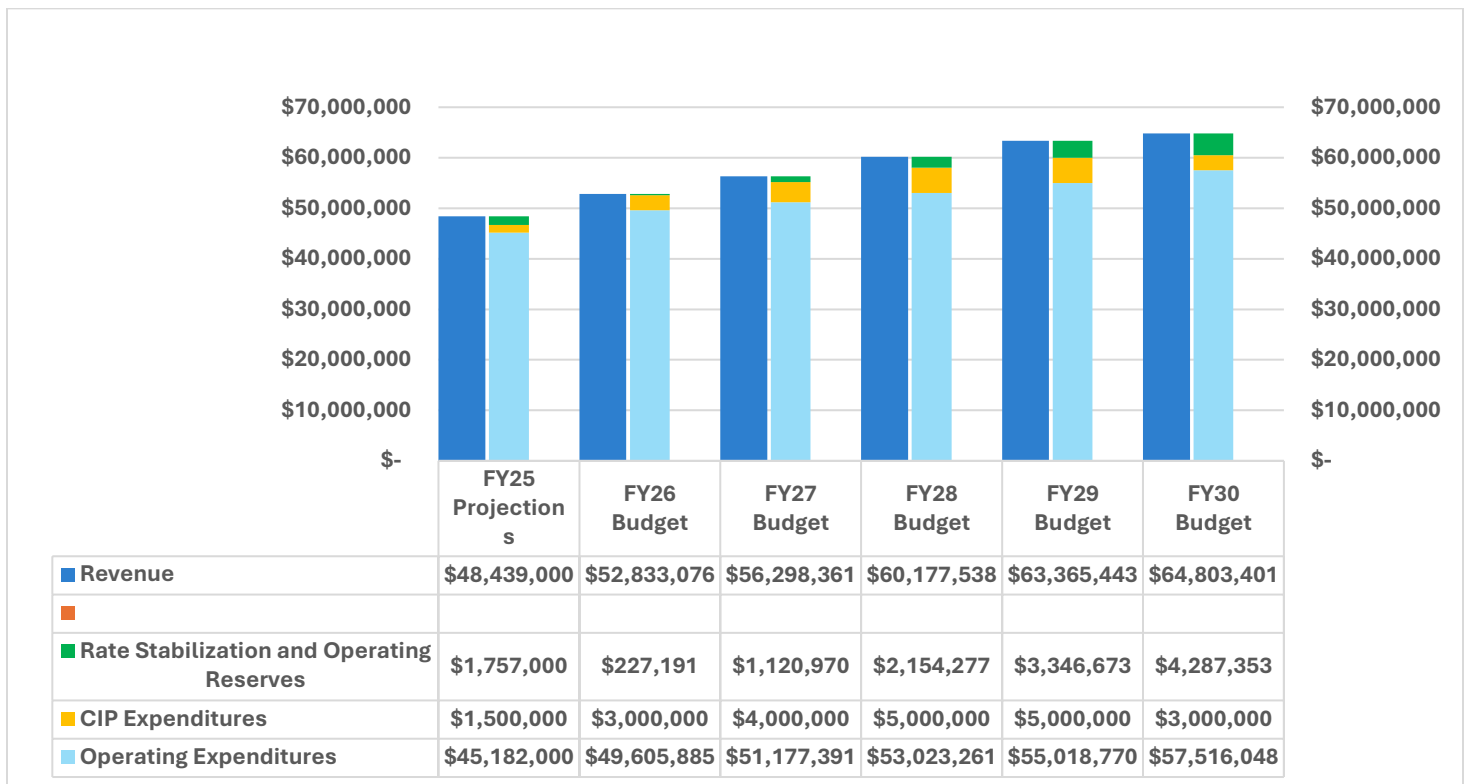
Solid Waste/Recycling Overall



In addition to the minimum debt service coverage ratio required by the 2016 SWRB, the impact of continuing with existing solid waste rates on the Fund's reserves was also analyzed. In summary, the difference between continuing with existing solid waste rates and the proposed rate adjustments was dramatic. With no rate adjustments, the SWR Fund is projected to go from total reserves of \$8,674,931 at the end of City FY2023/24 with reserves completely exhausted by the end of City FY2026/27 and projected to be negative \$7,988,482 by the end of City FY2027/28 (and this, in turn, would require significant financial support from the City's general fund which is generally not practiced for an Enterprise fund such as the SWR Fund). Please refer to Table 2 in section 5.2.1 of this rate study for more complete data.

In contrast to the dire scenario described above under existing solid waste rates, adoption of the proposed rate adjustments provides a prudent replenishment of total SWR Fund reserves.

Projected 5-year Impacts of Proposed Solid Waste and Recycling Rates



The refunding of reserves under the proposed rate adjustments satisfies the 20% operating reserve target specified in the SWR Fund fiscal policy (\$10,522,194 by the end of FY2028/29) and a rate stabilization fund reserve balance of \$3,759,154 by the end of FY2028/29. A \$3.76 million rate stabilization reserve balance would cover a single year 36% decline in materials sales revenue, which is always a possibility with volatile global markets for recyclables. Also included in these total projected reserves is a build-up of the Capital Improvement Project (CIP) reserves to cover the \$18.7M in MDF CIPs over the 5 years and leave a projected CIP reserve balance of \$1,837,952 by the end of FY2029/30. This will almost certainly be needed as the MDF continues to age (the facility will be 35 years old by the end of 2029). Failure to build adequate capital reserves in the Fund would necessitate some combination of future borrowing, depletion of existing reserves or higher rate increases for future City rate payers.

CHAPTER 2: STATUS OF SOLID WASTE AND RECYCLING OPERATIONS AND PROGRAMS FROM 2014 to 2024

Section 2.1 OVERVIEW OF SERVICES PROVIDED

The Solid Waste and Materials Diversion Enterprise Fund (“SWR Fund” or the “Fund” in this report) pays for solid waste and recycling collection services provided primarily by Napa Recycling and Waste Services, LLC (“NRWS”) in the City of Napa. Services and program provided by a combination of NRWS and City staff include operation of the City of Napa’s Materials Diversion Facility (“MDF”) where the recyclables are sorted and marketed, operation of the compost facility at the Napa MDF and provision of all of the City’s recycling programs including planning and implementing recycling programs at businesses in Napa, the commercial food scrap composting program, the Electronic Waste drop off day, the Recycle More Program, carpet recycling and other programs. The main sources of revenue to the Fund are (1) solid waste and recycling collection service revenues (“solid waste rates”) from residents and businesses, (2) revenue from the sale of recyclable materials, compost, and gravel from the MDF and (3) gate fees collected at the MDF from customers delivering yard trimmings, source separated concrete, wood, and other recyclable materials. Revenues also come from larger users for whom the Napa MDF processes curbside recyclable materials, yard trimmings and food scraps including the County of Napa and private companies such as Sonoma Garbage Service. Only the first source of revenue to the SWR Fund listed above (solid waste rate revenue) includes property-related fees subject to California’s Proposition 218. However, all three major sources of revenue are utilized to cover overall expenditures in the Fund.

Section 2.2 CURRENT STATUS OF CITY AB 939 & SB 1383 DIVERSION EFFORTS

Despite very difficult global markets for recyclables, Napa has continued to achieve and maintain a very high level of recycling and composting. Measured by the older (and more conservative) “diversion-based” calculation method (diverted tons over total generation), it is estimated that the City of Napa achieved a 65% level of landfill diversion in calendar year (“CY”) 2024. This represents a 2% overall improvement from CY2020 at 63% landfill diversion rate and steady progress toward the City goal of 75% diversion (as set by the “Disposal Reduction Policy” passed by the Napa City Council in July of 2012).

Effective January 1, 2009, state law requires use of the per capita disposal and goal measurement system to determine compliance with AB 939. The per capita disposal and goal measurement system measures tons disposed by the City and it also evaluates diversion program implementation efforts and results. Using this measurement system, the City of Napa’s disposal target rate is 7.3 lbs. of solid waste per person per day. The City of Napa’s 2016 calculated disposal rate as reported in the annual report was 3.8 lbs. per person per day. City staff calculates that the equivalent diversion rate would be approximately 74% for CY2016 (Please note that CY2017 and CY2018 data was not used as wildfire debris disposal skewed the state’s landfill disposal reports and the City submitted a disposal modification request using historical averages that was accepted by the State of California). Using the per capita measurement system, jurisdictions are discouraged from comparing their own rates with those of neighboring jurisdictions due to the specificity of the per capita disposal targets. Details on recycling

programs achievements and recycling grants as of CY2018 can be found in Appendix A to this rate study.

Section 2.3 NEW PROGRAMS, STAFFING AND OTHER OPERATIONAL CHANGES MADE FROM 2014-2024

2.3.1 Upgraded Position – Waste Prevention Specialist & Second City Waste Prevention Specialist Added:

The City created the new position of Waste Prevention Representative in FY 2013/14, and modified it to a slightly higher “Waste Prevention Specialist” classification in FY2016/17. The Waste Prevention Specialist assist businesses, residents, schools and City facilities to increase diversion of recyclable waste and organics such as food scraps. The Waste Prevention Specialist has been very involved in the roll out of the full-scale Commercial Food Scrap Diversion Program to restaurants and other food scrap generators in the City. This was previously required by AB 1826, which has increasing requirement for compostable organics generating businesses, schools and multi-family complexes with virtually all such generators covered by January 1, 2020. With the passage and impact of SB 1383, all generators of compostable organics were required to subscribe to organics collection service as of January 2022. A second City Waste Prevention Specialist was added as of December 2023 and has also been working with multi-family complexes and commercial businesses to increase diversion of recyclable materials and reduce contamination in the recyclables being collected. Salary and benefit costs for positions are contained in row 12 of Appendix D to this rate study.

2.3.2 New & Upgraded Scalehouse Supervisor Position:

The City created the position of “Senior Scalehouse Attendant” in FY2017/18. The MDF is operated 361 days per year (closed only on New Year’s Day, Easter Sunday, Thanksgiving Day and Christmas Day). With the creation of Senior Scalehouse Attendant, a team of three full time Scalehouse Attendants operate the MDF’s scales for 95% of the time with some limited back-up coverage from NRWS personnel. The Senior Scalehouse Attendant position also allowed the City to take on primary responsibility for Gatehouse Fee accounting and customer support (with billing duties supported via NRWS). Following a classification study, the City employee filling the Senior Scalehouse Attendant position was upgraded to a Scalehouse Supervisor position in FY2023/24. Salary and benefit costs for position are contained in row 12 of Appendix D to this rate study.

2.3.3 Expanded Recycle More Program:

In April 2013 the City commenced the Recycle More Program to collect electronic waste, metal appliances, oversized metal items, and used cooking oil from residences by appointment. In November 2013 the program was expanded to include collection of clothing, other textiles (such as linens, bedding, and towels), shoes, belts, purses, handbags, backpacks, hard cover books, compact discs (“CD’s”), digital versatile discs (“DVD’s”), tapes, toys and other similar re-useable items. In January 2016, the program was again expanded to collect and recycle household batteries (when combined with at least one other Recycle More item). In July of 2023, the Recycle More program was expanded to also include collection of household fluorescent bulbs and tubes. For calendar year 2024, the program collected 393 tons of electronic waste, metals, batteries, textiles and re-use items and 304 gallons of used cooking oil.

This represented a 330% increase in collected tonnage from 2013 totals (119 tons). Costs for this program are contained in row 66 of Appendix D to this rate study.

2.3.4 Mandatory Commercial Recycling and Introduction of Full Scale Commercial Food Scrap Diversion Program:

In 2011, a new change to AB 939 was signed into law (AB 341) that established a statewide goal of diverting 75% of the solid waste stream from landfill by 2020. The law required CalRecycle to prepare a statewide plan for meeting the 75% diversion goal. The draft plan relied heavily on diverting food scraps from landfill throughout the state. The City authorized NRWS to begin a pilot commercial food scrap diversion program in August 2011.

AB 341 also required all businesses and multi-family complexes of 5 units or more, generating over 4 cubic yards of solid waste per week, to participate in a recycling program. This requirement became effective July 1, 2012. Due to Napa's comprehensive commercial and multi-family recycling program already in place, staff identified only 9 generators that did not have a recycling program when AB 341 became effective. Recycling programs were offered to these generators. In addition, the City was already providing (via NRWS) the data collection on the results of the commercial recycling program plus the education program required by the new law. By CY2016, the City and NRWS had narrowed down to only 3 non-compliant generators and by CY2018 there was only one non-compliant generator; enforcement action was taken and now the City have all qualifying commercial generators (2 cubic yards of more of solid waste service per week) participating in recycling.

In September 2014, another change to AB 939 was signed into law (AB 1826) requiring all businesses generating 8 cubic yards or more of food waste (referred to as "organic waste" in the statute) per week, to participate in a food scrap diversion program beginning April 1, 2016. Businesses generating 4 cubic yards of organic waste per week had to begin participating in a food scrap diversion program by January 1, 2017. Businesses producing 4 or more cubic yards of commercial solid waste per week were required to implement an organics diversion program by January 1, 2019. Businesses generating 2 or more cubic yards of commercial solid waste may be subject to the same requirement, at the discretion of CalRecycle, beginning in 2020.

AB 1826 also required the City to begin offering a full-scale commercial food scrap recycling program on or before January 1, 2016. Given this requirement, Council approved the existing pilot commercial food scrap program be scaled up to include all Napa food scrap generating businesses and that the program began on April 1, 2015. A rate study was conducted in late 2014 and result in the City establishing a commercial food scrap collection rate that was/is 75% of the Municipal Solid Waste (MSW) charge. This discounted rate reflected the true costs collection and processing of commercial food scraps (and soiled paper) with collection costs being roughly equivalent to MSW collection, but the cost of processing the collected compostable materials at the City's MDF being roughly half the cost of MSW landfill disposal via the Devlin Road Transfer Station (which the City is contractually bound to deliver MSW per membership agreement with the Napa-Vallejo Waste Management Authority). This rate provides revenue to pay for the program and also encouraged the restaurants/food generators to separate the food scraps in order to save money on their collection service.

Food scrap programs take time and attention to implement. Care had to be taken to train each restaurant to (a) segregate the food scraps from other trash, and (b) make sure there are no plastics or glass in the food scraps. This latter requirement is crucial, because the food scraps will be composted and made

into soil amendment. The soil amendment (compost) cannot be sold if there are pieces of glass or plastic in the finished product. The food scrap diversion program has also taken into account the flow of food through a restaurant's kitchen, from raw food preparation, through cooking and clearing of leftover food scraps from customers. The program must fit into the chef's operations and provide a convenient method to segregate the food scraps from trash throughout the food preparation process, while taking up the least amount of space in kitchens that are usually already very full of equipment, personnel and supplies. Training of all restaurant management and staff is key to a successful program. And finally, the training and monitoring of the program must be continued periodically as staff and management turnover are frequent in the restaurant business. This attention training, combined investment is an organic pre-processing system at the City MDF have resulted in a very low residue/contamination rate of less than 2% in CY2018.

Due to the time required to implement the food scrap diversion program at each restaurant, staff anticipated a slow but steady increase in the commercial food scrap composting program and that has come to fruition. By the end of calendar year 2016 there were approximately 76 restaurants/food generators (building on the original 50 pilot program participants) participating in the commercial food scrap diversion program diverting over 1,500 tons of food scraps that year. By the end of calendar year 2018 there were approximately 151 restaurants/schools/food generators participating in the commercial food scrap diversion program diverting over 2,400 tons of food scraps for the year. By the end of 2020, staff anticipate that the program will be implemented at 250 Napa restaurants, schools, grocery stores and other food waste generators as required by AB 1826 and the program is projected to divert over 3,000 tons of food scraps per year. Costs for this program are contained in row 58 of Appendix D to this rate study.

2.3.5 Full Scale Residential Food Scrap Diversion Program:

During 2013, the City authorized NRWS to conduct a pilot residential co-collection program to add food scraps to the yard trimmings collection program. The pilot commenced in June 2013 and was conducted on two residential yard trimmings collection routes serving approximately 1,500 homes in the Browns Valley area of Napa. The co-collected organics (food scraps and yard trimmings) were composted at the Napa MDF. The pilot program provided some data on the quantity of food scraps that residents would place in the yard trimmings container in the event the program was implemented on a city-wide basis. As noted in Section 4 below, the City completed the pilot and expanded it into a full-scale residential food scrap diversion program beginning in April 2015.

The program provided education and "kitchen scrap" pail to each residence for storage of food scraps. Each resident was asked to empty the pail periodically into their existing yard trimmings cart (which became a "compost" cart with food scraps and soiled paper mixed in with the yard trimmings). The expanded range of residential organics collected by the existing organics collection truck and delivered to the Napa MDF for composting.

Since the introduction of the full-scale residential food scrap program, the results have been measurable and significant. On a ton-for-ton basis, the residential MSW disposal route has been reduced by 10-13% on average. This translates to approximately 1,800-2,300 tons of reduced landfill disposal each year (which in turn constitutes an annual net savings of \$74,000 to \$94,000 of avoided disposal/lower processing costs) each year. It also translates into somewhere between a 1 to 1 ½ percent improvement towards the City's 75% landfill diversion goal. Annual costs for this program are contained in row 25 of Appendix D to this rate study.

2.3.6 Impacts of SB 1383 Implementation

As noted in the Executive Summary of this report, SB 1383 became effective January 2022. Through a combination of City Waste Prevention Specialists working with added NRWS recycling outreach and customer service staff, there has been a marked improvement in the recovery of recyclable and compostable materials, particularly for commercial accounts. In fact, as compared to the month before SB 1383 took effect (December 2021) and the end of CY2024 (December 2024), the number of accounts on the commercial food scrap composting route has increased by 70% (from 198 accounts to 337 accounts). During the same approximate time periods, the amount of compostable material collected on the commercial food scrap composting route increased by 55% (from 2,444 tons in CY2021 to 3,807 tons in CY2024). For core SB 1383 compliance, the City continues implement the Notification of Intention to Comply (NOIC), particularly participation of all multi-family accounts (served as commercial accounts by NRWS).

Please see Appendix L and Appendix M for details on SB 1383 ordinance adoption and City of Napa NOIC.

CHAPTER 3: PRIMARY DRIVERS FOR RATE ADJUSTMENTS

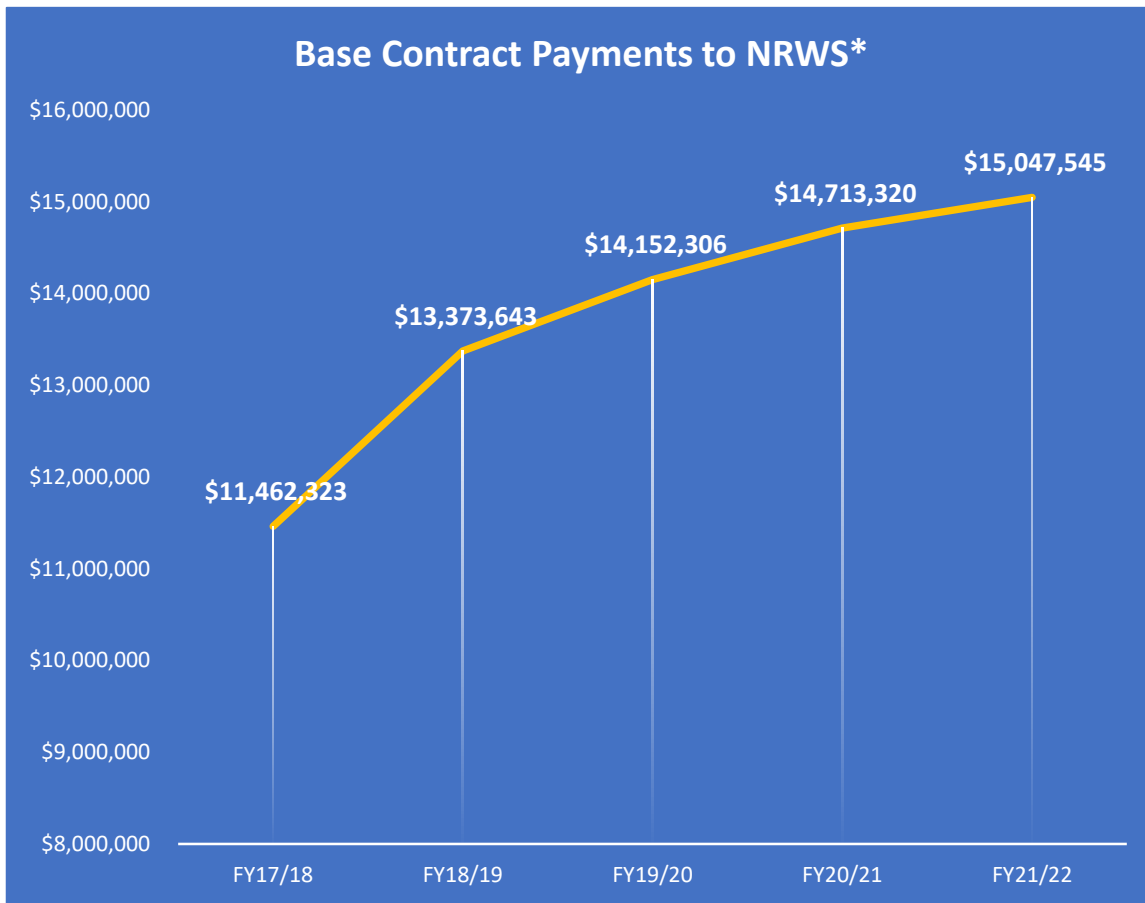
Section 3.1 2018, 2022 & SB 1383 CONTRACT AMENDMENT WITH NRWS

On April 17, 2018, the Napa City Council considered and approved the 2018 Contract Amendment with NRWS. This amendment to City Agreement No. 8687 extended the City's agreement with NRWS for a 14-year period (through end of CY2031). Beyond extending the term of the agreement with NRWS, the 2018 contract amendment accomplished the following:

- (1) Provided for new generation of NRWS heavy refuse and recycling fleet, with 20 new compressed natural gas (CNG) and 8 refurbished CNG vehicles by the end of CY2020.
- (2) New and replaced-as-needed collection equipment will be provided to City customers by NRWS. This included residential carts as well as commercial carts, bins and roll-off drop boxes as needed during the 14-year contract extension term.
- (3) NRWS guaranteed a new flow of 30,000 tons of compostable organic materials to the City's MDF for at least the first 10 years of the contract extension.
- (4) A new full-service customer payment office within the City limits (598 Lincoln Avenue) and additional storage for the benefit of the City (at 600 Tower Road) were secured from NRWS.
- (5) New processing equipment at the City MDF is secured by the 2018 Contract Amendment including millions of dollars of upgrades to the recycling sorting facility and composting operations.
- (6) Reset the "base" contractual operating costs with fixed 3.5% (labor) and 2.5% (non-labor) cost of living increases for first five-years of the contract extension (CY2018 through CY2022). "Base" (i.e., pre-known capital and operating) contractual costs established by the 2018 Contract Amendment are shown in Figure 1 below. Base costs do not include unit-based compensation to NRWS such as over-baseline processing payment or share of material sales revenue.
- (7) Preserves and enhances financial incentives for continuously improved landfill diversion and a performance-based compensation for NRWS.

The net financial impacts of the 2018 Contract Amendment were estimated at \$2,060,000 annually by the end of CY2019. The complete staff report as well as the adopting resolution (R2018-043) are contained in Appendix B to this rate study. As indicated in the April 2018 staff report, a rate increase of 10.5% is necessary to accommodate increased improvements and expenses associated with the 2018 Contract Amendment.

Figure 1: Chart Showing Changes in Base (Fixed) Capital and Operating Payments from City FY2017/18 through FY2021/22 per 2018 Contract Amendment



* Note: "Base" Contract Payments refers to pre-set capital and operating payments and does not include unit-based compensation to NRWS such as over-baseline processing payment or materials sales share (30% standard materials sales or 95% share of MDF direct sales).

An independent study to review the cost associated with the 2018 Contract Amendment was commissioned by the City and conducted by the solid waste consulting firm of Hilton, Farnkopf and Hilton (HF&H). The full findings of this study are presented in Appendix C to this report. In brief, the study concluded that the 2018 Contract Amendment was: (1) mathematically accurate for proposed cost forms, (2) NRWS proposed costs are "favorable compared to HF&H benchmarks for historical and comparison data," (3) the use of fixed escalators (3.5% for labor and 2.5% for other costs) for the first 5 years of the 14-year extension appear to be reasonable, (4) costs for new and/or expanded program including Biomass/BioEnergy plant(s), commercial food scrap collection, Recycle More program, facility stormwater treatment and operation and maintenance of Covered Aerated Static Pile (CASP) composting system all appear reasonable and (5) capital costs, depreciation schedules, interest and projections for capital assets appear reasonable and in line with expected costs based on HF&H industry benchmark data.

For details regarding the full impact of the 2022 and SB 1383 NRWS Contract Amendments, please Appendices M, N, O and P of this rate study.

Section 3.2 MDF CAPITAL IMPROVEMENTS EXPENSES AND DEBT SERVICE COSTS

3.2 MDF Capital Improvements:

As new light industrial uses have moved into properties near the Napa MDF, the City determined there was a need to improve odor control at the composting facility and in the ponds that treat the water used in the compost process. Mitigating these issues were necessary in order to responsibly receive and process food scraps/food waste at the City's MDF as well as comply with more stringent solid waste, air and stormwater permit regulations. During 2012-2014 the City completed environmental mitigation improvements in and around the wood and composting processing area of the MDF including construction of two large particulate enclosures for the grinder and the screener plus enhanced bird control. The cost was \$610,000 with the City and NRWS each paying half the cost.

Concurrent with the installation of these improvements, the California Air Resources Board was studying potential new regulations for discharges to air from composting facilities. Several alternate methods for capturing and treating discharges to the air of volatile organic compounds and particulate are currently available including placing finished compost "caps" on outdoor compost piles, using fabric covers on the piles, and a method called "covered composting" wherein the compost piles are placed in a fully enclosed building. During FY 2011/12 the City retained CH2MHill to assess the options available to the City for the composting of yard trimmings, food scraps, pomace, manure, wood and other materials that would meet both the anticipated new stormwater regulations and the anticipated future changes to the Bay Area Air Quality Management District (BAAQMD) regulations for composting facilities. The final report was issued in August 2012. Based upon the results of the CH2MHill study, City staff determined that specific stormwater improvements and construction of a covered compost system would enable the City to comply with both the new stormwater regulations and the anticipated changes to the BAAQMD regulations for the foreseeable future.

The Napa Renewable Resources Project (NRRP) was initiated to cover five elements of planned and/or potential improvements. The two "need to have" improvements were (1) a shift from open-air turned window system to a "covered" compost system and (2) upgrades to the Napa MDF's stormwater management system, particularly for any water that came in contact with active compost during the first 3-4 weeks of composting process.

In 2015 and 2016, a \$2.5 million organics receiving building was constructed at the MDF as well as a \$2.9 million "organics pre-processing system" to receive, screen, sort, grind and generally remove contamination from compostable organics received at the Napa MDF. In 2017, NRWS received a CalRecycle grant for an organics "de-packaging" machine that would allow the facility to separate expired or off-spec food from plastics or paper packaging for composting. The organics de-packager was installed in late 2018 at the Napa MDF and became operational at the beginning of 2019.

The City successfully issued \$12.5 million in Solid Waste Revenue Bonds ("SWRB") in 2016. The timing of the SWRB was fortunate for the solid waste payer as the City's 2016 SWRB were issued with an overall average interest rate of 3.15% (with an annual average debt service cost of \$868,646) with the total annual debt service costs (including principal, interest and fiscal agent fees) are shown in rows 19-21 of Appendix D. Please see Appendix G to this rate study for Executive Summary of the 2016 SWRB rates, requirements, and debt service schedule.

Design-Build (DB) Request for Proposals (RFPs) for these bond-funded facility improvements were issued in April and May 2017. A \$2.1 million DB contract for construction of the southeast corner concrete and roof extensions was finalized with Ledcor Construction in September 2017 and work completed in May of 2018. In February 2018, Council approved a resolution to authorize a not-to-exceed \$10.4 million DB construction contract for covered compost operations and stormwater improvements with Overaa Construction (Overaa). The work was completed in early 2020.

The CASP compost system has provided a dedicated compost mixing area where food scraps, pomace, manure and other materials that can produce odor, will be received, pre-processed, and then composted in concrete bunkers operated in an enclosed facility. The facility will use forced air to aerate the compost in the concrete bunkers, which will promote the composting process. The previous composting system, consisting of outdoor windrows (referred to as “turned windrows” because the aeration is accomplished through manual turning of the windrows by loaders) was discontinued as air permit condition once the CASP system became operational in January of 2020.

As a result of adding debt service to construct improvements to meet regulatory and operational requirements, cost to the Fund increased by nearly \$900,000 per year.

3.2.1 Planned MDF Capital Improvements – FY2025/26 to FY2029/30

FY2025/26 =

\$1.6M 12KV Electrical System Installation at MDF (Phase 1)

- Description: Installation of a 12 KV transformer and electrical system required by PG&E.
- Justification: For both current and future power (electricity) needs, the MDF has reached its maximum capacity to be supplied power from the existing historical and “temporary” transformer installed for CASP 1.0 composting system. PG&E is requiring this upgrade to MDF’s electrical system for both current (Material Recovery facility, organic pre-processing system and CASP 1.0 composting system) and future projects (e.g., CASP 2.0 upgraded composting system, potential BioMass Gasification and/or Anaerobic Digestion to Renewable Natural Gas systems).
- Expected Useful Life: 25 years (when completed).

\$750K MDF Stormwater Mitigation Improvements (Phase 2)

- Description: MDF Stormwater Improvements (Phase 2) consists of design and construction of improvements to the compost contact water storage capacity and improvements to the industrial stormwater discharge of water quality.
- Justification: The previous rainy winters have shown a need for additional onsite storage for compost contact water to reduce the offsite hauling costs once the storage fills. Improvements to the industrial stormwater system are needed to meet Regional Water Quality Control Board (RWQCB) discharge limits and to reduce the costs for offsite hauling of industrial stormwater due to onsite discharge limits.
- Expected Useful Life: 20 years

\$500K MDF Raising Height of Compost Retention Pond

- Description: The compost contact retention pond would be raised up to 3.4 feet to allow for an additional 863,366 gallons of storage capacity.

- Justification: The previous rainy winters have shown a need for additional onsite storage for compost contact water to reduce the offsite hauling costs once the storage fills. As no discharge of compost contact water is allowed to be released from the facility under the General Compost Order applicable to the MDF, the City has had to bear significant costs (\$125K-\$250K/year) for offsite hauling compost contact stormwater to avoid any illicit discharges from the facility.
- Expected Useful Life: 25 years

\$150K Permanent SWR Equipment Storage Bay at City Corporation Yard

- Description: Installation of a permanent storage bay structure for SWR equipment at City's corporation yard.
- Justification: Currently, the SWR division utilizes three metal storage containers located at the City's corporation yard for SWR related equipment (e.g., interior recycling/compost/landfill containers for businesses and schools; compost bins for home composting workshops; recycling/compost/landfill receptacles for special events; stickers/signage; etc.). This plan is in keeping with City's overall desire to move away from temporary storage units to more permanent structure to protect City-purchased/City-owned equipment
- Expected Useful Life: 15 years

\$3M total planned Capital outlay (CIP Expenditure Account #51160520-70510)

FY2026/27 = _

\$1.2M 12KV Electrical System Installation at MDF (Phase 2)

- Description: Installation of a 12 KV transformer and electrical system required by PG&E.
- Justification: For both current and future power (electricity) needs, the MDF has reached its maximum capacity to be supplied power from the historical and "temporary" transformer installed for CASP 1.0 composting system. PG&E is requiring this upgrade to MDF's electrical system for both current (Material Recovery facility, organic pre-processing system and CASP 1.0 composting system) and future projects (e.g., CASP 2.0 upgraded composting system, potential BioMass Gasification and/or Anaerobic Digestion to Renewable Natural Gas systems).
- Expected Useful Life: 25 years (when completed).

\$1.2M total planned Capital outlay (CIP Expenditure Account #51160520-70510)

FY2027/28 =

\$400K MDF Scalehouse Replacement

- Description: The current MDF scalehouse building was constructed in 2006 and it is anticipated the building will need to have a major rehabilitation/replacement.
- Justification: Structures located at the MDF are subject to difficult conditions with blowing soil and compost. Previous MDF CIPs anticipated replacement of just the metal roof, but it is more likely that the whole scalehouse structure will need to be replaced by the year 2028.
- Expected Useful Life: 20 years

\$300K MDF Parking Lots

- Description: Anticipated pad replacement need for MDF employee parking lots.
- Justification: MDF employee parking lots were constructed in 1994 and have a conservative useful life of 25 years.
- Expected Useful Life: 25 years

\$700K total planned Capital outlay (CIP Expenditure Account #51160520-70510)

FY2028/29 =

\$9M CASP (Covered Aerated Static Pile) System 2.0 (Phase 1)

- Description: This major composting infrastructure improvement would expand and extend the useful life of the first CASP (Covered Aerated Static Pile) active compost system at the MDF. The first CASP 1.0 system (build in 2018/2019 and fully operational in 2020) was constructed on the northeast corner of the MDF property and utilized positive aeration of mixed compostable organic material (i.e., food scraps, manure, grape pomace, soiled paper and yard trimmings) for first 22 days of active composting. The proposed CASP 2.0 system would be installed on the northwest portion of MDF property (when current compost curing and concrete/asphalt processing currently occur) utilizing a negative aeration system to become the primary aeration system for first 22 days of active composting process. After installation of CASP 2.0, CASP 1.0 on northeast portion of the MDF property would then be repurposed for curing of compost product and reduce the current curing time (with no aeration) from 40 days to the 25 days (for a total estimated composting duration reduced from current 63-days to 47 days).
- Justification: As more food scraps and other volatile organic compound emitting organics have been introduced to Napa's collection and processing system (for added landfill diversion and as required by SB 1383 state law), the original CASP 1.0 composting system became necessary to comply with increasingly stringent regulations for air emissions, stormwater management and in compliance with solid waste facility permitting governing the MDF. Particularly for air permit/air emission requirements, CASP 2.0 is needed to provide negative aeration treatment (i.e., air being "sucked" through active compost materials vs. positive aeration system employed by CASP 1.0). The first 22 days is of composting raw organic material has the highest potential for air emissions and thus require a higher level of treatment and control that a negative aeration system provides. The combined ability of CASP 2.0 as the primary treatment for first 22 days and CASP 1.0 as the secondary treatment for following 22 days, will shorten the total processing time by 25% (from 63 days to 47 days) which is vital for Napa's MDF as space is a premium while state regulations (and the City's own climate change and policy goals) strive to capture more and more organic materials for composting onsite at the City's MDF.
- Expected Useful Life: 20 years (upon completion)

\$9M total planned Capital outlay (CIP Expenditure Account #51160520-70510)

FY2029/30 =

\$4M CASP (Covered Aerated Static Pile) System 2.0 (Phase 2)

- Description: This major composting infrastructure improvement would expand and extend the useful life of the first CASP (Covered Aerated Static Pile) active compost system at the MDF. The first CASP 1.0 system (built in 2018/2019 and fully operational in 2020) was constructed on the northeast corner of the MDF property and utilized positive aeration of mixed compostable organic material (i.e., food scraps, manure, grape pomace, soiled paper and yard trimmings) for first 22 days of active composting. The proposed CASP 2.0 system would be installed on the northwest portion of MDF property (when current compost curing and concrete/asphalt processing currently occur) utilizing a negative aeration system to become the primary aeration system for first 22 days of active composting process. After installation of CASP 2.0, CASP 1.0 on northeast portion of the MDF property would then be repurposed for curing of compost product and reduce the current curing time (with no aeration) from 40 days to the 25 days (for a total estimated composting duration reduced from current 63-days to 47 days).
- Justification: As more food scraps and other volatile organic compound emitting organics have been introduced to Napa's collection and processing system (for added landfill diversion and as required by SB 1383 state law), the original CASP 1.0 composting system became necessary to comply with increasingly stringent regulations for air emissions, stormwater management and in compliance with solid waste facility permitting governing the MDF. Particularly for air permit/air emission requirements, CASP 2.0 is needed to provide negative aeration treatment (i.e., air being "sucked" through active compost materials vs. positive aeration system employed by CASP 1.0). The first 22 days is of composting raw organic material has the highest potential for air emissions and thus require a higher level of treatment and control that a negative aeration system provides. The combined ability of CASP 2.0 as the primary treatment for first 22 days and CASP 1.0 as the secondary treatment for following 22 days, will shorten the total processing time by 25% (from 63 days to 47 days) which is vital for Napa's MDF as space is a premium while state regulations (and the City's own climate change and policy goals) strive to capture more and more organic materials for composting onsite at the City's MDF.
- Expected Useful Life: 20 years (upon completion)

\$500K MDF Concrete Pad Partial Replacement (new 3-year MDF CIP)

- Description: Partial replacement of concrete pads at MDF, as concrete was originally installed in 1994 and has an estimated useful life of 25-30 years.
- Justification: Reflect estimated cost of 20% of exterior pads every five years.
- Expected Useful Life: 25 years

\$300K MDF Perimeter Fencing Partial Replacement

- Description: Replacement of MDF perimeter fencing.
- Justification: Most of current fencing was installed in 1994 and has a conservative estimated life of 20 years.
- Expected Useful Life: 20 years

\$4.8M total planned Capital outlay (CIP Expenditure Account #51160520-70510)

The Contributions to the CIP Reserve (SWR CIP Revenue Account #51160520-81510) from Operating Fund (SWR Expenditure Account #51060501-82511), would be the following:

FY2025/26 =	\$3M
FY2026/27 =	\$4M
FY2027/28 =	\$5M
FY2028/29 =	\$5M
FY2029/30 =	\$3M

Section 3.3 DRAMATICALLY INCREASED FUEL AND ENERGY COSTS

A rapid and significant increase in the cost of fuel for NRWS collection vehicles and electricity for operation of the MDF has been experienced since the time of previous rate setting and is expected to continue to increase in the next five years. Full reimbursement of actual NRWS fuel and MDF electricity costs (once documented and verified) is built into the City-NRWS Agreement. In CY2019 (time of previous multi-year SWR rate setting), the combined cost of fuel and electricity was \$1.22 million. By CY2024, the combined fuel and electricity cost had risen to \$2.46 million, a 101.6% increase. Projections for fuel cost are a 5.35% increase per year for the next five years and an 11% per year increase for electricity for the next five years. If these projected increases materialize as projected, the cost of fuel and electricity will be \$3.53 million in CY2029 (a 43.5% increase compared to CY2024 actual fuel and electricity costs) creating an additional \$1.07 million obligation for the SWR Fund. As noted above, at current collection service rates, every \$310,000 in additional costs is approximately 1% of collection service rate revenue. Thus a \$1.07 million increase constitutes a 3.45% increase by itself over current collection service rates.

The History of CY2019 through CY2024 fuel and electricity expenses are shown below:

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	

5-year projections of FY2025/26 through FY2029/30 are summarized below:

- Fuel increase at 5.35% per year.
- Electricity increased at 11% per year

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

Section 3.4 NEW PROGRAMS AND COST CHANGES PLANNED OR PROPOSED FOR 2025, 2026, 2027, 2028, AND 2029

3.4.1 New Emissions Testing Requirements from Air District for CASP Composting System at City MDF:

As described previously in this rate study, a new Covered Aerated Static Pile (CASP) composting system is being installed at the City's MDF. A permit application for operation of the new CASP system is still pending with the Bay Area Air Quality Management District (BAAQMD) at the time of this report. While not yet finalized the draft permit conditions require an extensive air emissions sampling and testing

protocol for the first year (four quarters) of operation to fully demonstrate the effectiveness of the CASP composting system to control and limit air emissions from the new composting system. Inbound tonnage received and composted onsite at the MDF will be restricted to approximately 63,000 tons during the first year of this testing protocol (as opposed to the approximately 44,000 tons allowed to be composted onsite with the current open air, turned window composting system). After the first year of extensive testing, annual testing and more limited monthly reporting are anticipated to be required by the BAAQMD. At the time of this report, it is estimated the first year of extensive, one-time initial emissions testing will cost approximately \$800K beginning in October of 2019 and continuing through the end of September of 2020. Beginning in October of 2020, it is estimated the recurring/ongoing emissions testing for BAAQMD will cost an estimated \$250K per year. Expenditure projections for this new emissions testing is also addressed row 83 of Appendix D, with the \$800,000 initial testing placed in nonrecurring budget and \$250,000 per year in estimated ongoing emission testing costs included in recurring expenditures thereafter.

3.4.2 Modification to Residential Low-Income Assistance Program:

The City's solid waste/recycling rates have always considered the residential 20-gallon size as the "lifeline" option (and this might be true for seniors on a fixed income for example), however we recognize the need to address larger low-income households that would presumably generate larger amounts of non-recyclable, non-compostable Municipal Solid Waste (MSW). The low-income assistance program for solid waste uses qualification criteria based on the established Pacific Gas & Electric (PG&E) California Alternate Rates for Energy (CARE) program.

In accordance with Proposition 218 (Prop 218), a water or solid waste customer is to pay only for the cost of service provided to that customer. Thus, to maintain Prop 218 compliance an assistance program can only be funded by a non-rate based source, to prohibit one rate paying customer from subsidizing another customer. Materials sales revenue is proposed to be used for the low-income assistance program at a level of \$270,000 per year (row 6 of Appendix D). The low-income assistance program for solid waste would use eligible CARE households within the City on a first come, first serve basis. Staff recommends a flat \$15 per month (\$180 per year) level of assistance to participating residential households. This would allow up to 1,500 solid waste customers to participate in the low-income assistance program.

3.4.3 Contribution to Risk Management Fund for Hidden Glen Landfill Liability:

The City owns the property on which the former "Coombsville Dump" (aka Hidden Glen Landfill) is located. That landfill property is the subject of a closure plan, that was approved in 2001 by the then California Integrated Waste Management Board (now California Department of Resources, Recycling and Recovery or "CalRecycle"). The closure plan includes provisions for landscape improvements over the cap on the property as a part of the closure, which will be the site of future City park, along with ongoing maintenance of the property, all of which are designed to ensure the physical integrity of the cap over the former landfill.

Since the approval of the closure plan in 2001 to date, the City has incurred costs related to the closure of the Landfill in accordance with the closure plan, which has included the defense and settlement of a lawsuit alleging that the City breached its obligations under the closure plan.

To date, the City has incurred costs related to the settlement of the lawsuit in the amount of approximately \$5 million and those costs have been paid from general fund revenue sources (the Risk Management Fund). Since the City's purpose of acquiring the site of the former landfill served a dual purpose of closing a former landfill (which is a legitimate cost of the Solid Waste Enterprise to be equitably allocated to ratepayers who use the services of the Enterprise), as well as providing a public benefit for a future public park (which is a legitimate expense of the City's general fund to be equitably allocated to taxpayers), the City has equally allocated the costs of closing the landfill to the Solid Waste Enterprise and the Risk Management Fund. Therefore, there is a balance of \$2.5 million (50% of \$5 million) to be paid by the Solid Waste Enterprise Fund to cover the proportionate costs of obligations under the closure plan.

In addition to the costs that have been previously incurred, there are pending claims filed by owner of residential property immediately adjacent to the former landfill property, alleging that debris from the former landfill has spilled into the adjacent properties and the City is responsible for costs to remediate the debris. The City is currently in the process of evaluating those claims.

The Risk Management Fund has already paid for litigation costs and will be used to pay for soil remediation costs, if necessary. The SWR Fund will make annual contributions to the Risk Fund to cover the SWR Fund's proportionate responsibility for closure of the landfill. The level of funding is 400,000 per year, to be transferred from the SWR Fund to the Risk Management Fund (shown in row 30 of Appendix D). The source of revenue for this transfer will be material sales.

In addition to the above costs, the City has included a projected annual maintenance charge of \$5,000 in the upcoming City FY2025/26 budget (row 43 of Appendix D). This projected maintenance cost is escalated by inflation each year to be utilized for maintenance costs at the site of the former Landfill (including local enforcement agency monitoring fees and minimum property maintenance cost, as well as costs that are anticipated to be incurred after the Hidden Glen passive park is constructed).

Chapter 4: Financial Position of SWR Fund

Section 4.1 PROJECTED REVENUES UNDER EXISTING RATES

Appendix D to this rate study shows all of the projected revenues and expenditures for the Fund for Rate Year (RY) 2025, RY2026, RY2027, RY2028 and RY2029. The following descriptions of the projections refer to details contained in Appendix C. The key revenue and expense line items (not already described above) are described in more detail below. The row numbers from Appendix C are included for reference to the actual spreadsheet containing all of the projected SWR Fund revenues and expenses. Some rows were not used in the spreadsheet and only the significant revenues and expenses are described below, so there is not a discussion for every row. Several of the projected figures include cost escalation per the City's Long Term Financial Forecast (LTFF). This forecast is prepared by the Finance Department and includes the inflation rates to be used by City departments for each cost category included in the City's General Fund budget (4.1%). In the case of other costs (such as several of the NRWS operating costs) staff has utilized the pre-set 2022 Contract Amendment escalators (3.5% for labor and 2.5% for non-labor costs) per Contract/Calendar (CY) or different projected inflation rates that are more applicable to certain NRWS contractual costs (such as over-baseline throughput processing costs). All projected revenues and expenses for each rate year are shown in terms of City Fiscal Year (July through June) for consistency with City budget practices.

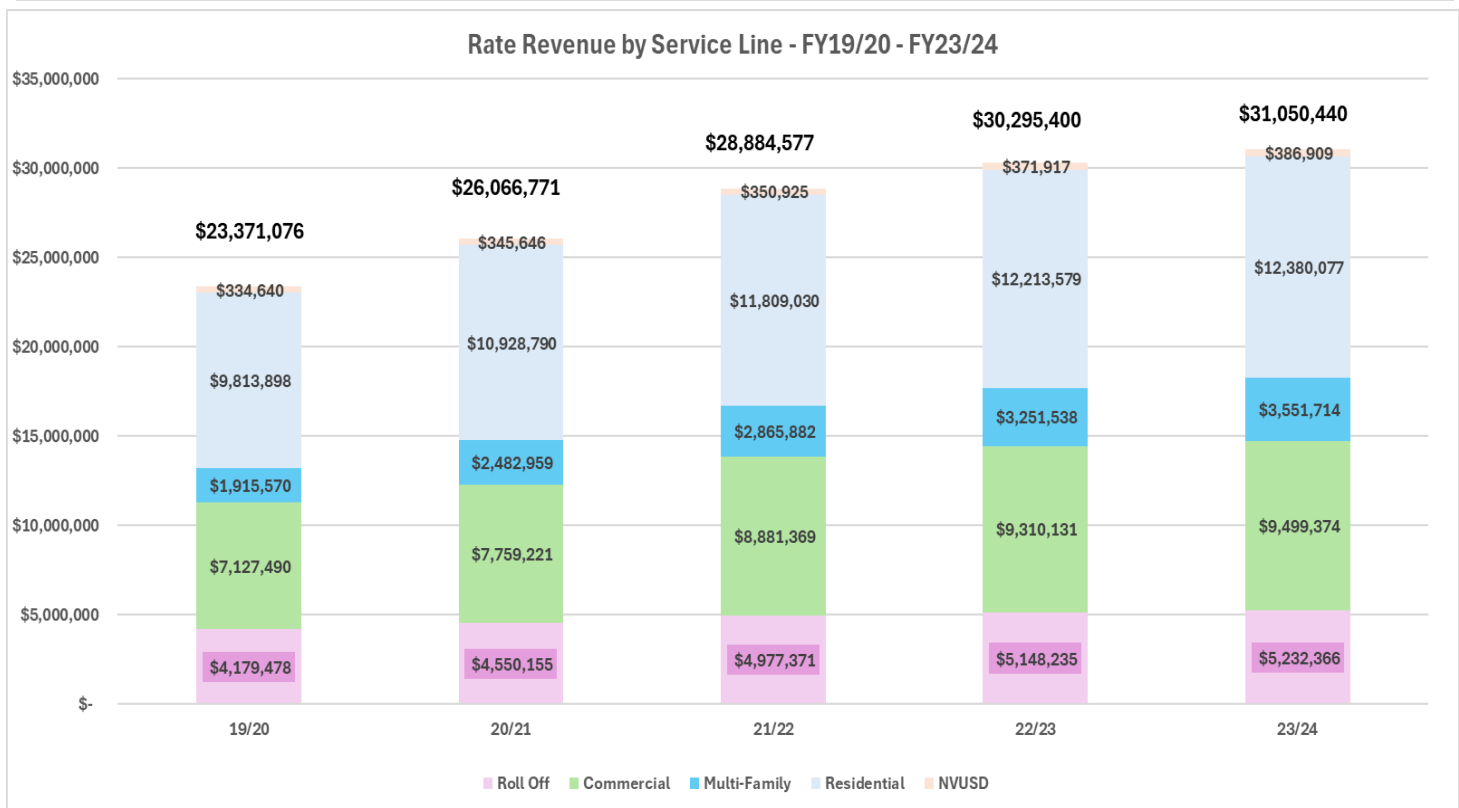
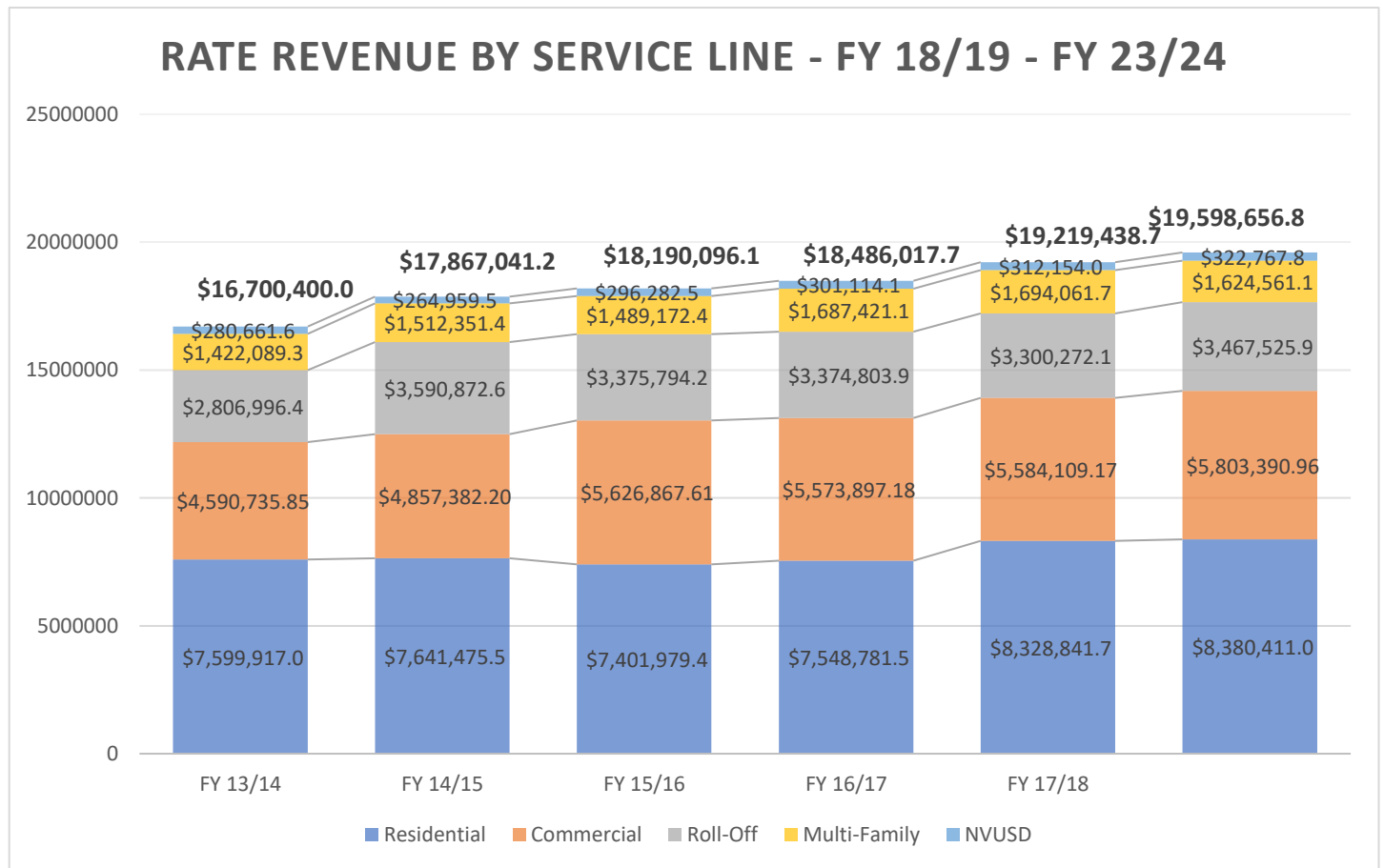
The main revenue streams for SWR Fund are:

- Collection service revenues including:
 - i. Payments from customers for residential, multi-family, commercial and roll-off services
 - ii. Payments from City Facilities for collection services
 - iii. Payments from Napa Valley Unified School District (NVUSD) for collection services
- Revenues from sale of recyclable materials, compost and other materials marketed from the MDF (the City retains 70% and NRWS receives 30% for the “secondary” materials like paper, metal, glass and plastics while the NRWS receives 95% and the City retains 5% for “direct” materials sales such as compost and gravel per the terms of the 2018 Contract Amendment).
- Gate fees received from public customers delivering loads of recyclables, wood, yard waste, concrete, etc. to the Napa MDF
- Payments from Napa County for processing recyclable and compostable materials at the Napa MDF
- Processing fees paid by other regional users of the Napa MDF (e.g. Sonoma Garbage Service, Recology, Cultured Stone, etc.)

4.1.1 Collection Service Revenues (Row 6 of Appendix D)

Collection service revenues are projected for five types of customers (or “service lines”) in the City: residential, commercial, multifamily, roll off/compactor, and the Napa Valley Unified School District (NVUSD). In Figure 3 below, recent solid waste rate revenue history is presented by line of service for City Fiscal Year (“FY”) 2025/26, FY2026/27, 2027/28, FY 2028/29, FY 2029/30.

Figure 2: Collection Service Rate Revenues from City FY2019/20 through FY2024/25



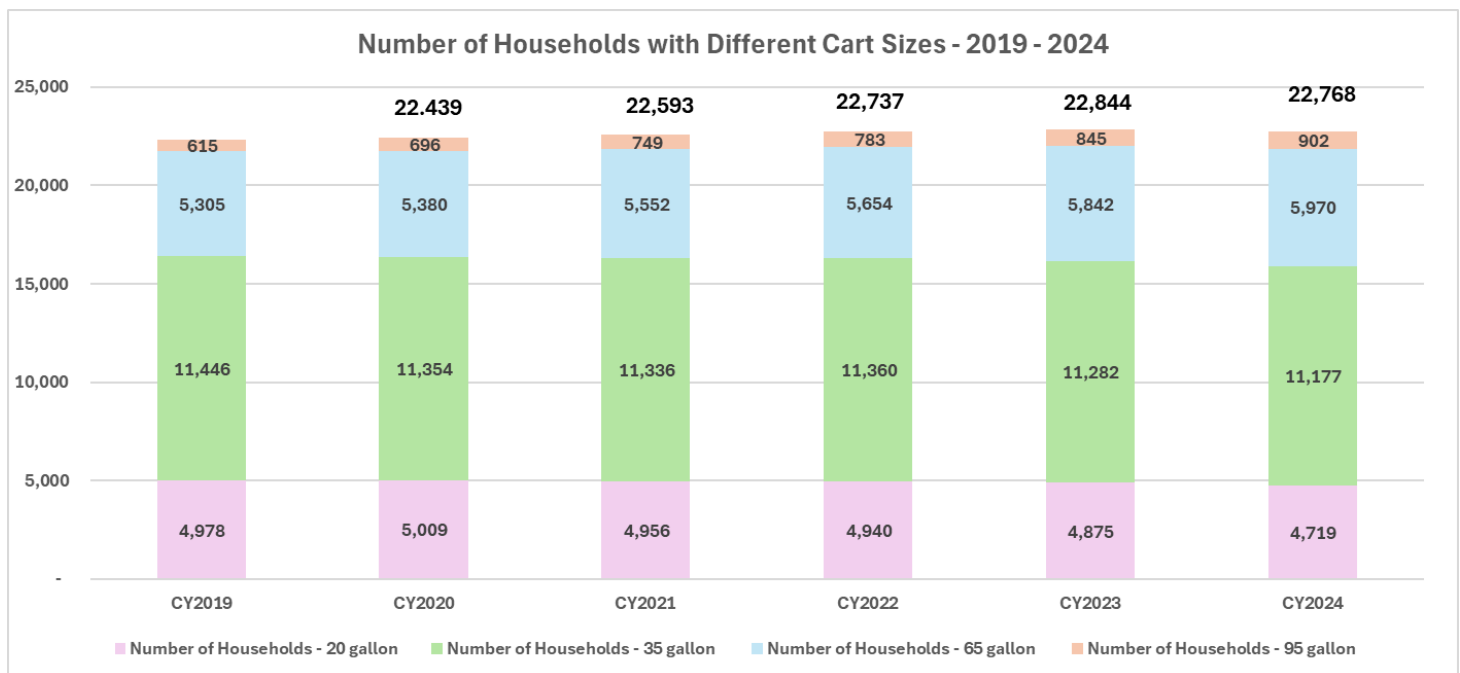
Cumulative collection service revenue (with and without collection service rate adjustments) is shown in row 6 of Appendix D. The components of this revenue are as follows:

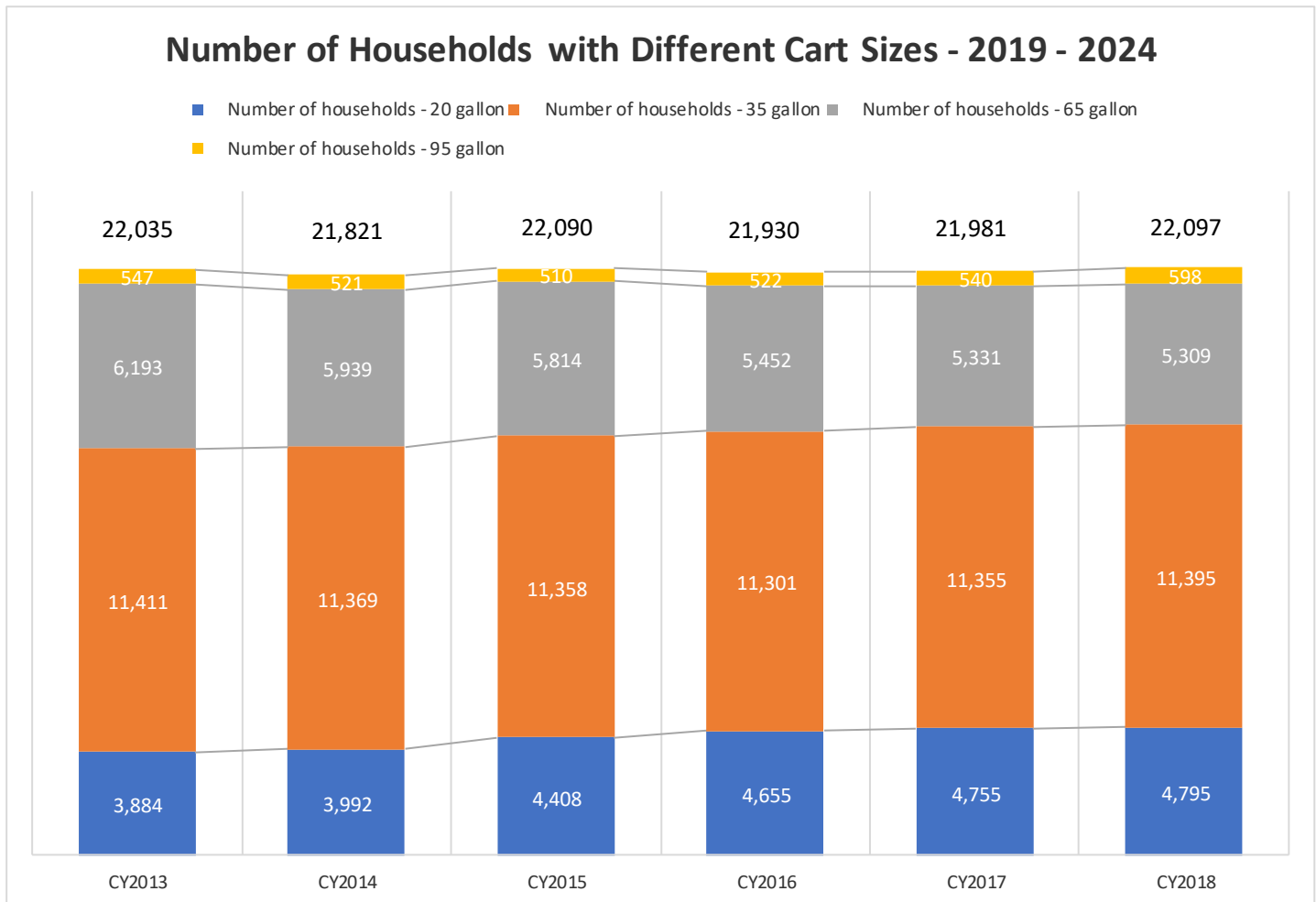
a. Residential Revenue

Residential revenue consisted of \$12,380,077 or approximately 39.9% of the total collection service revenue for City FY 2023/24 (total collection revenue was \$31,050,440 for FY 2023/24). Residential revenue accounts for the largest percentage of collection revenue to the SWR Fund. Residential revenue grew an average of 3.8% per year for the period 2019 through 2024. The average number of residential accounts has increased from 22,344 in 2019 to 22,768 in 2024.

Residential customers can choose to use 20, 35, 65 or 95-gallon carts for solid waste. The rate charged increases with the size of the cart. Over the past several years there has been a trend away from using the two largest size carts (65 and 95 gallons) and toward using the two smallest sized carts (20 and 35 gallons), with the 35-gallon size now being the most common customer choice (accounting for 11,177 of the total 22,768 residential service customers as of December 2024). Please see Figure 4 below for changes in residential solid waste service sizes from CY2019 through CY2024.

Figure 3: Residential Solid Waste Service Cart Sizes from CY2019 to CY2024





b. Multifamily Revenue

Multifamily revenue consisted of \$3,551,714 or approximately 11.4% of the total collection service revenue for City FY 2017/18. Multifamily revenue accounts for the fourth largest percentage of collection revenue to the Fund and grew by an average of 2.3% per year for the period FY2019/20 through FY2023/24.

c. Commercial Revenue

Commercial revenue consisted of \$9,499,374 or approximately 30.6% of the total collection revenue for City FY 2023/24. Commercial revenue is the second largest rate revenue stream to the SWR Fund and grew by an average of 6.1% per year for the period FY2019/20 through FY2023/24.

d. Roll Off/Compactor Revenue

Roll-Off Box/Compactor service revenue consisted of \$5,232,366 or approximately 16.9% of the total collection revenue for City FY 2023/24. Roll-Off Box/Compactor revenue is the third largest rate revenue stream to the SWR Fund and grew by an average of 3.4% per year for the period of FY2019/20 through FY2023/24. The number of “permanent” (vs. one-time or “temporary”) Roll-Off Box/Compactor MSW accounts has increased CY2019 to CY2024.72 in December of 2014 to 342 in December of 2018.

Roll off collection service for construction and demolition debris projects in Napa is non-exclusive (and thus not property related unlike “fixed” residential and commercial accounts utilizing roll-off box collection services). This means NRWS competes with several independent companies for the roll off business at construction job sites and at businesses and residences (e.g. for roofing and remodel projects where a debris box is needed). Pursuant to its contract with the City, NRWS must charge the City-established rates for solid waste and recycling collection in roll off containers and compactors. The City-established rates for solid waste collection are higher than those charged by competitors. The City-established rates for collection of source-separated recyclable construction and demolition materials (e.g. a debris box on a construction site that contains source separated metal or cardboard or wood) are generally lower than the rates charged by competitors. The City intentionally established lower rates for collection of recyclables to provide an economic incentive to construction sites to comply with the City’s Construction and Demolition Debris Recycling Ordinance and to increase the City’s overall level of recycling. Due to the rate differential, construction job sites frequently split the job and use NRWS to collect the boxes of source-separated recyclable materials and another company to collect the solid waste debris boxes.

Some commercial and multifamily customers are switching to roll off service. This is not likely to create a large swing in the roll off revenue, but it may offset some of the revenue loss from the construction jobs that are ending or recently ended.

e. Revenue from Napa Valley Unified School District

The City and the Napa Valley Unified School District (NVUSD) entered into a Memorandum of Understanding in 2005 to have the City include NVUSD in its procurement for a solid waste and recycling collection contractor. NRWS was the selected contractor and provides collection services to NVUSD at a cost that was included in NRWS’s proposal to the City. As an entity of the State of California, the NVUSD has a unique contractual collection service rate established and adjusted each July 1st by the terms of the Memorandum of Understanding between the City of Napa and the NVUSD. NVUSD pays NRWS (through the City) for processing its recyclable materials and for disposal of solid waste at the Transfer Station.

The collection service from the NVUSD is smallest collection service rate revenue stream. It was \$386,909 or approximately 1.2% of the total collection service revenue for City FY 2023/24. Following the 2022 NRWS Contract amendment, the cost for collection services in the City-NVUSD contract is now adjusted by the fixed NRWS labor cost of 3.5% per year. NVUSD revenue is projected to escalate by 3.5% per year for FY 2025/26 through FY 2029/30.

4.1.2 Revenues from MDF Gate Fees and Sales of Compost, Topsoil and Gravel (Row 7 of Appendix D)

This category includes revenue from (a) self-haul customers paying the posted gate fees at the MDF, (b) tip fees paid by the County of Napa for processing yard trimmings, recyclable materials and food scraps at the MDF, (c) payments from regional recycling and solid waste collection companies delivering materials to the MDF for processing, (d) tip fees paid by Cultured Stone for processing of rock, and (e) the sale of compost, topsoil and gravel produced at the MDF, also known as “direct” materials sales.

Self-haul customers include landscapers, construction companies, roofers and members of the public who bring a broad range of materials to the Napa MDF including yard waste, wood, concrete, and manure. Due to space constraint at the MDF, the City stopped accepting self-haul dirt at the MDF as of

April 1, 2012. (Self-haul dirt is accepted at the Devlin Road Transfer Station for a fee, currently \$40 per ton). Self-haul customers pay the posted gate fees (as approved by Council) at the MDF scale house.

In 2005, the City signed a Memorandum of Understanding (MOU) with the County of Napa to process curbside and commercial recyclable materials and to compost the yard trimmings and collected in the County. Pursuant to the Agreement the County pays the City of Napa for composting the yard trimmings. The City pays the County a fixed dollar amount per ton for the curbside and commercial recyclable materials. The value received from sale of these materials roughly covers the cost of sorting and marketing the recyclable materials at the Napa MDF. In 2013 the City began composting food scraps from the County pilot commercial food scrap collection program. The price currently paid by the County includes the incremental cost of composting the food scraps and soiled paper at the MDF.

In January of 2020, the City negotiating a long-term extension of the agreement with Napa County to match the Countcent contract extension with its hauler (Napa County Recycling & Waste Services, LLC or "NCRWS") through CY2030 (with five one-year extension options through end of CY2035 1 if desired by Napa County). Under the terms of the amended and extended City-County MOU for use of the City's MDF, the County is paying an increased rate for processing compostable organic materials at the MDF commensurate with the capital investments and higher processing costs incurred by the City (and paid to NRWS). The arrangements for processing recyclable materials (glass, plastics, cardboard, paper, etc.) MOU pricing given the volatility in markets for recyclable materials described earlier in this rate study. City rate payers cannot subsidize use of the City's MDF by Napa County and contractual pricing is adjusted accordingly periodically in response to market realities.

Depending upon market conditions and availability of other processing options, some local recycling and solid waste collection companies, such as Sonoma Garbage, deliver materials (including yard trimmings, food scraps, and/or recyclable materials) to the Napa MDF for processing. These companies usually agree to deliver a large quantity of material over a pre-established period of time and are often offered optimized pricing by the City in recognition of this commitment to use the Napa MDF.

Compost, topsoil and gravel produced at the Napa MDF are sold to local landscapers, wineries, contractors and the general public. Compost has been sold at an average price of \$14 per ton in the recent past. As noted above, pursuant to the City's contract with NRWS for operation of the Napa MDF, the City receives 5% of the revenue from sale of the "direct" materials such as compost, topsoil and other products produced at the MDF and NRWS receives 95% of the revenues. The revenue figures included in Row 73 of Appendix D include 100% of the revenues from sale of direct sales (i.e., compost and gravel). The payment to NRWS of their 95% share of direct materials sales is described below in the section 3.5.2 of this report, and is included in the figures in Row 67 of Appendix D.

MDF gate fees are not subject to the Proposition 218 notice requirements and, therefore, may be adjusted by the City Council at any time.

4.1.3 Sale of Secondary Materials (Row 1 of Appendix D)

The recyclable materials processed at the Napa MDF include cardboard, junk mail, other types of paper, aluminum, plastic and glass beverage containers, other glass and plastic household containers, film plastics, used motor oil, used cooking oil, and electronic waste. The recyclable materials delivered to the MDF include materials collected in the City of Napa by NRWS, those collected in the County of Napa by NRWS's sister company NCRWS, those received by Northern Recycling at the transfer station and delivered to the MDF for processing (see Section 4.2.5 below for details about the City's processing

agreement with Northern), materials delivered by the public and materials delivered by other recycling and solid waste collection companies in the region. The materials are marketed by NRWS domestically and internationally directly to buyers and often using materials brokers.

As described above in section 3.2.2 of this rate study, there has been a steep decline in revenue received from secondary materials sales, particularly for material shipped to overseas buyers. This trend is expected to continue for the foreseeable future and revenue projections are largely flat

4.1.4 Total Projected Revenue

The total projected base revenue for City FY2025/26 prior to applying any collection service rate adjustment is \$47,376,900. The total projected base revenue for City FY2025/26 with proposed rate adjustments is \$52,833,100 as shown in row 11 and row 90 of Appendix D.

Section 4.2 PROJECTED EXPENDITURES

The projected expenses for Solid Waste and Materials Diversion Fund for FY2025/26, FY2026/27, FY2027/28, FY2028/29, and FY2029/30 are listed in Appendix D from rows 14 through row 88, some of which are described in more detail below.

4.2.1 Transfer to General Fund Based on Cost Allocation Study (Row 44 of Appendix D)

The Fund pays for support from other City departments based upon a periodic Cost Allocation Study. The cost for FY 2024/25 is \$926,440 based on updated Cost Allocation Study. The budgeted cost within the two-year rate cycle FY2025/26 is \$1,376,765 and the projected cost for FY2026/27 is \$1,432,000.

4.2.2 Street Mitigation/Repair Costs (Row 45 of Appendix D)

Since 2009, the Solid Waste Fund has contributed to repair and maintenance of streets due to impacts caused by the weight of the MSW, recycling and yard waste collection vehicles and the roll-off vehicles. During the 2018 rate-setting process, a street impact study was commissioned by the City and conducted by the consulting firm GHD. The GHD updated study was completed in April 2019 and full analysis and findings are as Appendix I to this rate study. In summary, the updated 2019 analysis found that the heavy refuse and recycling collection fleet account for 11.6% of the impacts to City streets. Among other changes, the 2019 study took into consideration a third axle on the new NRWS collection fleet which reduced the impacts from these vehicles on City streets.

Based on the 2019 analysis and applying the Bay Area ENR construction cost index at 5.3%, the annual contribution for refuse and recycling collection vehicles is \$1,317,000 in 2025/26 and \$1,387,000 in 2026/27 (row 45 of Appendix D).

4.2.3 Transfer Station Tipping Fees (Row 55 of Appendix D)

The Devlin Road Transfer Station is owned by the Napa Valley Waste Management Authority (NVWMA) and is currently operated by Northern under contract to the NVWMA. Under the current adopted NVWMA rate plan, this rate will increase by \$7/ton on October 1, 2025 and \$3/ton on each October 1, from 2026 through 2030. The budgeted cost for FY2025/26 is \$4,165,000 with FY2026/27 at \$4,300,000 and the projected cost for FY2029/30 is \$4,705,000. Transfer Station disposal costs currently represent approximately 8.8% of the SWR Fund's collection (rate-based) revenue.

4.2.4 Contractual Payments to NRWS (Rows 56-69 and Row 72 of Appendix D)

Payments to NRWS to perform solid waste and recycling collection service and to operate the Napa MDF are the largest expense of the Fund. Pursuant to the City's contract with NRWS (and as revised under the terms of the 2022 and SB 1383 Contract Amendments), costs are adjusted annually on January 1. Per the 2022 and SB 1383 Contract Amendments with NRWS, labor related costs escalate at a fixed 3.5% with non-labor costs increased at 2.5%. Pursuant to the City's contract with NRWS, the company is compensated in the several ways:

a. Operating and Capital Cost Payment (Row 61 of Appendix D):

NRWS was selected through a competitive procurement process in 2004. They proposed a base price per year to perform all residential, commercial, multi-family and roll off solid waste and recyclables collection in the City as well as operation of the Napa MDF. This price is escalated annually by a weighted group of indexes including the CPI, PPI, fuel and labor indexes. The City's contract with NRWS was originally scheduled to end December 31, 2015 but the City had up to 4 one-year extension available of which the City exercised 2 years (CY2016 & CY2017). The 2018 Contract Amendment (approved by Council in April of 2018) extended the City's agreement with NRWS for 14 years (through end of CY2031). The budgeted cost for FY2025/26 is \$18,400,000 with FY2026/27 at \$19,215,000, \$3,624,500 and the projected cost for FY2027/28 is \$20,115,171. The Capital and Operating Payments to NRWS currently represents approximately 59% of the SWR Fund's collection (rate-based) revenue.

b. 3% Base Profit Margin (Row 57 of Appendix D):

In addition to the Operating and Capital Cost payment, the City pays NRWS a fixed profit margin of 3%. The budgeted cost for base profit to NRWS FY2025/26 is \$600,000 with FY2026/27 at \$625,000 and the projected cost for FY2027/28 is \$650,600. The Base Profit Margin Payments to NRWS currently represent approximately 1.9% of the SWR Fund's collection (rate-based) revenue.

c. 30% Share of Sale of Recyclable Materials and Compost (Row 67 of Appendix D):

As noted above the City splits revenues 70%/30% with NRWS (secondary materials, which is bulk of material sales revenue) while the City splits "direct" material sales (e.g., compost and gravel) 95% to NRWS and 5% the City. The budgeted cost for share of materials sales to NRWS FY2025/26 is \$3,700,000 with FY2026/27 at \$3,700,000 and the projected cost for FY2027/28 is \$3,700,000.

d. NVUSD (Row 60 of Appendix D):

As described above, NRWS provides collection services to the school district and is paid by the City for these services. NVUSD pays the City for these costs. Pursuant to the City's 2022 Contract Amendment with NRWS, these costs escalate by 3.5% each year. The budgeted cost to NRWS for NVUSD service in FY2025/26 is \$189,500 with FY2026/27 at \$197,000 and \$205,100 in FY2027/28.

e. Allowance Based Programs and Unit Costs (Rows 56 and 68 of Appendix D):

NRWS receives additional compensation for services that are not included in the base Operating and Capital Cost Payment. Allowance Based Programs are those for which the costs are not escalated annually (E-Waste Recycling Event, Business Recycling Awards Program and the Telephone Directory Recycling Ads). The budgeted cost to NRWS for Allowance-based service is FY2025/26 is \$104,000 with FY2026/27 at \$108,200 and \$117,254 in FY2027/28.

Unit Costs include payment for costs based on tonnage like carpet processing and negative value materials or unit based like bulky items pick-ups. The budgeted cost to NRWS for Unit-based service in FY2025/26 is \$409,000 with FY2026/27 at \$426,000 and \$443,500 in FY2027/28.

f. Payment for Processing Cost Over Baseline (Row 65 of Appendix D):

NRWS is paid an extra payment per ton for processing tons of materials at the MDF over certain threshold limits described in the City-NRWS contract. The 2018 Contract Amendment rewards and incentivizes NRWS to bring in more materials to the Napa MDF so that third party users of the MDF can help defray fixed costs related to the facility and provides non-City solid waste rate payer revenue. The amendment required NRWS to guarantee at least 30,000 tons per year of "new" materials to the MDF and enhanced the per ton payment to NRWS is each of the four main processing areas (composting, wood, recycling and source-separated construction and demolition debris materials). NRWS has delivered on this commitment and the inbound tonnage has grown substantially with an additional 60,000 tons per year of throughput as compared to CY2015. The Over-Baseline (OB) processing payment to NRWS for CY2024 was \$4,944,000. Future OB payments include projections for increased volume and inflation escalators (as it is adjusted by the Producer's Price Index each calendar year). The budgeted cost to NRWS for OB processing payment in FY2025/26 is \$5,300,000 with FY2026/27 projected at \$5,510,000 and \$5,730,000 in FY2027/28.

g. Diversion Incentive Payments (Row 59 of Appendix D):

With approval of the Third Amendment to the City-NRWS contract in 2014, three new Diversion Incentives for NRWS were approved by the City Council. These are the Targeted Incentive (TI) which rewards NRWS with \$100 per new roll off box of source-separated recyclable materials they collect and deliver to the MDF for sorting over and above the threshold level established in the Third Amendment; the Residue Reduction Incentive (RRI) that rewards the company for achieving residue left over after all sorting and processing operations at the MDF that is lower than a baseline level established in the Third Amendment; and the Collection Incentive (CI) which rewards NRWS for collecting and diverting tons of recyclable materials over and above the baseline level established in the Third Amendment. The purpose of these incentives is to reward increased diversion of materials from the transfer station. The avoided tipping fees provide some funds toward payment of the incentives. The Diversion Incentive

payment budgeted for FY2025/26 is \$121,000 with FY2026/27 projected at \$126,000 and \$131,200 in FY2027/28.

h. Partnership Programs (Row 62 of Appendix D):

The two programs commenced in FY 2008/09 for color glass sorting and rigid (#1-#7) plastics sorting required the costs for 4 sorting employee positions at NRWS. Per the 2018 Contract Amendment, labor costs are escalated by a fixed 3.5% per year, so the costs are pre-known in advance. The City's budgeted costs for its 70% share of Partnership Program sorting positions in FY2025/26 is \$189,500 with FY2026/27 at \$197,000 and \$205,100 in FY2027/28.

i. Recycle More Program (Row 66 of Appendix D):

As described above, NRWS now operates the Recycle More program. The costs for the program include the payment for a new vehicle (panel-type truck with a lift gate) plus certain percentages of the incremental costs for the program as described in the Third Amendment to the City-NRWS contract executed in July 2014. The City's budgeted costs for the Recycle More program per the 2018 Contract Amendment in FY2025/26 is \$19,000 with FY2026/27 at \$20,000 and \$20,800 in FY2027/28.

j. Commercial Food Scrap Diversion Program (Row 58 of Appendix D):

As also described above, NRWS operates the commercial food scrap diversion program as it is expanded city-wide in 2015 and 2016. Row 91 shows the cost of the expanded commercial food scrap program (per terms of the 2018 Contract Amendment) of \$327,000 for FY 2025/26 with FY2026/27 at \$340,000 and \$353,900 in FY2027/28.

4.2.5 Payments for Recycled Material to Northern Recycling and Other Companies (Row 76 of Appendix D)

As noted above, NRWS markets the recycled materials processed at the MDF. NRWS receives 30% of the revenues from sale of these materials (excluding MDF direct sales such as compost and gravel which is not relevant to this budget item). This cost is shown in Row 67. The City also has an agreement with Northern Recycling (a sister company to NRWS that operates the transfer station under contract to the NVWMA) to process recyclable materials at the MDF. The agreement was approved by the City Council in July 2010 and was amended in 2016 and 2020. In addition to operating the transfer station and a sorting line for separating construction and demolition debris at the station, Northern also operates a Buy-Back Center at the station that accepts recycled materials and that pays for certain recycled materials. Under the terms of the agreement with the City, Northern agreed to deliver all of the recycled materials from the Buy Back Center (such as cardboard, aluminum, all grades of paper, all plastics, all glass, and all metal cans) to the Napa MDF for final marketing. Northern can also deliver other materials such as compostables (yard trimmings and/or food scraps) to the MDF if it desires. The City pays Northern 61% of the actual prices the City receives for all paper and cardboard and for plastic that are not subject to the California Redemption Value (CRV). For plastic, glass, and aluminum cans, bottles and beverage containers and all other materials subject to the California Redemption Value (CRV deposit), the City pays Northern 69% of the actual prices the City receives for these materials. Since the City splits overall revenues from sale of recycled materials with NRWS 70%/30%, the "net" revenue the City receives from the Northern materials is 9% for fiber and non-CRV plastics, and 1% for CRV plastics,

glass and aluminum containers. For FY2025/26 staff estimates that the materials delivered by Northern will account for approximately 41% (\$2,640,000) of the total secondary materials sales revenue shown in Row 4 of Appendix D. The payments to Northern are found in Row 76 of the Master Spreadsheet in Attachment 3. When markets allow for it, the additional payments in Row 76 are for payments to other companies that use the MDF for processing of materials such as Recology and Sonoma Garbage.

4.2.6 Total Projected Expenditures (Row 89 & 91 of Appendix D)

The total projected expenditures for FY2024/25 are \$46,704,900 as shown in Rows 89 and 91 of Appendix D. The total projected expenditures for FY2025/26 are \$52,605,900 and \$55,177,400 for FY2026/27.

Section 4.3 STATUS OF RESERVES FOR SOLID WASTE AND RECYCLING ENTERPRISE FUND (Rows 98 to 102 of Appendix D)

On August 5, 2008 the City Council adopted a Fiscal Policy for the Solid Waste and the Materials Diversion Enterprise Fund (Resolution R2008 153C) that included specific Reserve Policies and funding targets for each of the Fund reserves. At that time the City Council also approved rates for FY 2008/09 that allowed for all of the reserves to be fully funded by the end of FY 2008/09 (with the exception of the Capital Maintenance and Capital Replacement Reserves which each required an annual contribution in order to fund Capital Maintenance Items and to eventually replace or significantly retrofit the entire MDF at the end of its useful life).

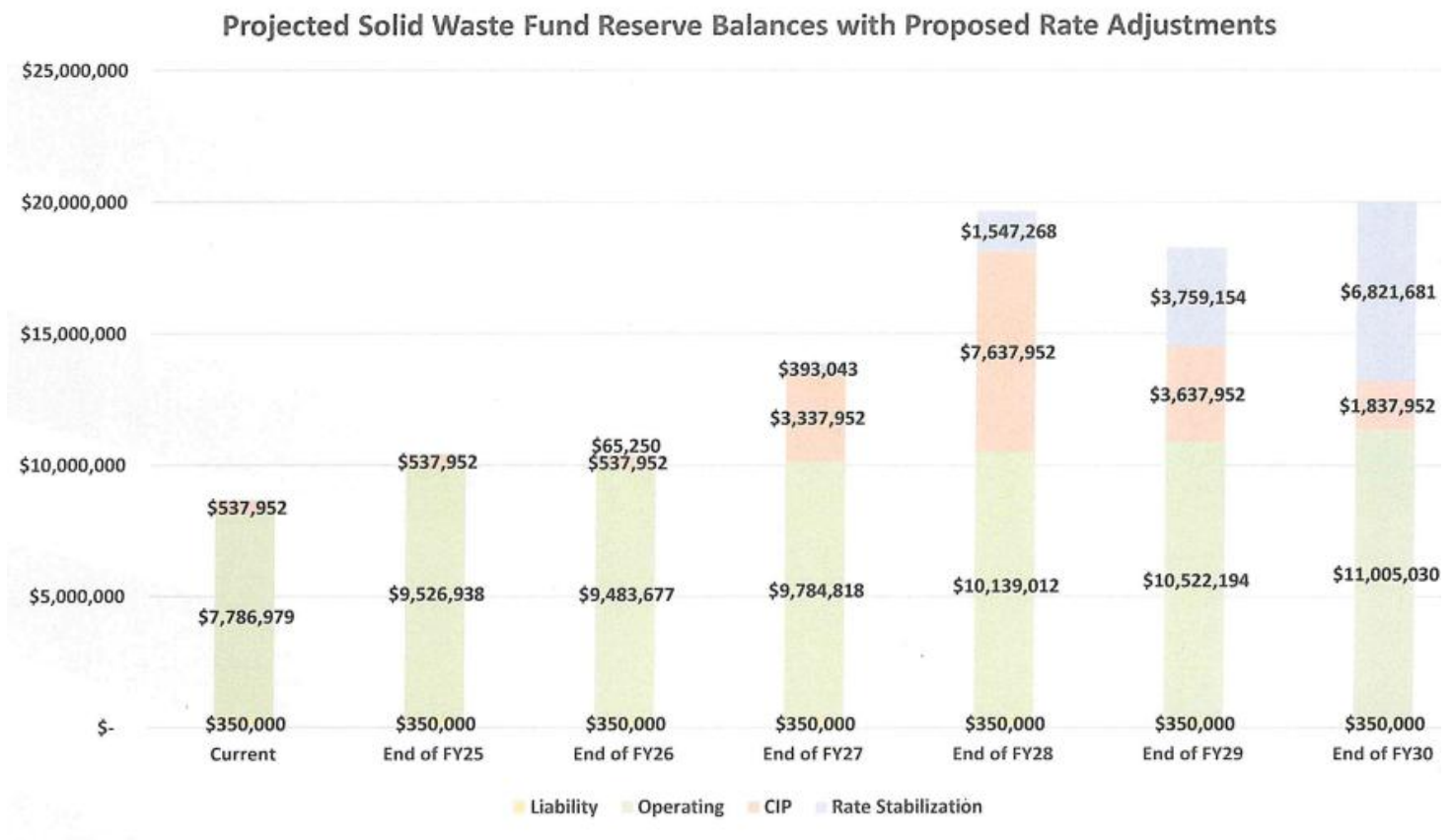
On June 16, 2009, as part of the rate-setting process for FY 2009/10 - FY 2011/12, the City Council adopted revisions to the Fiscal Policy for the Fund (Resolution 2009-82). The main changes made were to exclude from calculation of the 25% floor for the Operating Reserve the following items: capital maintenance project costs, capital replacement project costs, and costs for street repair due to damage from heavy solid waste vehicles. Other refinements to the policy included specifying the procedure for placement of funds left over after completion of capital projects.

On June 18, 2013, as part of the process of approving the City's FY 2013/14 budget, the City Council again amended the Fiscal Policy of the Fund (Resolution 2013-55). The key changes were (a) to reduce the minimum funding level for the Operating Reserve from 25% to 20% of the Fund's operating costs (excluding debt service, capital improvement projects and street repair and maintenance costs); (b) to consolidate the Capital Maintenance and Capital Replacement Reserves into one Capital Improvement Projects (CIP) Reserve funded at \$536,000 per year to pay for Capital Improvement Projects that cost more than \$125,000 (Capital Improvement Projects costing less than \$125,000 would now be paid for out of the operating budget); (c) directing that unspent funds from any CIP project be transferred to the CIP Reserve at the end of each fiscal year; and (d) increasing the minimum funding of the Rate Stabilization Reserve from 5% to 10% at a rate of 1% each year according to the following schedule – 5% in FY 2012/13, 6% in FY 2013/14, 7% in FY 2014/15, 8% in FY 2015/16, 9% in FY 2016/17 and 10% in FY 2017/18. The balance of the Rate Stabilization Reserve (approximately \$1.9 million at the time) was used in FY2018/19 as the 2018 NRWS contract amendment was finalization and before previous rate adjustments began in August of 2019.

The proposed rates would restore and replenish reserves to allow for a rate stabilization reserve fund balance (exceeding the required 20% operating reserve) starting with FY2026/27 as an estimated

\$393,000, building to \$1,547,000 at the end of FY2027/28, \$3,759,000 at the end of FY2028/29 and \$6,821,000 by the end of FY2029/30. These projections for the rate stabilization reserves are show in row 101 of Appendix D.

The Fiscal Policy states that the Reserves are to be funded to their minimum levels at the beginning of each fiscal year. The Finance Department carries out this function, and funds the reserves based upon the projected expenditures for the Fund in the city budget for that fiscal year. The Fiscal Policy further states that if any of the reserves are depleted during a fiscal year, the reserve is to be replenished to its minimum level at the beginning of the following fiscal year. If this is not possible, the Policy states that actions will be taken to decrease expenditures, increase revenue sources and temporarily draw upon the Operating Reserve to fund the other reserves.



The Fiscal Policy states that the order of priority for funding and replenishment of reserves is (1) Liability Reserve, (2) Capital Improvement Projects Reserve, (3) Operating Reserve. The Policy further states: "The Rate Stabilization Reserve is drawn upon and replenished at the discretion of the City Council."

A. Liability Reserve: Minimum: \$200,000
Projected Balance at 6/30/25: \$350,000
Row 98 of Appendix D

This reserve is designed to fund liabilities of the City for items related to the operations of SWR Fund. These include costs of litigation (or other unanticipated costs) related to the closure of the former Coombsville Dump/Hidden Glen Landfill Site. The minimum funding level for this reserve is \$200,000 per the Fund's Fiscal Policy; however, an additional \$150,000 was placed in this reserve based on advice from the City Attorney and Finance Director in 2014 and remains valid.

B. Capital Improvements Reserve: Projected Balance at 6/30/25: \$537,952
Row 99 of Appendix D

Funds are placed in this reserve to pay for planned Capital Improvement Projects (CIP) at the Napa MDF. This includes projects required by new regulations, as well as all repair and maintenance of buildings, common areas, paving, fencing, scales, roof repair and other components that the City owns or is contractually responsible for maintaining, in excess of \$125,000.

Pursuant to the City's standard policy for replacement of capital assets, the amount of the annual depreciation on the Napa MDF facility is placed in this reserve in order to provide for major renovation, modernization and/or rebuilding of the MDF at the end of its useful life. The MDF offices and the materials diversion sorting building were constructed in approximately 1993 and were purchased by the City in 2004. Most materials diversion facilities in California were constructed in the mid to late 1980's or the 1990's, so they are only 30-35 years old. Some have been updated and renovated, but most have not reached the age where major renovation or reconstruction is required. It is likely that the Napa MDF will require major renovation, modernization and/or rebuilding at the age of 40-50 years. In order to meet the above-described costs for coming City FYs, the proposed rate budget projects an average annual contribution of \$4,000,00 to this reserve over the next five years. See below for proposed MDF CIP funding schedule:

FY2025/26 =	\$3M
FY2026/27 =	\$4M
FY2027/28 =	\$5M
FY2028/29 =	\$5M
FY2029/30 =	\$3M

The Fund's capital improvement reserve is currently at \$572,952 because available funds have been expended on recent capital improvement projects at the City's MDF. Further details on recent MDF capital improvements are detailed in section 3.2.1 of this rate study.

C. Operating Reserve: Projected Balance at 6/30/25: \$9,526,938
Row 100 of Appendix D

The Operating Reserve provides funds to cover unforeseen revenue shortfalls (especially for volatile secondary materials markets), unanticipated expenses, and other unanticipated or emergency expenditures that could not be foreseen during preparation of the SWR Fund operating budget. The Fund does not have an "emergency reserve" per se and part of the purpose of the Operating Reserve

is to provide such security, particularly in periods between formal rate setting and when various contingencies might otherwise lead to cash flow difficulties. This reserve also provides funding in the event of a permit or operational change at the MDF that requires CEQA review. Lastly, the reserve is sized to provide cash flow in the event of destruction of the MDF that requires the City to process its recyclable materials and yard waste at other sites while the MDF is rebuilt.

As described above, the Fund's Fiscal Policy anticipates a minimum target funding level of the Operating Reserve at 20% of budgeted operating costs less debt service, capital expenses, and street repair and maintenance costs. The projected balance at the end of FY2024/25 is approximately \$9,526,900 which as calculated as described above amounts to 20%.

***D. Rate Stabilization Reserve: Projected Balance at 6/30/25: \$0
Row 101 of Appendix D***

This reserve provides the City with funds to stabilize solid waste and recycling collection rates to avoid wide swings in rates over time. This reserve has been used by the City Council several times in the past to offset potential rate increases. The Fiscal Policy states that this reserve is to be used at the time of rate setting and/or at the discretion of the City Council. This occurred during FY2018/19 when \$1,817,935 in rate stabilization reserve funds were primarily used to offset contractual expenditure obligations to NRWS resulting from the 2018 Contract Amendment. Recognition of market volatility of material sales drives the need to maintain a rate stabilization reserve balance for the Fund. The proposed rates project funding the rate stabilization fund to withstand volatility in material sales in an amount near 15% by FY2027/28 and near 60% by FY2029/30 assuming material sales remain at \$10.6M per year. This amount is a step in the right direction when taking into account the market has shown 121% volatility within the last 5-year rate study period when material sales price per ton changed from a low of \$121/ton in 2019, a high of \$268/ton in 2022, and dropped back down to \$190/ton in 2024.

The proposed rates would restore and replenish reserves to allow for a rate stabilization reserve fund balance (exceeding the required 20% operating reserve) starting with FY2026/27 as an estimated \$393,000, building to \$1,547,000 at the end of FY2027/28, \$3,759,000 at the end of FY2028/29 and \$6,821,000 by the end of FY2029/30. These projections for the rate stabilization reserves are shown in row 101 of Appendix D.

CHAPTER 5: REVENUE REQUIREMENTS AND PROPOSED SOLID WASTE RATE ADJUSTMENTS

Section 5.1 RATE METHODOLOGY

As noted previously in this rate study, the Solid Waste and Materials Diversion Enterprise Fund has three key sources of revenue (solid waste and recycling collection service rates, MDF gate fees and materials sales). The Fund must cover all solid waste and recycling related expenditures including contractor (NRWS) collection service and processing costs for operation of the MDF, Devlin Road Transfer Station disposal fees, MDF capital improvement costs, payments for MDF materials, mitigation of impact of heavy vehicles on City streets, salaries and benefits, additional administrative support and transfers, contributions to reserves and other materials, supplies and services. The City of Napa's approach to solid waste rate setting has always been to take all projected SWR Fund revenue and apply them against the overall SWR Fund expenditures. Any proposed solid waste and recycling service collection rates are applied as a single recommended percentage increase to all customers and lines of collection service (i.e., residential, multi-family, commercial and roll-off service).

Section 5.2 REVENUE REQUIREMENTS

5.2.1 Projected Revenue and SWR Fund Position under Existing Rates

While the SWR Fund is projected to be able to address an operating deficit of \$968,163 from City FY2023/24 through use of existing reserves (operating reserves), this is not a sustainable approach for future years. Based on the projections identified in Chapter 4, please see Table 2 below which indicates the net results of total revenues minus total expenditures and reserve balances without a rate adjustment.

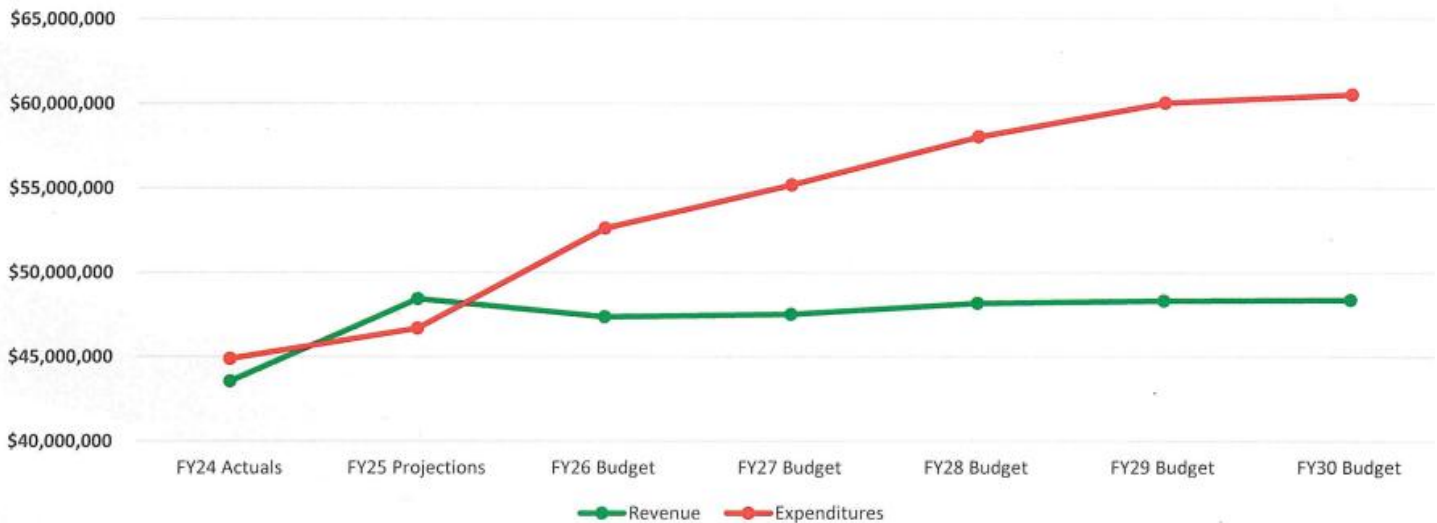
Table 2: Projected SWR Fund Position without Rate Adjustment

	FY2024/25	FY2025/26	FY2026/27	FY2027/28
Total Revenues	\$48,444,820	\$47,376,900	\$47,578,400	\$48,279,900
Total Expenditures	(\$46,704,861)	(\$52,605,885)	(\$55,177,391)	(\$58,023,261)
Net Results	\$1,739,959	(\$5,228,985)	(\$7,598,991)	(\$9,743,361)

	Projected FY2024/25	Projected FY2025/26	Projected FY2026/27	Projected FY2027/28	Projected FY2028/29
Reserves					
Rate					
Stabilization	\$0	\$0	\$0	\$0	\$0
Operating	\$9,526,952	\$4,092,751	(\$3,856,240)	(\$3,919,501)	(\$13,662,601)
CIP	\$537,952	\$537,952	\$3,337,952	\$7,637,952	\$3,637,952
Liability	\$350,000	\$350,000	\$350,000	\$0	\$0

Total	\$7,215,579	\$4,092,750	(\$168,288)	(\$9,911,649)	(\$19,936,298)
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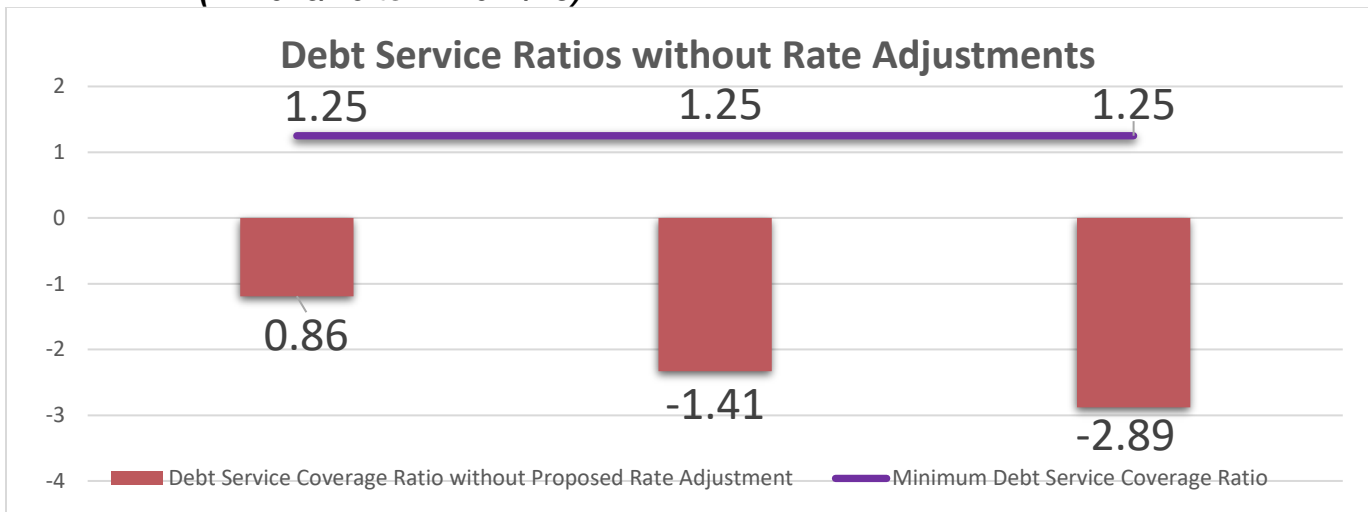
Revenues vs Expenditures Trend (No Rate Adjustments)



5.2.2 Debt Coverage Ratio Requirements

One critical consideration in developing proposed collection service rates is the debt service coverage requirement of the 2016 Solid Waste Revenue Bond (SWRB) covenant. As described in section 3.3.2 of this rate study, the City issued \$12.5 in SWRB in 2016 to install a new covered compost system, upgrade the storm water management system and other necessary capital improvement at the City-owned MDF. Debt service represents roughly 2.9% of existing rate revenue (see rows 48-50 of Appendix D) at just under \$900,000 per year. Based on the revenue bond requirements, the debt service cover ratio is a minimum of 1.25x net revenues (revenue less operating expenses without solid waste capital improvements, contribution to street resurfacing fund, contributions to reserves and the debt service payment itself). With existing solid waste rates and projected revenues and expenses, the debt service ratio for FY2025/26 would be negative 0.86, which is non-compliant with the minimum debt service coverage ratio required by the 2016 SWRB obligations (please see Figure 5 below).

Figure 4: Debt Service Coverage Ratios without Proposed Rate Adjustments (FY2025/26 to FY2027/28)



5.2.3 Total Projected SWR Fund Reserves under Existing Rates

Another key consideration impacting the level of the proposed rate adjustments is the use and replenishment of SWR Fund reserves (see section 4.3 of this study for more detailed discussion under proposed rates). Under existing rates, the projected total SWR Fund position would be negative \$5,228,985 for FY2025/26. The cumulative SWR Fund position by the end of FY2029/30 would be negative \$9,743,361 with no reserves available whatsoever (and potential need to borrow from the City's general fund).

Section 5.3 SWR FUND POSITION WITH PROPOSED RATE ADJUSTMENTS

The recommended ("proposed") solid waste rate adjustments based on this study are as follows:

- 12% rate increase effective July 1, 2025 (RY2025)
- 10% rate increase effective January 1, 2026 (RY2026)
- 8% rate increase effective January 1, 2027 (RY2027)
- 8% rate increase effective January 1, 2028 (RY2028)
- 6% rate increase effective January 1, 2029 (RY2029)

Please see Appendix K for full rate schedule with proposed rate adjustments (inclusive of the net impact of 5-year phase plan for SB1383 commercial organics rates described in section 5.6 of this rate study).

Table 3 indicates the SWR Fund position with implementation of the proposed rate adjustments shown above.

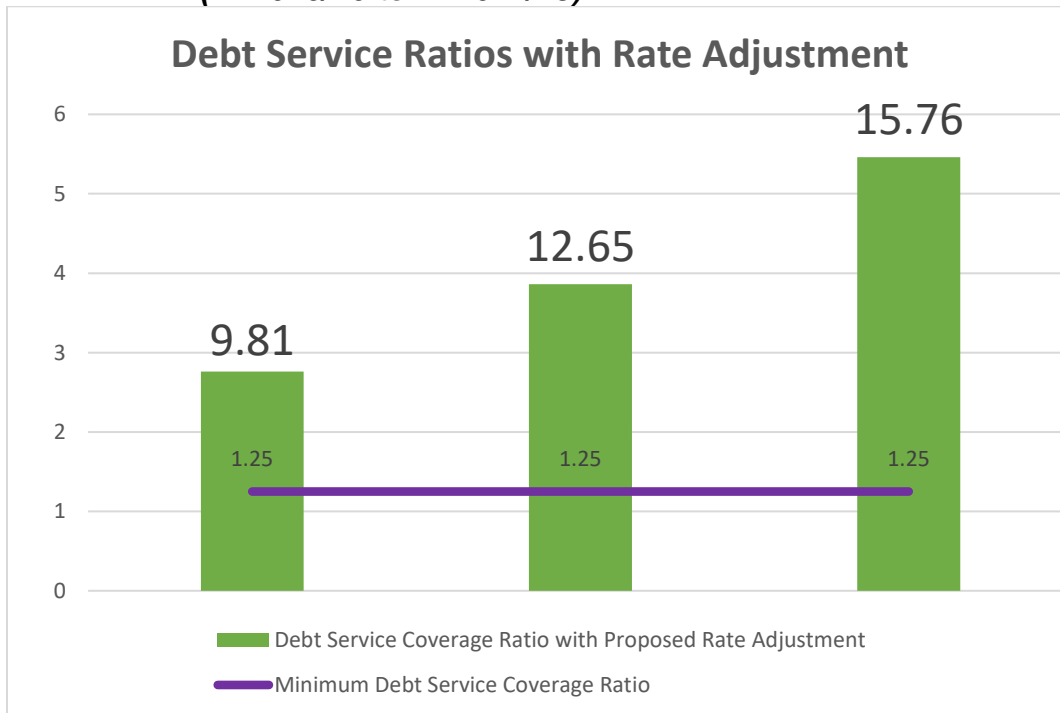
Table 3: Projected SWR Fund Position with Proposed Rate Adjustment

	FY2025/26	FY2026/27	FY2027/28	FY2028/29
Revenues	\$29,410,697	\$33,637,178	\$35,451,588	\$37,355,845
Expenditures	(\$32,430,991)	(\$35,726,101)	(\$34,744,001)	(\$35,489,600)
Net Results	(\$3,020,294)	(\$2,088,923)	\$707,587	\$1,866,245

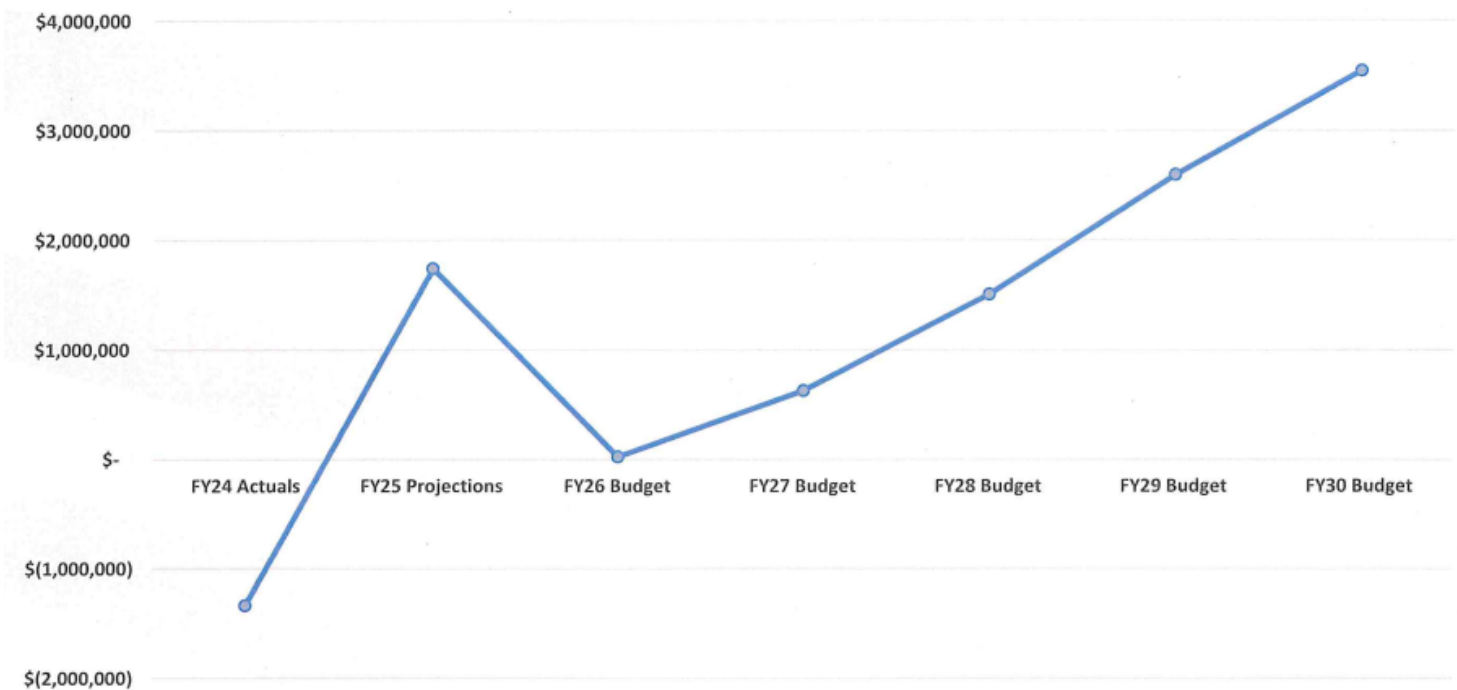
Reserves	Projected FY2025/26	End of FY2026/27	End of FY2027/28	End of FY2020/21	End of FY2021/22
Rate					
Stabilization	\$1,817,935	\$0	\$0	\$0	\$0
Operating	\$5,047,644	\$4,375,296	\$2,736,374	\$3,443,961	\$5,310,206
CIP	\$0	\$0	\$536,000	\$1,072,000	\$1,608,000
Liability	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Total	\$7,215,579	\$4,725,296	\$3,622,374	\$4,865,961	\$7,268,206

As illustrated in Table 3 above, adoption of the proposed rate adjustments will allow the SWR Fund to cover expenses and use net results to replenish reserves to near total reserve levels available at end of FY2017/18 before the drop in material sales in 2019 required drawdown of reserves.

Figure 5: Debt Service Coverage Ratios with Proposed Rate Adjustments (FY2025/26 to FY2027/28)



Net Operating Position With Proposed Rates



As noted in section 5.2.2 of this report, without the proposed rate adjustments, the Fund will operate at a deficit in all years. Reserves funds will be essentially depleted by the end of FY2025/26 and the debt coverage of 0.86 will be out of compliance with the 2016 Solid Waste Revenue Bond indenture. Rate adjustments are required to generate sufficient revenue to maintain prudent reserve levels and comply with debt coverage ratio requirements. If the proposed rates are adopted, the projected debt service coverage ratio are projected to safely meet or exceed the minimum SWRB required 1.25 debt service coverage ratio in each of the five years covered by the study (see Figure 6 above). This data is also shown in row 103 of Appendix D.

Section 5.4 IMPACT OF PROPOSED RATES ON SPECIFIC LINES OF SERVICE

5.4.1 Residential Service

Current residential service is a bundled “package” menu of service including weekly collection of MSW (customer choice of 20-gallons, 35-gallons, 65-gallons or 95-gallons), recyclables (up to two 95-gallon carts for recycling) and compostable organic materials (up to two 95-gallon carts for composting). As noted previously in this report, residential organics were expanded beyond traditional yard trimmings in 2015 to include food scraps and soiled paper. Residential service also includes curbside collection of used motor oil and oil filters and appointment-based access to the “Recycle More” program for electronic waste, large scrap metal/appliances, textiles (clothing, shoes, etc.) and household batteries. The impact of proposed monthly rate on residential service customers is shown in the chart below:

Cart Size	Existing Monthly Rate	Proposed Monthly Rate Effective July 1, 2025	Proposed Monthly Rate Effective January 1, 2026	Proposed Monthly Rate Effective January 1, 2027	Proposed Monthly Rate Effective January 1, 2028	Proposed Monthly Rate Effective January 1, 2029
20 gallons	\$30.54	\$34.20	\$37.62	\$40.63	\$43.88	\$46.51
35 gallons	\$38.29	\$42.88	\$47.17	\$50.94	\$55.02	\$58.32
65 gallons	\$58.71	\$65.76	\$72.34	\$78.13	\$84.38	\$89.44
95 gallons	\$90.30	\$101.14	\$111.25	\$120.15	\$129.76	\$137.55

65 Gallon Monthly Residential Service Cost Comparison

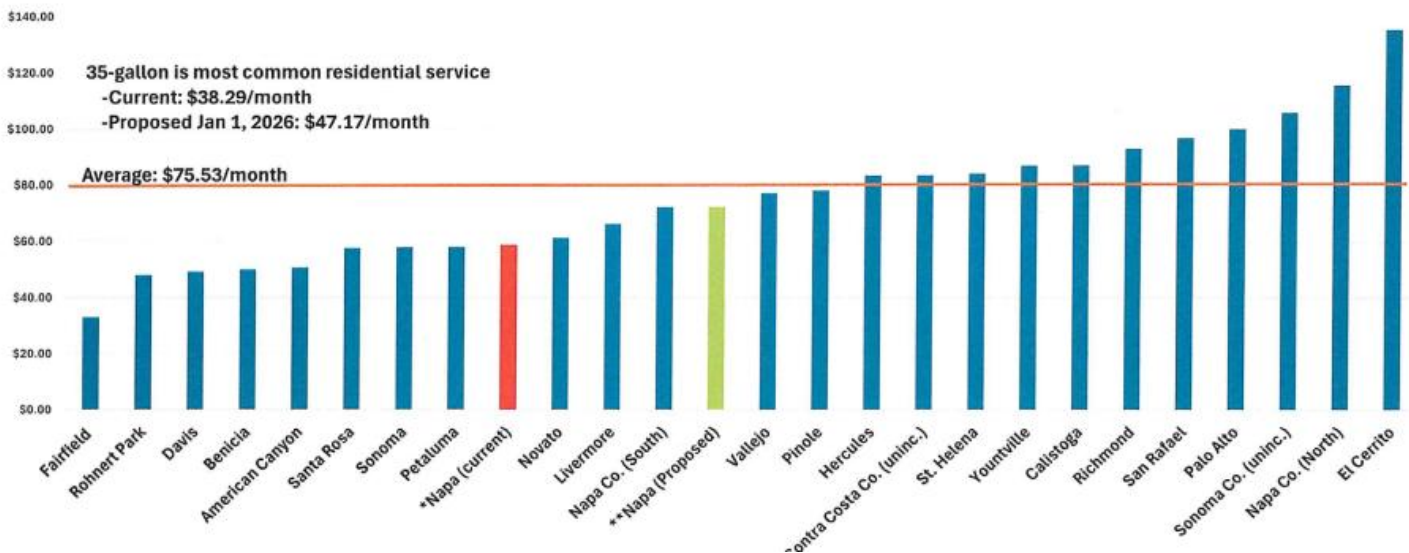


Chart based on current jurisdiction rates, many subject to annual adjustment prior to January 2026. 35-gallon residential rates not utilized in above chart because several jurisdictions do not have multiple service size options smaller than 65-gallon and thus are not comparable rate structures.

5.4.2 Commercial/Multi-Family Service

The impact of proposed rate on commercial/multi-family customers is shown in Appendix K. For a typical medium-sized commercial bin customer represented by charge for collection of a company-provided two-cubic yard commercial bin picked up weekly, the impacts are shown as follows:

Existing Rate:	\$597.10 per month for company-provided 2 cubic yard (cy) MSW bin, serviced once per week
Rate as of July 1, 2025	\$668.75 per month
Rate as of January 1, 2026	\$735.63 per month
Rate as of January 1, 2027	\$794.48 per month
Rate as of January 1, 2028	\$858.04 per month

Rate as of January 1, 2029 \$909.52 per month

5.4.3 MSW Roll-Off Service

The impact of proposed rate on a roll-off service customer is shown in Appendix K. For an uncompacted 10 cubic yard MSW roll-off box service, rate study concluded that MSW rate should remain unchanged:

Existing Rate:	\$464.20 per service of uncompacted 10 cy MSW roll-off debris box
Rate as of July 1, 2025	\$464.20 per service
Rate as of January 1, 2026	\$464.20 per service
Rate as of January 1, 2027	\$464.20 per service
Rate as of January 1, 2028	\$464.20 per service
Rate as of January 1, 2029	\$464.20 per service

5.4.4 Recycling Roll-Off Service

The impact of proposed rate on a recycling roll-off service customer is shown in Appendix K. For a 10-cubic yard concrete recycling roll-off box service, the impacts are shown as follows:

Existing Rate:	\$244.98 per service of 10 cy concrete recycling roll-off box
Rate as of July 1, 2025	\$274.38 per service
Rate as of January 1, 2026	\$301.82 per service
Rate as of January 1, 2027	\$332.00 per service
Rate as of January 1, 2028	\$358.56 per service
Rate as of January 1, 2029	\$387.24 per service

Section 5.5 SB 1383 MANDATORY ORGANICS SERVICE 5-YEAR RATE STUDY

In the course of developing commercial food scrap collection rates in 2014/2015, the City commissioned an independent study to establish those rates when the full program became available to all City (NRWS) commercial customers in April of 2015. That study recommended that the commercial food scrap collection rates be 75% of the Municipal Solid Waste (MSW) landfill service collection rates based on service cost at the time and the desire for there to be sufficient savings to encourage voluntary participation in the program. With the passage of SB 1383, all commercial generators of compostable organic materials (i.e., yard trimmings, food scraps and soiled paper) are now required to subscribe and participate in the City's organics collection program(s). As with commercial recycling, commercial customers have historically been offered service of yard trimmings at no additional charge (much like residential customers have a "bundled" rate that includes recycling and compost collection services). However, since SB 1383 made the collection of the full spectrum of compostable organic waste mandatory, it was recognized that the "no charge" commercial yard trimmings service needs to be consolidated and merged with the current commercial food scraps collection service rates (currently 75% of commercial MSW collection rates). This also applies to multi-family (apartment) complexes that are serviced like commercial properties. The results of the updated independent study are detailed in Appendix P to this rate study.

After extensive independent analysis, the recommended 5-year rates for commercial organics is anticipated to achieve the optimal cost-recovery rates for SB 1383's new mandatory collection requirements for commercial and multifamily customers. The recommended rates are anticipated to sufficiently cover the collection and processing costs of the commercial and multifamily food scraps and yard trimming services, while also incentivizing compliance with SB 1383's mandatory requirements. The rates also incorporate increased costs to NRWS for operation impacts and equipment capitalization necessary to expand its food scraps and yard trimmings collection routes and processing at the MRF. It is anticipated that by the fifth year, commercial and multifamily customers will be able to co-collect their food scraps and yard trimmings into the same container, thereby reducing route collection costs at that time. Accordingly, staff recommends the new food scraps collection rates be reduced over time to 45% (or less) of MSW collection rate structure.

The overall revenue impacts of this study are shown below as well as row 92 of Appendix D:

Description of Revenue Impact	Year 1 Revenue Impact	Year 2 Revenue Impact	Year 3 Revenue Impact	Year 4 Revenue Impact	Year 5 Revenue Impact	Report Section Describing Detailed Analysis
Revenue Impact 1: Increase in Rate Revenue from Current Commercial and Multi-family Yard Trimmings Customers Who Currently do not Pay for this Service	\$38,248	\$153,172	\$211,625	\$307,365	\$371,321	2.5.1, 3.1.1
Revenue Impact 2: Decrease in Rate Revenue from Current Commercial Food Scrap Recycling Customers Who Currently Pay 75% of the Equivalent MSW Rate for this Service	-\$154,883	-\$466,224	-\$607,988	-\$761,623	-\$947,647	2.5.2, 3.1.2
Revenue Impact 3: Increase in Rate Revenue from Currently Non-compliant Commercial Generators that Implement Food Scrap Recycling Programs between 2025 and 2029	\$86,818	\$141,769	\$111,810	\$81,899	\$51,232	2.5.3, 3.1.3
Revenue Impact 4: Decrease in MSW rate revenue from commercial and multi-family generators who 'right size' their MSW service levels as a result of incorporating commercial compostable service	-\$51,198	-\$112,636	-\$121,647	-\$128,946	-\$134,103	2.5.4, 3.1.4
Net Revenue Impact by Rate Year	-\$81,014	-\$283,918	-\$406,200	-\$501,305	-\$659,198	3.1.5

Section 5.6 ADDITION OF “PACKAGED ORGANICS” TO FULL SCALE COMMERCIAL FOOD SCRAP DIVERSION PROGRAM

In 2011, a change to AB 939 was signed into law (AB 341) that established a statewide goal of diverting 75% of the solid waste stream from landfill by 2020. The law required CalRecycle to prepare a statewide plan for meeting the 75% diversion goal. The draft plan relied heavily on diverting food scraps from landfill throughout the state and ultimately sought to capture and compost increasingly difficult organic fraction of discarded municipal solid waste stream, including compostable organic materials “trapped” in packaging. As noted earlier in this study, NRWS applied (and received) a grant from CalRecycle for towards an organics “de-packager” that functions to separate and recover compostable organics from paper and plastic packaging. This new element of commercial food scrap diversion program was studied independently by the solid waste consulting firm EcoNomics, Inc., who conducted the 2014 study that served as the basis of the commercial food scrap diversion program collection service rate initiated in April of 2015. The Economic review concluded that it is appropriate to collect and process packaged organics at the same collection service rate level as the commercial food scrap diversion program (i.e., 75% of commercial MSW service charges). See Appendix H for full analysis and findings.

Section 5.7 PROPOSITION 218 NOTICE AND NEXT STEPS

In order to implement the proposed rates, the following actions are required:

- 4/15/25 – Council approval to issue proposition 218 notice
- 4/30/25 – Postmark of proposition 218 notice to begin minimum 45-day public review requirement. The notice must show both the existing rates for each type of service and all four proposed residential rates as well as RY 2025 rates non-residential (multi-family, commercial and roll-off customer) for service and noting subsequent maximum percentage rate increases for RY2026, RY2027, RY2028 and RY2029.
- 6/17/25 – Final rate hearing to be held on June 17, 2025.
- 7/1/25 -- If proposed rates are approved by Council on June 17, 2025, the first rate adjustment would be effective July 1, 2025.

APPENDIX A: RECYCLING PROGRAM ACHIEVEMENTS AND GRANTS

Recycling and Pollution Prevention Achievements in 2024:

- In calendar year (“CY”) 2024, over 170,000 tons of materials were received to be recycled or composted at the Napa Recycling & Composting Facility (aka Napa Materials Diversion Facility or “MDF”). By keeping these valuable resources out of the landfill, the City decreased carbon dioxide emissions by 135,067 metric tons and used 703,481 million fewer BTUs of energy. This is enough energy to power all the houses in Napa for over three months. Additionally, these savings are the equivalent of taking 28,434 passenger cars off the road and conserving over 15 million gallons of gasoline, helping to fight climate change and reduce our dependency on fossil fuels (source: EPA WARM model).
- Reduction of 16,533 pounds of harmful air pollution each year from the use of eight clean air (compressed natural gas or CNG) collection vehicles representing 28% of the NRWS fleet). As will be detailed later in this report, 100% of the heavy refuse and recycling fleet of 28 vehicles will be converted to CNG by the end of CY2020 as part of the 2018 Contract Amendment with NRWS.
- In 2024, 2,060 gallons of used motor oil was collected by NRWS’ free curbside used oil collection program, along with 773 pounds of used oil and filters. This is important because one gallon of improperly disposed motor oil can contaminate one million gallons of clean drinking water.
- Recycling and food scrap/organics composting at 84 special events in 2024 resulted in a total of 357 tons diverted from the landfill. These events included Bottle Rock, Downtown and Oxbow Commons events, community crab feeds, 4th of July, Napa Town and County Fair and Coastal Cleanup Day. In 2018, the Earth Day Napa event achieved a 96% diversion rate. The Town & Country Fair achieved a 78% diversion rate while the City’s 4th of July celebration achieved a 76% diversion rate.
- A total of 44 groups toured the Napa Recycling & Composting Facility in CY2024. In addition, dozens of recycling-focused presentations were made at private and public schools, businesses and community groups.
- Residential composting of food scraps and soiled paper was introduced Citywide in 2015. On a ton-for-ton comparison basis, residential landfill disposal was reduced by 10-13% for each year following implementation of the expanded curbside organics program (approximately 1800-2300 tons per year between CY2020, CY2021, CY2022, CY2023 & CY2024).
- The City and NRWS continue to expand the commercial food scrap composting program with over 335 businesses and schools on the program as of the end of CY2024. In 2024, over 300 audits were conducted with over 180 site visits, 100+ trainings and approximately 2,500 pieces of interior recycling and/or composting equipment delivered to City businesses and schools.
- In 2024, 74% of the heavy construction and demolition debris that NRWS serviced from the City was recycled or composted instead of being landfilled. This is a critical part of the City’s goal to achieve 75% recycling and composting level.

- In 2024, the “Recycle More” curbside collection program for electronics, over-sized metal and reusable items such as clothing and shoes collected over 640 tons. This is a five-fold increase since the program was introduced in 2013.
- In addition to the June “Recycle More” event, the City (and County) hosted two productive recycling-related events in 2024. In October 2024, several agencies/organizations partnered for a special take-back collection event for unwanted medications and medical “sharps” (i.e., needles, syringes). During the four-hour event at Kaiser Permanente’s Napa Clinic parking lot, over 1,000 pounds of medications and 375 pounds of sharps were collected for proper disposal (the highest single-collection site for medications in a 5-county region according to DEA). In November 2018, Napa’s America Recycles Day celebration event collected over 600 coats, 150 costumes and 800+ pairs of shoes. The coats were redistributed locally by the Salvation Army to those in need for the winter season and the shoes were sent to a non-profit group called Soles4Souls that reuses and/or recycles them both domestically and abroad, including disaster-impacted regions.
- In partnership with Napa’s household hazardous waste collection facility (adjacent to the Devlin Road Transfer Station), City part-time staff collected and recycled approximately 5,400 pounds of household batteries in CY2024. Besides keeping these batteries out of landfills and gutters, this collection program is an important safety step as improper disposal of household batteries can cause fires and batteries that slip through screens at Napa’s recycling facility can contaminate mixed glass recycling.
- Through a public-private partnership, the City’s LESS (Lighting Efficiency & Safe Stewardship) program has collected and recycled over 44,000 compact fluorescent lights (CFLs) and 38,000 fluorescent tubes from April 2011 through end of CY2024. Currently four Napa retailers have voluntarily participated in the program so that Napa residents can conveniently bring their used CFLs and tubes to these stores for proper recycling/disposal.
- In the fall of 2024, City part-time staff conducted a “Flip the Lids” visual audit and educational program for over 1,600 homes. Educational hangers and community-based social marketing techniques were employed to help educate residents on proper recycled and resulted in a noticeable improvement in contamination for the homes that were visited. The # 1 contaminant (soft plastics/plastics bags) was reduced by 55% and other contaminants across the board were reduced as well.
- City part-time staff completed one-on-one visits in both English and Spanish to a dozen multi-family locations with 315 units. This targeted outreach effort is being expanded in CY2019 and beyond.
- Multiple recycling and composting-related messages were transmitted to the Napa community via social media in 2018. The Facebook post of “Curious to know if you are recycling correctly or not?” reached 15,329 Facebook users with 5,308 photo views, 151 shares and 93 comments. The City and NRWS intend to expand use of social media for recycling and composting in 2019 and beyond.
- The City and NRWS have worked closely with both public and private schools in Napa for improved and expanded recycling and composting programs. By the end of the 2017/18 school year, all 26 Napa Valley Unified School District (NVUSD) sites serviced by NRWS had an active

composting program in place for food scraps and/or soiled paper. In April of 2018, the NVUSD board passed a resolution supporting the goal of 75% recycling and composting levels by the year 2020, matching City and State goals.

- As of April 2018, an improved and expanded full service customer payment center was opened by NRWS at 598 Lincoln Avenue. NRWS customers can now use the improved in-town payment center Monday through Friday for a full range of activities from making payments and service deposits to picking kitchen compost pails or extra compostable bags for the spring yard trimmings or leaves in the fall. This was one of the improvements facilitated by the 2018 Contract Amendment with NRWS.

Status of Grants Received by the City to Increase Recycling:

CITY/COUNTY PAYMENT PROGRAM

In FY 2018/19 CalRecycle awarded a grant to the City in the amount of \$20,112 (which was matched by the City). This program provides funding to cities and counties to implement beverage container recycling and litter abatement projects. One of the primary goals of the grant is to increase beverage container recycling by implementing programs that increase recycling opportunities and that educate people in the Napa community about recycling beverage containers. The City of Napa is using the City/County Payment Program funds to support existing recycling programs. The funds cover costs associated with recycling equipment/infrastructure to increase recycling opportunities and capture beverage containers, fund staff time to support and promote recycling in the City, cover costs associated with public education materials that inform the public about beverage container recycling and advertise beverage containers as a prominent and important item to be recycled, and support litter abatement expenses. These grants have historically been awarded annually, and a new round of funding is expected during 2020 for FY 2019/20.

USED MOTOR OIL RECYCLING BLOCK GRANT

The City of Napa was awarded \$22,106 by CalRecycle for FY 2018/19 to promote the recycling of used motor oil and filters within the City of Napa. Most grant dollars go toward public outreach and supporting Napa's Certified and non-certified Collection Centers that collected 20,566 gallons of used motor oil and 5,906 oil filters in FY 2017/18. The curbside used oil program collected and recycled another 1,956 gallons of used motor oil and 734 oil filters in the same period. In these outreach efforts City staff emphasizes one-to-one outreach, mostly bilingual. Ongoing examples include outreach booths or tables at the Napa DMV, the Napa-Solano flea market (cost shared with the City of Vallejo) and the Napa Town and Country Fair, as well as at workplace events, Binational Health Week events, apartment complexes, and a wide variety of other venues. Using these funds, the City also contributes toward participation in two regional programs, the Adult ESL "Family Car" lessons and the "Riders Recycle" campaign. The curbside collection promotion includes a live bilingual hotline.

APPENDIX B: STAFF REPORT AND RESOLUTION R2018-043 ADOPTING 2018 CONTRACT AMENDMENT WITH NRWS (APRIL 17, 2018 NAPA CITY COUNCIL MEETING)

To: Honorable Mayor and Members of City Council

From: Jacques R. LaRochelle, Public Works Director

Prepared By: Kevin Miller, Materials Diversion Administrator

TITLE:

Services Provided by Napa Recycling & Waste Services, LLC for the Collection and Transportation of Municipal Solid Waste, Recyclable Materials, and Compostables; and for the Operation of the Napa Materials Diversion Facility

RECOMMENDED ACTION:

Adopt a resolution authorizing the City Manager to execute the 2018 Contract Amendment to City Agreement No. 8687 with Napa Recycling & Waste Services, LLC ("NRWS") for a term through December 31, 2031, for the collection and transportation of Municipal Solid Waste, Recyclable Materials, and Compostables, and operation of the Napa Materials Diversion Facility, and determining that the actions authorized by this resolution are exempt from CEQA.

DISCUSSION:

The original and existing contract between the City and NRWS labeled the "Contract for the Collection and Transportation of Municipal Solid Waste, Recyclable Materials, and Yardwaste and the Operation of the Napa Materials Diversion Facility" (City Agreement No. 8687) provided for a 10-year base term, from January 14, 2005 through December 31, 2015, with options to extend the term for up to four additional one-year terms. Council authorized three one-year extensions for calendar years (CY) 2016, 2017 and 2018. As used in this report, the term "Initial Agreement" refers to the original and existing contract (City Agreement No. 8687), as amended on March 1, 2005, July 6, 2010, and July 30, 2014, and as extended through December 31, 2018.

Concurrently with the approval of the three one-year term extensions of the Initial Agreement, based on the high quality of service the City has received from NRWS, and based on economic efficiencies that will be realized to further extend the term of the existing services, City Council directed staff to work with NRWS to negotiate a long-term extension of the Initial Agreement with a term through December 31, 2031. The City and NRWS memorialized the guiding principles and processes for negotiating the terms of the long-term extension of the Initial Agreement in a non-binding Memorandum of Understanding ("MOU"), that was approved by City Council on July 18, 2017, and November 7, 2017. Consistent with the terms of the MOU, representatives of the City and NRWS negotiated the terms of the proposed "2018 Contract Amendment." For the reasons summarized in this report, staff recommends that Council authorize the City Manager to execute and implement the 2018 Contract Amendment. Please see Attachment 2 to this staff report for a copy of the MOU; and see Attachment 1 to this staff report for the for a copy of the proposed 2018 Contract Amendment (which is Exhibit B to the authorizing resolution described in more detail in this staff report).

HIGHLIGHTS OF PROPOSED 2018 CONTRACT AMENDMENT

As noted above, staff was tasked with negotiating a long-term extension of the Initial Agreement with our existing contractor, NRWS. Council expressed a desire to maintain the high level of service provided by NRWS at a fair and equitable cost for the City's solid waste rate-payers. Creativity and a public-private "partnership" approach was encouraged as well as the ability to incorporate new technology and respond to changing conditions over the life of the long-term extension term while at the same time providing cost stability and predictability. City staff and NRWS believe we have arrived at a mutually agreeable and fair deal for the long-term, 14-year extension, through December 31, 2031.

As memorialized in the proposed 2018 Contract Amendment, there are a number of benefits to the City from negotiating a new long-term contract amendment with the City's existing contractor. These benefits may not have been realized with an alternate process to select a contractor. By leveraging the competitive process from which NRWS was selected and maintaining core terms of the Initial Agreement, the City has managed costs and continued the high level of service without interruption. Many of the benefits of the proposed 2018 Contract Amendment are highlighted and summarized below:

1. **Term** – Collectively, the Initial Agreement and proposed 2018 Contract Amendment extends the useful life of major capital assets which in turn represents savings for City rate payers. The term of the Initial Agreement was extended from 10 to 12 full years. The typical life-cycle for vehicles and processing equipment is 10 years. During these one-year extensions and in anticipation of the long-term extension, NRWS has had to extend the working life of its vehicles, collection and processing equipment in anticipation of the long-term extension. Furthermore, the proposed 2018 Contract Amendment is a 14-year extension. When combined with the original 12 years of the Initial Agreement, rate payers will have a total contract time of 26 years with only 2 major cycles of vehicles and equipment. At a new capital cost of approximately \$17 million for the 2018 Amendment, stretching the life of vehicles and equipment is very valuable to the City and its rate payers.
2. **Operating Costs** – The 2018 Contract Amendment moderates increases in operating costs. For the most part, NRWS and the City did not reset the "base" operating costs for labor and maintenance. Instead, both parties used the existing base costs which were proposed as part of a competitive process and have been adjusted annually by established indexes. It is likely that NRWS's actual costs based on negotiations with labor unions, particularly for benefits, have exceeded the indexed payments from the City. The parties did agree to stabilize the indices for labor for the first 5 years of the 2018 Contract Amendment by setting a fixed 3.5% annual increase (and 2.5% increase for non-labor costs). This is expected to be within cost-of-living adjustments that would apply to any future contract costs.
3. **Vehicles** – Seven (7) current Compressed Natural Gas (CNG) collection trucks will be refurbished rather than buying new vehicles. In addition, one of the current diesel-powered vehicles will be refurbished and converted to a CNG engine for a total of eight (8) refurbished vehicles. Purchases and payments from the City to NRWS will be spread over the first 3 years to reduce rate impacts. By the year 2021, the entire NRWS fleet of twenty-eight (28) heavy refuse and recycling vehicles will be converted to 100% CNG trucks resulting in a very clean fleet with significantly reduced air emissions.
4. **New Organic Material** – The City challenged NRWS to bring additional flow of compostable organic material to the facility to generate City revenue to help offset additional costs of the

2018 Contract Amendment. To their credit, NRWS has already brought the additional 30,000 tons to the facility and agrees to maintain this flow for at least 10 years.

5. Customer Service Office and 600 Tower Road – Under the terms of the Initial Agreement, the City does not incur a direct cost for the NRWS’s customer service office on Lincoln Avenue or the use of 600 Tower Road (adjacent to the MDF) for storage. NRWS has agreed to maintain both properties/facilities with no additional cost to the City rate payer.
6. New Processing Equipment – As part of the proposed 2018 Contract Amendment, NRWS will be upgrading and replacing sorting and processing equipment at the City’s MDF. However, NRWS has been very careful to retain or repair current infrastructure (e.g., repair current expensive baler and retain heavy-gauge steel work station platforms for sort line) where it makes sense while incorporating the next generation of technology and equipment where appropriate (e.g., new sort belts, new mechanical screens for cardboard, a new sorting “robot” and a new specialized glass cleaning system utilizing density sorting and air classifiers). This combination of preserving the old while introducing the new is estimated by NRWS to save approximately \$3 million dollars of potential new equipment costs for wholesale replacement. This savings is realized in the 2018 Contract Amendment while improving the efficiency of overall processing at the MDF is expected to significantly improve recovery of materials for recycling and composting while lower facility “residue” that would be sent to the transfer station for disposal (at a higher and direct cost to the City rate payer). Like the vehicles, NRWS has been tasked (and has accepted) the responsibility of maintaining the new processing equipment for a working life of fourteen years and not the industry-standard of ten years. Stretching the life of the processing equipment is an important and valuable benefit for the City solid waste rate payer.
7. Incentives and Performance-Based Compensation – The 2018 Contract Amendment improves upon the Initial Agreement’s performance-based compensation. As noted above, one of the important goals in negotiating a long-term contract extension was to preserve and, if possible, improve on a contract that would incentivize and reward NRWS for strong performance and additional diversion from landfill disposal. Instead of simply increasing the automatic base profit from the current three (3) percent to the initial NRWS request for eight (8) percent, the City and NRWS found other ways to provide (and pay for) additional contractor compensation. The new compostable organic materials secured by NRWS (and noted in item # 4 above) was rewarded by an “enhanced” over-baseline processing fee where NRWS can earn more compensation by attracting and maximizing throughput at the MDF while minimizing landfill disposal. While providing more compensation to NRWS, the additional compensation is largely offset with additional revenue (in the form of \$1.35 million in additional MDF gate fees) and lower facility residue disposal costs. The proposed 2018 Contract Amendment increases the NRWS share of “direct” material sales (e.g., compost, gravel, topsoil) from 30% to 95%. Although this does provide NRWS additional compensation, it helps assure both a high level of production and high-quality product(s) being sold from the City’s MDF. This, in turn, helps assure both environmental and economic sustainability for the MDF for many years to come as this value is paid by future buyers and customers of the MDF. Finally, diversion incentives from the Initial Agreement have been preserved. These incentives work to help maintain and improve recovery of recyclable and compostable materials collected by NRWS or brought to the MDF by third party jurisdiction haulers and self-hauling businesses/public. They also work to assure that the City achieves its goal of 75% (or over) diversion of solid waste from landfill disposal by the year 2020 (R2012-100, Disposal Reduction Policy).

NEW BIOMASS GASIFICATION PLANT TECHNOLOGY

One of the innovations and improvements introduced to the City by NRWS is biomass gasification technology. This technology utilizes urban wood waste at high-temperature to produce clean and renewable electricity as well as a valuable byproduct called “biochar.” Biomass gasification plant technology will also help provide a much-needed local solution for a rapidly growing “biomass crisis” where older and larger biomass plants are closing and/or existing capacity at the remaining plants is being dedicated to dead and dying forest waste. The net impact of this biomass crisis means it is increasingly more difficult and more expensive to find a home for Napa’s processed wood waste (Napa shipped out 16,000 tons of chipped wood as recently as CY2015). Consequently, the value of chipped wood has gone from a positive \$4 to \$5 per dry ton to a negative \$15 per shipped ton. This cost is expected increase to \$35-\$40 per ton (or more) in the next 2-3 years as more and more existing plants close and urban wood waste is crowded out of the remaining capacity at these existing plants.

The positive economic and environmental benefits of bringing two 1 MegaWatt (MW) biomass gasification plants are detailed in attachment 3 to this staff report. This 20-year cost/benefit analysis shows a positive average annual cash flow of \$98,000 for the first 13 years of the biomass plant expected 20-year useful life that grows to an average of \$1.16 million dollars per year in the final 7 years after the initial capital costs are retired. The non-monetary environmental benefits are impressive as well with over 900 truck trips avoided annually and combined air emission reductions equivalent to removing 600 passenger vehicles off the road every year over the 20 working years of the biomass gasification plant(s).

As noted in the resolution to this staff report, although the 2018 Contract Amendment lays the groundwork for biomass processing, the specific terms for the installation and operation of the biomass gasification plants are still being developed by the City and NRWS, and those terms will be brought back to a subsequent Council meeting for consideration and action.

ANAEROBIC DIGESTION TO BIOFUEL SYSTEM AT CITY MDF

At the time of this 2018 Contract Amendment, the City and NRWS have had extensive discussions regarding the installation and operations for an Anaerobic Digestion (AD) to biofuel system at the Materials Diversion Facility. The proposed 44,000 Tons per year AD to biofuel system would receive Compostables and Packaged Organics (meaning surplus, contaminated or expired food in original retail packaging) and are appropriate for maximum biomethane (aka “biogas”) energy production in the active phase of the AD system. The AD system would harvest the biogas and convert it to both fuel as renewable compressed natural gas and power through a combined heat and power (CHP) unit. At the end of the active phase of the AD system, a solid compostable organic material called “digestate” would be retrieved by NRWS and placed in the Covered Aerated Static Pile (CASP) system for composting. The City’s compensation to NRWS for composting of digestate from AD to biofuel system has already been addressed in Article 12 of this 2018 Contract Amendment for materials entering the composting processing area and no additional compensation will necessary to Contractor for handling and composting of AD digestate materials.

In 2014, the City was awarded a \$3 million competitive grant from the California Energy Commission (CEC) for the proposed AD to biofuel system. NRWS has agreed to work in good faith with City to

honor the terms and conditions of the City's grant agreement with the CEC including cooperation with AD technology provider (Zero Waste Energy), access to purchase and maintenance records associated with the AD system as requested by the City or the CEC and honoring any related adjustments to related compensation to NRWS, including avoided fuel costs and/or labor savings from drivers avoiding lost time on collection routes (with NRWS vehicle fueling occurring overnight at Materials Diversion Facility).

The proposed AD to biofuel system has been substantially revised since the original \$3 million CEC grant presentation was made to the City Council in December of 2014. The system has changed from a "batch" feed system to continuous "plug and flow" system and the annual total throughput has increased from 25,000 inbound tons per year to 44,000 inbound tons per year (as noted in the CEQA section below, this change was addressed in a second March 5, 2018 notice of determination). The City requested (and was granted) a one-year extension on the grant agreement with CEC to accommodate these changes. City staff intends to make an administrative report to the City Council on the AD to biofuel system in May of this year to provide updated information. The 2018 Amendment lays the groundwork for the proposed AD system, but City staff is still evaluating the costs/benefits of the AD system. If the cost/benefit analysis indicates that the City should proceed with the AD system for economic and environmental reasons, a final version of the contract language will return to the City Council as a future amendment for consideration.

COST REVIEW-RECONCILIATION REVIEW TO CITY-NRWS AGREEMENT

Item No. 16 of the MOU (attachment 2 to this staff report) addresses replacement of the current "Cost Review" process (under the Initial Agreement) with a revised "Reconciliation Review" process (under the proposed 2018 Contract Amendment). Under the current Initial Agreement, the Cost Review process is part of Article 12 (Compensation to Contractor) with the details of the process described in Attachment U. Under those current terms, the Cost Review process was/is very detailed, but limited. The current Cost Review process only reviews changes in cost of service related to three specific areas: growth, new programs and changes in legislation that could not have been reasonably anticipated in NRWS's proposal submitted during the competitive Request for Proposals (RFP) process that took place in 2004. Under the Initial Agreement, the two detailed "Cost Review" processes occurred in the third year (CY2008) and sixth year (CY2011) of the of the initial ten-year term. The Cost Review process was a forward-looking process that applied the final recommended adjustments to the subsequent three-year or four-year period (CY2009-CY2011 for the first contractual Cost Review and CY2012-CY2015 for second Cost Review process). Although extensive efforts went into each Cost Review process, there was no reconciliation or "true-up" process that would adjust and compare the 3-year or 4-year recommendations to actual service results between each Cost Review process. This meant that unless the final Cost Review growth projections were flawless (which is virtually impossible to achieve) the results could be unfair to either the City rate payer or to NRWS as the City's contracted service provider. Said another way, either the City would be over-paying NRWS for anticipated growth that never occurred or NRWS would be underpaid for growth that occurred over and above the final anticipated growth projections (at least until the time of the subsequent Cost Review process that would then seek to "right-size" the compensation to actual collection service measurements/metrics).

To better address and refine compensation from the City to NRWS, both parties agreed in concept to replace the once-every-three-years "Cost Review" process with a once-every-other-year "Reconciliation Review" process that would first occur in year 3 (CY2020) of the 14-year extension

presented in the 2018 Contract Amendment. While intended to address the same basic purpose of the Cost Review process, the new Reconciliation would look backwards at the previous contract/calendar year service measurements. The Reconciliation Review process would utilize these “actuals” to make a one-time lump-sum payment (or deduction) for service delivered by NRWS during the previous year. The previous calendar “actuals” would then be used to adjust the monthly compensation for the next two contract/calendar years. For example, the first Reconciliation Review process would occur in year 3 (CY2020) and look “backwards” at the actual service provided in year 2 (CY2019) of the 2018 Contract Amendment. NRWS would have a one-time lump-sum payment (or deduction) to “true-up” compensation for service provided in CY2019 and the CY2019 result would “reset” the monthly compensation from the City to NRWS for year 4 (CY2021) and year 5 (CY2022) with the next Reconciliation Review to occur in year 5 (CY2022) looking backwards again at year 4 (CY2021) actuals for the next adjustment. In this way, the City and NRWS hope that the new Reconciliation Review provide a more frequent and more accurate adjustment based on true service levels provided by NRWS as well as respond to changes in law that could not have been reasonably anticipated during the previous Reconciliation Review process. It would also allow for more timely adjustments for any major changes in the City customer base (e.g., when new Napa Pipe development households are added to residential service and new businesses such as the new Costco store are added to commercial service).

At the time of this 2018 Contract Amendment, both the City and NRWS realize and agree of the importance and value of getting the details and service level measurements/metrics done correctly for the new “Reconciliation Review” process. More time is needed to develop the specific details of the Reconciliation Review process and establish new equitable service thresholds to be used in the new process. The proposed 2018 Contract amendment utilizes much of the MOU language to describe the goals and intent of the new Reconciliation process in Attachment U. However, as the first Reconciliation Review process will not occur until CY2020, both NRWS and the City agree that this new process needs additional detailed development. To that end, the City Manager will be authorized to administratively approve procedures that achieve the new Reconciliation Review process when the parties have arrived at mutual agreement on the specifics of the new process to replace the previous Cost Review process.

2018 CONTRACT AMENDMENT – UPDATES & FUTURE AMENDMENTS

The “core” of the proposed 2018 Contract Amendment is contained in 15 “Articles” while most of the details are presented in numerous “Attachments” to the 2018 Contract Amendment (current contract Attachments range from Attachment A through Attachment MM). Prior to this proposed 2018 Contract Amendment, there had been three contract amendments as a part of the Initial Agreement. There is one key contract Article (Article 12) and related Attachments (namely, attachments T-1 through T-12) that details the various forms of compensation to the Contractor. While both the City and NRWS have agreed on the level and forms of compensation (as described in the amended MOU), both parties agree that a little more time is needed to finalize this specific Article and related Attachments because it is so vital and critical to be done accurately and have it thoroughly reviewed and cross-checked by both parties. There are also “catch-up” provisions to be developed for pending capital and operating payments to address the changes associated with the 2018 Contract Amendment. To that end, staff intends to bring back Article 12 and Attachments T-1 through T-12 in a final form for consideration at future City Council meeting. At that same future meeting, staff will also present a mid-year budget adjustment to Solid Waste & Materials Diversion Enterprise Fund address the corresponding changes and impacts of the 2018 Contract Amendment in the City’s FY2017/18 adopted budget.

Above and beyond the pending Article 12 and Attachments T-1 through T-12 updates noted above, there are other non-financial, technical revisions, clarifications and updates that will require more time and/or information to be finalized. A good example is Attachment G to the proposed Contract Amendment which notes all the governing permits and regulations for the City's MDF. Because the City and NRWS have pending significant permit revisions (from the air district and water board in particular), the attached resolution seeks to authorize the City Manager to be able to administratively accept and execute certain non-financial, technical Attachments as they become available. As noted above, the biomass gasification plants and anaerobic digestion to biofuel systems will need to return to City Council as future contract amendments since they do have significant financial and long-term policy and operating implications.

Therefore, staff is recommending that the City Council authorize the City Manager to finalize and execute the 2018 Contract Amendment to extend the term of the Initial Agreement between the City and NRWS through December 31, 2018, as described in the attached resolution (first attachment to this staff report), and to take all actions necessary to implement its terms, including authorizing the City Manager to approve updates of portions of the 2018 contract Amendment labeled "Fundamental Terms" in Exhibit A to the Resolution once the parties can finalize the technical details.

FINANCIAL IMPACTS:

Cost Comparison of 2018 Amendment to City-NRWS Agreement			
	Previous Contract Year (CY2017)	Year 2 (CY 2019) with 2018 Amendment & No Biomass	Year 2 (CY 2019) with 2018 Amendment & Two 1 MW Biomass Units
<u>EXPENSES</u>			
Total Operating Costs	\$10,244,000	\$11,054,000	\$12,060,000
Total Capital Costs	\$51,000	\$1,738,000	\$3,073,000
3% Base Profit Margin	\$309,000	\$358,000	\$470,000
TOTAL Baseline "Fixed" Payments	\$10,604,000	\$13,150,000	\$15,603,000
Over Baseline (CY2016 Tonnage)	\$2,100,000	\$2,700,000	\$2,700,000
Direct Material Sales (Compost, Gravel, etc.)	\$108,000	\$342,000	\$342,000
Secondary Material Sales (Cardboard, Aluminum, etc.)	\$1,740,000	\$1,740,000	\$1,740,000
Diversion Incentives	\$70,000	\$100,000	\$100,000
Bio Char Sales	NA	NA	\$413,000
TOTAL Compensation to NRWS	\$14,622,000	\$18,032,000	\$20,898,000
<u>REVENUE</u>			
30,000 Tons New Material to MDF		\$1,350,000	\$1,350,000
Electricity Sales back to PG&E Grid			\$1,750,000
Bio Char Sales			\$1,377,000
TOTAL Revenue		\$1,350,000	\$4,477,000
NET COST	\$14,622,000	\$16,682,000	\$16,421,000
"NEW" Net Costs		\$2,060,000	\$1,799,000
Total Projected Rate Increase (by percent) needed over first 2 Calendar years (note these projected rate impacts are cumulative rate impacts, not per year)		10.8%	9.5%

As the above table summarizes, the projected Year Two (CY2019) net new additional cost for the proposed 2018 Contract Amendment is \$2,060,000 without the two 1MW biomass gasification plants and lowers to \$1,779,000 with the two 1MW biomass gasification plants. The lower net costs with the biomass plants reflects higher offsetting revenue for sale of electricity to the PG&E grid as well as new

“Bio char” material sales revenue. Because of this favorable net cost impact, installation of the two 1 Mega-Watt (MW) biomass plants is included in the MOU and proposed 2018 Contract Amendment to the Initial Agreement between the City and NRWS.

The projected rate impact over the first two calendar (contract) years of the 14-year contract extension, based solely on the new costs included in the 2018 Contract Amendment, is 10.8 percent without the biomass plants and 9.5 percent with biomass plants. As noted in the cost comparison table, it should be pointed out that the projected rate impacts are cumulative rate impacts over a two-year period (CY2018 & CY2019), not a single rate-year. A rate study will be conducted in late 2018 to establish the necessary rates to absorb the cost of the 2018 Contract Amendment while factoring in all other revenue and expenses within the Solid Waste and Materials Diversion Enterprise Fund.

CEQA:

City staff recommends that the City Council determine that the Recommended Action is exempt under CEQA Guidelines Sections 15301 and 15302 since it (1) involves the operation of an existing facility involving negligible or no expansion of use and (2) consists of replacing or reconstructing existing structures located on the same site and will have substantially the same purpose and capacity as the structure replaced. In addition, City staff recommends that the City Council determine that the potential environmental effects of portions of the Recommended Action were adequately analyzed by an Initial Study and Mitigated Negative Declaration adopted on November 7, 2013 (Resolution No. PC2013-15) that was prepared for the Napa Renewables Resources Project (File No. PL 12-0022); Technical Addendum dated June 23, 2014; Technical Addendum dated January 17, 2017; and the Notice of Determination for the Covered Aerated Static Pile system dated March 5, 2018 (issued in accordance with Resolution No. 2018-013). Based upon this prior review, subsequent environmental review pursuant to CEQA Guidelines Section 15162 is not required.

DOCUMENTS ATTACHED:

ATCH 1 – Resolution authorizing the City Manager to execute the 2018 Contract Amendment to City Agreement No. 8687 with Napa Recycling & Waste Services, LLC (NRWS) for a term through December 31, 2031, for the collection and transportation of Municipal Solid Waste, Recyclable Materials, and Compostables, and operation of the Napa Materials Diversion Facility

EX A – Process for Finalizing the 2018 Contract Amendment to City Agreement No. 8687

EX B – Proposed 2018 Contract Amendment (4/13/2018 Version)

ATCH 2 – Amended and signed City-NRWS MOU for 2018 Amendment to Agreement No. 8687 with Proposed Term through 2031

ATCH 3 – July 18, 2017 Staff Report including Financial Analysis – Costs and Benefits for Two Unit Biomass Gasification System at Napa MDF

NOTIFICATION:

Greg Kelley, General Manager/Managing Member, Napa Recycling & Waste Services (courtesy copy)

Mike Murray, Chief Financial Officer, Napa Recycling & Waste Services (courtesy copy)

Greg Pirie, Solid Waste Program Manager/Local Enforcement Agent, County of Napa (courtesy copy)

Karen Dotson-Querin, Internal Audit Manager, Napa County Auditor-Controller's Office (courtesy copy)

Ken Spencer, Administrator of General Services, NVUSD (courtesy copy)

ATTEST

This document is a correct copy of the original on file in the office of the City Clerk of the City of Napa, County of Napa, State of California

By: [Signature]
No. of Pages: 7

Date: 4/19/18

RESOLUTION R2018-043

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NAPA, STATE OF CALIFORNIA, AUTHORIZING THE CITY MANAGER TO EXECUTE THE 2018 CONTRACT AMENDMENT TO CITY AGREEMENT NO. 8687 WITH NAPA RECYCLING & WASTE SERVICES, LLC ("NRWS") FOR A TERM THROUGH DECEMBER 31, 2031, FOR THE COLLECTION AND TRANSPORTATION OF MUNICIPAL SOLID WASTE, RECYCLABLE MATERIALS, AND COMPOSTABLES, AND OPERATION OF THE NAPA MATERIALS DIVERSION FACILITY, AND DETERMINING THAT THE ACTIONS AUTHORIZED BY THIS RESOLUTION ARE EXEMPT FROM CEQA

WHEREAS, the City of Napa (hereinafter referred to as "the City") and Napa Recycling and Waste Services, LLC, a California limited liability company (hereinafter referred to as "NRWS") entered into an agreement for the collection and transportation of Municipal Solid Waste, Recyclable Materials and Compostables and the operation of the Napa Materials Diversion Facility ("MDF") on December 7, 2004 (City Agreement No. 8687, hereinafter referred to as "Agreement"); and

WHEREAS, the parties executed the First Amendment to the Agreement on March 1, 2005 to replace seven conventional diesel fuel collection vehicles in the Agreement with seven collection vehicles powered by engines using compressed natural gas ("CNG"); and

WHEREAS, the parties executed the Second Amendment to the Agreement on July 6, 2010 to (a) formalize agreements made among the parties and an Affiliate of NRWS that had been reflected in a signed "Joint Summary Report," dated April 9, 2007, (b) to delete the diversion incentive described in Section 12.04 of the Agreement, and (c) document the parties' agreements on operational changes that evolved since NRWS commenced City collection and processing at the MDF on October 1, 2005, and

WHEREAS, the City exercised its right under Section 3.03 of the Agreement on April 16, 2014, to unilaterally extend the Term under the same terms and conditions for (1) year to December 31, 2016; and

WHEREAS, the parties executed the Third Amendment to the Agreement on July 30, 2014 to (a) create incentives to financially compensate NRWS when diversion specific materials from landfill disposal are achieved and (b) to document changes in operational procedures that have been put in place since the Second Amendment to Agreement was signed; and

WHEREAS, the City exercised its right under Section 3.03 of the Agreement on October 18, 2016, to unilaterally extend the Term under the same terms and conditions for (1) year to December 31, 2017; and

WHEREAS, the City exercised its right under Section 3.03 of the Agreement on November 7, 2017, to unilaterally extend the Term under the same terms and conditions for (1) year to December 31, 2018; and

WHEREAS, the City and NRWS desire to amend the Agreement in accordance with the terms of the "Proposed 2018 Contract Amendment" extending term through December 31, 2031, which was presented to the City Council at its meeting of April 17, 2018, and which is labeled "Proposed 2018 Contract Amendment" (4/13/2018 version) is attached as Exhibit B to this Resolution; and

WHEREAS, the City and NRWS acknowledge that additional discussions and negotiations will be required to update and clarify certain technical terms of the Proposed 2018 Contract Amendment, as described in Exhibit "A," attached hereto and incorporated herein by reference, some of which include "FUNDAMENTAL TERMS" for which the City Manager will be authorized to incorporate and execute on behalf of the City; and

WHEREAS, Exhibit "A" also identifies portions of the Proposed 2018 Contract Amendment for which the City and NRWS will need additional time to revise and finalize provisions related to Article 12 and Attachments T-1 through T-12 (compensation to NRWS as City's Authorized Contractor) with these documents, along with a corresponding mid-year budget adjustment to City FY2017/18 budget for the Solid Waste and Materials Diversion Enterprise Fund, will be brought back to City Council for final consideration at a future City Council meeting; and

WHEREAS, Exhibit "A" also identifies portions of the Proposed 2018 Contract Amendment for which the City and NRWS will need additional time to negotiate, revise and finalize Agreement provisions related to development of two biomass gasification plants and a proposed an anaerobic digestion to biofuel system at City's MDF with all of these items to anticipated to return to the City Council as future amendments to City Agreement No. 8687 for consideration by the City Council; and

WHEREAS, Council has considered all information related to this matter, as presented at the public meetings of the City Council identified herein, including any supporting reports by City Staff, and any information provided during public meetings.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Napa, as follows:

1. The City Council hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the City Council's adoption of this Resolution.

2. The City Council hereby determines that the action authorized by this resolution is exempt under CEQA Guidelines Sections 15301 and 15302 since it (1) involves the operation of an existing facility involving negligible or no expansion of use

and (2) consists of replacing or reconstructing existing structures located on the same site and will have substantially the same purpose and capacity as the structure replaced. In addition, the City Council hereby determines that the potential environmental effects of portions of the actions authorized by this resolution were adequately analyzed by an Initial Study and Mitigated Negative Declaration adopted on November 7, 2013 (Resolution No. PC2013-15) that was prepared for the Napa Renewables Resources Project (File No. PL 12-0022); Technical Addendum dated June 23, 2014; Technical Addendum dated January 17, 2017; and the Notice of Determination for the Covered Aerated Static Pile system dated March 5, 2018 (issued in accordance with Resolution No. 2018-013). Based upon this prior review, subsequent environmental review pursuant to CEQA Guidelines Section 15162 is not required.

3. The City Council hereby authorizes the City Manager to take all actions necessary to finalize the terms of, and to execute on behalf of the City, the 2018 Contract Amendment, in substantial conformance with: (a) the Proposed 2018 Contract Amendment (as defined in the recitals to this resolution), and (b) the adjustments and implementation measures set forth on Exhibit "A," attached hereto and incorporated herein by reference.

4. This Resolution shall take effect immediately upon its adoption.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City Council of the City of Napa at a public meeting of said City Council held on the 17th day of April, 2018, by the following vote:

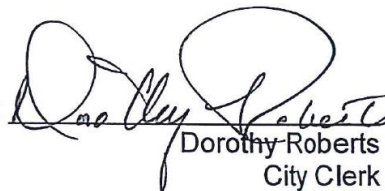
AYES: Mott, Sedgley, Gentry, Krider, Techel

NOES: None

ABSENT: None

ABSTAIN: None

ATTEST:


Dorothy Roberts
City Clerk

Approved as to form:



Michael W. Barrett
City Attorney

EXHIBIT A

Process for Finalizing the 2018 Contract Amendment to City Agreement No. 8687**Based on the Terms of the "Proposed 2018 Contract Amendment" (4/13/2018 Version)**

The Status Tables set forth in this Exhibit A include rows, each of which identify an Article, a Section, or an Attachment to the Proposed 2018 Contract Amendment (4/13/2018 Version). For each row, there is a "Status" column. The City Manager is authorized to finalize the terms of the 2018 Contract Amendment on behalf of the City, in substantial conformance with the Proposed 2018 Contract Amendment, and subject to the approval in writing by the Contractor, and take the "Status" action described in the Status Coding Key for each relevant row (Article, Section, or Attachment).

Status Coding Key:

"FINAL" = Finalize the terms of the 2018 Contract Amendment in substantial conformance with the Proposed 2018 Contract Amendment.

"FUNDAMENTAL TERMS" = Finalize the terms of the 2018 Contract Amendment in substantial conformance with the Proposed 2018 Contract Amendment; and insert terms that are technical, administrative, or ministerial that do not modify the financial obligations of the City.

"FUTURE AMENDMENT" = Finalize the terms of the 2018 Contract Amendment in substantial conformance with the Proposed Contract Amendment; acknowledging that the 2018 Contract Amendment is intended to include conceptual terms by which the parties will continue to negotiate terms of a future amendment that will be subject to future consideration by the City Council prior to final approval by the City.

"DELETED" = A term that may have been included in the Initial Agreement is consciously omitted from the Proposed 2018 Contract Amendment, since it is obsolete or no longer applicable, and it will be omitted from the 2018 Contract Amendment.

EXHIBIT A

Status Table for 2018 Contract Amendment Articles and Future Amendments

ITEM	DESCRIPTION	STATUS
ARTICLE 1	DEFINITIONS	FINAL
ARTICLE 2	REPRESENTATIONS AND WARRANTIES OF CONTRACTOR	FINAL
ARTICLE 3	TERM OF AGREEMENT	FINAL
ARTICLE 4	COLLECTION OF MUNICIPAL SOLID WASTE, RECYCLABLE MATERIALS AND COMPOSTABLES	FINAL
ARTICLE 5	TRANSPORTATION OF MATERIALS	FINAL
ARTICLE 6	OPERATION OF MATERIALS DIVERSION FACILITY	FINAL
SECTION 6.24	PROPOSED BIOMASS GASIFICATION PLANTS AT MDF	FUTURE AMENDMENT
SECTION 6.25	ANAEROBIC DIGESTION TO BIOFUEL SYSTEM AT MDF	FUTURE AMENDMENT
ARTICLE 7	EQUIPMENT AND PERSONNEL	FINAL
ARTICLE 8	OTHER COLLECTION-RELATED SERVICES	FINAL
ARTICLE 9	RECORD KEEPING, REPORTING AND INSPECTIONS	FINAL
ARTICLE 10	INDEPENDENT CONTRACTOR	FINAL
ARTICLE 11	INDEMNITY, INSURANCE, BOND	FINAL
ARTICLE 12	COMPENSATION TO CONTRACTOR	FUNDAMENTAL TERMS (However, there is some missing information that will be brought back to Council for consideration at a subsequent public meeting).
ARTICLE 13	DEFAULT AND REMEDIES	FINAL
ARTICLE 14	OTHER AGREEMENTS OF THE PARTIES	FINAL
ARTICLE 15	MISCELLANEOUS AGREEMENTS	FINAL

EXHIBIT A

Status Table for 2018 Contract Amendment Attachments

ITEM	DESCRIPTION	STATUS
Attachment A	Definitions	FUNDAMENTAL TERMS
Attachment B	Detailed Scope of Work for Collection Operations	FINAL
Attachment C	Implementation Plan and Schedule	FUNDAMENTAL TERMS
Attachment D	Not Used	DELETED
Attachment E	School District Service	FUNDAMENTAL TERMS
Attachment F	Detailed Scope of Work for Materials Diversion Facility Operations	FUNDAMENTAL TERMS
Attachment G	Permits for Materials Diversion Facility	FUNDAMENTAL TERMS
Attachment H	Materials Diversion Facility Performance Standards	FUNDAMENTAL TERMS
Attachment I	Not Used	DELETED
Attachment J	Process Descriptions and Drawings	FUNDAMENTAL TERMS
Attachment K	Collection Vehicles to be Furnished by Contractor	FINAL
Attachment L	MSW, Recyclable Materials and Compostables Containers to be Furnished by Contractor	FUNDAMENTAL TERMS
Attachment M-1	City-Furnished Equipment for MDF	FINAL
Attachment M-2	Contractor-Furnished Equipment for MDF	FUNDAMENTAL TERMS
Attachment N	Contractor-Furnished Personnel	FINAL
Attachment O	Not Used	DELETED
Attachment P	Not Used	DELETED
Attachment Q	Billing Protocol	FINAL
Attachment R	Reports to be Submitted to City	FINAL
Attachment S-1	Performance Bond	FINAL
Attachment S-2	Bond Continuation Certificate	FINAL
Attachment T (inclusive of T-series, currently T-1 through T-12)	Combined Operating and Capital Cost for Collection and MDF Operation	FUNDAMENTAL TERMS (However, there is some missing information that will be brought back to Council for consideration at a subsequent public meeting).
Attachment U	Cost Review/Reconciliation Review Process	FUNDAMENTAL TERMS
Attachment V-1	Targeted Incentive	FINAL

EXHIBIT A

ITEM	DESCRIPTION	STATUS
Attachment V-2	Residual Reduction Incentive	FINAL
Attachment V-3	Collection Incentive	FINAL
Attachment V-4	Sample Glossary of Material and Facility Codes	FINAL
Attachment W	Transition at Expiration of Term	FUNDAMENTAL TERMS
Attachment X	Guaranty	FINAL
Attachment Y	Arbitration	FINAL
Attachment Z	Letter to Employees/Union	FINAL
Attachment AA	Agreement Between the City of Napa and Northern Recycling Operations and Waste Services, LLC; City Agreement No. 2010-147	FINAL
Attachment BB	Map of Five Mile Radius from Entrance to Materials Diversion Facility	FINAL
Attachment CC	List of Balers Provided by Contractor Pursuant to Section 6.03.02	FINAL
Attachment DD	MDF Materials Paid Sales Report	FINAL
Attachment EE	Napa MDF Operating Requirements	FUNDAMENTAL TERMS
Attachment FF	Buyer/Broker Information Sheet	FINAL
Attachment GG	Sample Over Baseline Calculations	FUNDAMENTAL TERMS
Attachment HH	Purchase Order for Recycle More Vehicle	FINAL
Attachment II	Not Used	DELETED
Attachment JJ	Bill Insert for Recycle More Program	FINAL
Attachment KK	Not Used	DELETED
Attachment LL	Agreed-Upon Procedures for Report of Materials Sales Transactions with Affiliated Entities	FINAL
Attachment MM	Sample Calculations for Disposition Costs when No Markets Exist (Negative Value Recovered Materials)	FINAL

APPENDIX C: Napa Recycling and Waste Services Cost-of-Service Study (for 2018 Contract Amendment to City-NRWS Agreement)



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Rob Hilton, CMC

June 27, 2018

Mr. Kevin Miller
Recycling and Solid Waste Manager
City of Napa
1600 First Street
Napa, CA 94559

Subject: Napa Recycling and Waste Services Cost-of-Service Review

Dear Mr. Miller:

We have completed our review of Napa Recycling & Waste Services' (NRWS) proposed costs included in its Memorandum of Understanding with the City of Napa (City). Our findings are documented in the enclosed report. This report presents our findings and recommendations and is organized into three sections:

- I. Background and Summary
- II. Scope of Work and Limitations
- III. Findings

I. BACKGROUND AND SUMMARY

Background

The City and NRWS entered into a 10-year agreement for solid waste and recycling services on December 4, 2004 that expired on December 31, 2015. The agreement included an option for up to 4 one-year extensions; three extensions have been exercised and the third will expire on December 31, 2018. The City and NRWS desired to enter into a long-term agreement and subsequently agreed to the City-NRWS MOU for 2018 Amendment to Agreement No. 8687 with a Proposed Term through 2031 (MOU).

The City requested HF&H Consultants (HF&H) perform a high-level review of Exhibit A of the MOU and provide an assessment on the costs proposed by NRWS to provide the service through 2031.

Summary

The following summarizes our review of Exhibit A of the MOU:

- Exhibit A cost forms submitted by NRWS are mathematically accurate and flow with logical consistency.
- NRWS applied the correct index to the baseline and assumed costs in Exhibit A.

APPENDIX D: PROJECTED SWR FUND REVENUES, EXPENDITURES AND RESERVE BALANCES FOR CITY FY2024/25 TO FY2029/30 WITH PROPOSED RATE ADJUSTMENTS

Org	Object	R o w	Category	FY2024/25 Projected Actuals	Proposed FY2025/26 Budget	Total FY 2025/26 After Rate Adj	Total FY 2026/27 After Rate Adj	Total FY 2027/28 After Rate Adj	Total FY 2028/29 After Rate Adj	Total FY 2029/30 After Rate Adj
51060500	43514	1	SW-Material Sales	\$ 11,094,460	10,600,000	10,600,000	10,600,000	10,600,000	10,600,000	10,600,000
51060500	43716	2	Miscellaneous Revenue	\$ 107,300	107,500	107,500	107,500	107,500	107,500	107,500
51060500	45110	3	Investment Earnings	\$ 397,300	203,000	203,000	203,000	203,000	203,000	203,000
51060500	45120	4	Inv Earn-LAIF City	\$ 74,800	75,000	75,000	75,000	75,000	75,000	75,000
51060500	45540	5	Rents and Royalties	\$ 58,100	60,000	60,000	61,500	63,000	64,500	66,000
51060514	43510	6	SW-Refuse Collection Chg	\$ 31,220,900	31,001,000	36,457,176	39,720,961	42,898,638	45,885,043	47,221,501
51060515	43512	7	SW-Gate Fees	\$ 5,480,460	5,300,000	5,300,000	5,500,000	6,200,000	6,400,000	6,500,000
51060516	45572	8	Sale of Goods	\$ 400	400	400	400	400	400	400
51060517	44310	10	State Grant	\$ 11,100	30,000	30,000	30,000	30,000	30,000	30,000
			Total Projected Revenues with Proposed Rate Adjustments	48,444,820	47,376,900	52,833,076	56,298,361	60,177,538	63,365,443	64,803,401
		11								
		12	Salaries/Benefits	\$ 1,644,230	\$1,711,647	1,711,647	1,781,824	1,854,879	1,930,929	2,010,097
51060500	51310	13	Overtime	\$ 23,350	\$24,000	24,000	25,000	26,000	27,100	28,200
51060500	53110	14	Banking Fees	\$ 419,000	\$444,500	444,500	462,500	481,500	501,200	521,700
51060500	53210	15	Professional Services	\$ 120,000	\$150,000	150,000	156,000	163,000	170,000	177,000
51060500	53214	16	Legal Services	\$ 140,000	\$160,000	160,000	167,000	173,000	180,000	188,000
51060500	53240	17	Other Purchased Services	\$ 350	\$500	500	500	500	500	500
51060500	53260	18	Cleaning/Solid Waste Svcs	\$ 500	\$500	500	500	500	500	500
51060500	53320	19	Equipment Repair & Mtce	\$ -	\$1,000	1,000	1,000	1,000	1,000	1,000
51060500	53330	20	Land/Bldg Rental	\$ 44,075	\$46,000	46,000	48,000	50,000	52,000	54,000
51060500	53510	21	Postage	\$ 300	\$350	350	400	400	400	400

Org	Object	R o w	Category	FY2024/25 Projected Actuals	Proposed FY2025/26 Budget	Total FY 2025/26 After Rate Adj	Total FY 2026/27 After Rate Adj	Total FY 2027/28 After Rate Adj	Total FY 2028/29 After Rate Adj	Total FY 2029/30 After Rate Adj
51060500	53520	22	Communications	\$ 8,750	\$9,000	9,000	9,500	9,900	10,300	10,700
51060500	53530	23	Advertising	\$ 2,000	\$2,100	2,100	2,200	2,300	2,400	2,500
51060500	53610	24	Travel	\$ 12,100	\$12,500	12,500	13,000	13,500	14,100	14,700
51060500	53612	25	Reimbursement	\$ 400	\$500	500	500	500	500	500
51060500	53620	26	Dues	\$ 1,200	\$1,200	1,200	1,300	1,400	1,500	1,600
51060500	53630	27	Training	\$ 5,200	\$5,400	5,400	5,600	5,800	6,000	6,200
51060500	55110	28	ISF Chgs-Fleet O&M	\$ 12,816	\$13,335	13,335	13,882	14,500	15,100	15,700
51060500	55112	29	ISF Chgs-Fleet Replmnt	\$ 25,500	\$26,546	26,546	27,634	28,800	30,000	31,200
51060500	55310	30	ISF Chgs-Liability	\$ 681,990	\$709,952	709,952	739,060	769,400	800,900	833,700
51060500	56110	31	Office Supplies	\$ 8,300	\$8,700	8,700	9,000	9,400	9,800	10,200
51060500	56114	32	Program Supplies	\$ 3,850	\$4,000	4,000	4,200	4,400	4,600	4,800
51060500	56140	33	IT Equipment < \$5k	\$ 9,600	\$10,000	10,000	10,500	10,900	11,300	11,800
51060500	56150	34	Furniture & Fixtures <\$5k	\$ 800	\$800	800	900	900	900	900
51060500	56220	35	Apparel and Footwear	\$ 2,400	\$2,500	2,500	2,600	2,700	2,800	2,900
51060500	56230	36	Books/Subscriptions	\$ 500	\$500	500	500	500	500	500
51060500	56240	37	Food for Meetings	\$ 650	\$700	700	700	700	700	700
51060500	56410	38	Gasoline	\$ 1,360	\$1,400	1,400	1,500	1,600	1,700	1,800
51060501	51310	39	Overtime	\$ -	\$3,100	3,100	3,100	3,200	3,300	3,400
51060501	52150	40	Medicare Workers	\$ -	\$40	40	40	40	40	40
51060501	52510	41	Compensation	\$ -	\$310	310	310	300	300	300
51060501	52512	42	Unemployment Compensation	\$ -	\$40	40	40	40	40	40
51060501	53322	43	Facilities Repair & Maint	\$ -	\$5,000	5,000	5,000	5,000	5,000	5,000
51060501	82100	44	Out To General	\$ 926,440	\$1,376,765	1,376,765	1,432,000	1,489,395	1,549,120	1,611,240

Org	Object	R o w	Category	FY2024/25 Projected Actuals	Proposed FY2025/26 Budget	Total FY 2025/26 After Rate Adj	Total FY 2026/27 After Rate Adj	Total FY 2027/28 After Rate Adj	Total FY 2028/29 After Rate Adj	Total FY 2029/30 After Rate Adj
51060501	82302	45	Out To Streets Prog	\$ 1,250,000	\$1,317,000	1,317,000	1,387,000	1,462,000	1,540,000	1,622,000
51060501	82511	46	Out To SW-CIP	\$ 1,500,000	\$3,000,000	3,000,000	4,000,000	5,000,000	5,000,000	3,000,000
51060501	82519	47	Out To SW-NR	\$ 500,000	\$500,000	500,000	400,000	450,000	600,000	200,000
51060502	54110	48	Bond Principal	\$ 595,000	\$610,000	610,000	620,000	635,000	655,000	675,000
51060502	54112	49	Bond Interest	\$ 274,000	\$280,500	260,500	246,300	231,200	212,800	193,900
51060502	54420	50	Fiscal Agents Fees	\$ 3,100	\$3,200	3,200	3,400	3,500	3,600	3,700
51060510	51110	51	Regular Employees	\$ -	\$7,000	7,000	7,000	7,000	7,000	7,000
51060510	53270	52	Construction Services	\$ 33,000	\$35,000	35,000	37,000	39,000	41,000	43,000
51060510	53322	53	Facilities Repair & Maint	\$ 25,000	\$171,000	171,000	178,000	185,000	193,000	201,000
51060510	70120	54	CO-Buildings	\$ 10,000	\$171,000	171,000	178,000	185,000	193,000	201,000
51060513	53736		SW-Xfer Station Tip Fees	\$ 3,500,000						
		55			\$4,165,000	4,165,000	4,300,000	4,435,000	4,570,000	4,705,000
51060514	53710		SW-Allowance Based Prog	\$ 96,000		104,000	108,200	112,636	117,254	122,062
51060514	53712		SW-Base Profit Margin 3%	\$ 577,000		600,000	625,000	650,600	677,300	705,100
51060514	53716		SW-Comm Food Scrap Route	\$ 314,000		327,000	340,000	353,900	368,400	383,500
51060514	53718		SW-Diversion Incentive	\$ 9,500		121,000	126,000	131,200	136,600	142,200
51060514	53722	60	SW-NVUSD	\$ 189,000	\$189,500	189,500	197,000	205,100	213,500	222,300
51060514	53724	61	SW-Oper & Capital Cost	\$ 17,550,000	\$18,400,000	18,400,000	19,215,000	20,115,171	21,029,787	23,873,370
51060514	53726	62	SW-Partnership Programs	\$ 182,000	\$189,500	189,500	197,000	205,100	213,500	222,300
51060514	53727	63	SW-SB 1383 Program Impacts	\$ 2,072,000		2,160,000	2,245,000	2,337,000	2,432,800	2,532,500

Org	Object	R o w	Category	FY2024/25 Projected Actuals	Proposed FY2025/26 Budget	Total FY 2025/26 After Rate Adj	Total FY 2026/27 After Rate Adj	Total FY 2027/28 After Rate Adj	Total FY 2028/29 After Rate Adj	Total FY 2029/30 After Rate Adj
51060514	53729	64	SW-Contractual Recon Review	\$ 972,500	\$1,301,000	1,301,000	1,355,000	1,410,600	1,468,400	1,528,600
51060514	53730	65	SW-Proc Fee Thru Put Ovr	\$ 4,950,000	\$5,300,000	5,300,000	5,510,000	5,730,000	5,960,000	6,200,000
51060514	53732	66	SW-Recycle More Route	\$ 18,100	\$19,000	19,000	20,000	20,800	21,700	22,600
51060514	53734	67	SW-Recyclables Sales 30%	\$ 3,725,000	\$3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
51060514	53738	68	SW-Unit Costs	\$ 393,000	\$409,000	409,000	426,000	443,500	461,700	480,600
51060514	53920	69	Bad Debt Expense	\$ -	\$130,000	130,000	130,000	130,000	130,000	130,000
51060515	51110	70	Regular Employees	\$ -	\$26,000	26,000	27,000	28,100	29,300	30,500
51060515	53210	71	Professional Services	\$ 4,000	\$50,000	50,000	50,000	50,000	50,000	50,000
51060515	53240	72	Other Purchased Services	\$ 1,510,000	\$1,810,000	1,810,000	1,810,000	1,810,000	1,810,000	900,000
51060515	53250	73	Software Subscriptions	\$ 16,000	\$16,500	16,500	17,200	17,900	18,600	19,400
51060515	53322	74	Facilities Repair & Maint	\$ 20,000	\$41,000	41,000	43,000	45,000	47,000	49,000
51060515	53420	75	Property Tax Payments	\$ 12,000	\$12,000	12,000	12,500	13,000	13,500	14,000
51060515	53728	76	SW-Payment for Material	\$ 2,090,000	\$2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
51060515	53920	77	Bad Debt Expense	\$ -	\$5,400	5,400	5,600	5,800	6,000	6,200
51060516	51210	78	Part-Time Employees	\$ -	\$103,500	103,500	107,500	111,900	116,500	121,300
51060516	53210	79	Professional Services	\$ 10,700	\$11,100	11,100	11,600	12,100	12,600	13,100
51060516	53250	80	Software Subscriptions	\$ 39,700	\$41,300	41,300	43,001	44,800	46,600	48,500
51060516	53530	81	Advertising	\$ 20,000	\$21,100	21,100	22,000	22,900	23,800	24,800
51060516	53540	82	Printing/Binding	\$ 25,100	\$26,100	26,100	27,200	28,300	29,500	30,700
51060516	53990	83	Rebates/Refunds	\$ -	\$3,000	3,000	3,000	3,100	3,200	3,300

Org	Object	R o w	Category	FY2024/25 Projected Actuals	Proposed FY2025/26 Budget	Total FY 2025/26 After Rate Adj	Total FY 2026/27 After Rate Adj	Total FY 2027/28 After Rate Adj	Total FY 2028/29 After Rate Adj	Total FY 2029/30 After Rate Adj
51060516	56110	84	Office Supplies	\$ 12,500	\$13,000	13,000	13,600	14,200	14,800	15,400
51060516	56160	85	Machinery/Equipment <\$5k	\$ 64,200	\$54,500	54,500	56,600	58,900	61,300	63,800
51060517	53210	86	Professional Services	\$ 18,800	\$19,600	19,600	20,400	21,200	22,100	23,000
51060517	56114	87	Program Supplies	\$ 2,000	\$2,200	2,200	2,300	2,400	2,500	2,600
51060517	56160	88	Machinery/Equipment <\$5k	\$ 26,000	\$27,000	27,000	28,200	29,400	30,600	31,900
		89	Total Projected Expenditures	46,704,861	52,605,885	52,605,885	55,177,391	58,023,261	60,018,770	60,516,048
		90	Total Projected Revenues with Proposed Rate	48,444,820	47,376,900	52,833,076	56,298,361	60,177,538	63,365,443	64,803,401
		91	Total Projected Operating Expenditures	46,704,861	52,605,885	52,605,885	55,177,391	58,023,261	60,018,770	60,516,048
		92	Commercial Organics Migration Impact Study			(205,203)	(492,035)	(645,859)	(751,606)	(741,990)
		93	Total Operating Position Before Reserve Activity with Proposed Rate Adjustments	1,739,959	(5,228,985)	21,988	628,935	1,508,418	2,595,068	3,545,363
		95	Projected Net Operating Positioning with Proposed Rate Adjustments	1,739,959	(5,228,985)	21,988	628,935	1,508,418	2,595,068	3,545,363
		96	SWR Fund Position with Proposed Rate Adjustments	1,739,959	(5,228,985)	21,988	628,935	1,508,418	2,595,068	3,545,363

Org	Object	R o w	Category	FY2024/25 Projected Actuals	Proposed FY2025/26 Budget	Total FY 2025/26 After Rate Adj	Total FY 2026/27 After Rate Adj	Total FY 2027/28 After Rate Adj	Total FY 2028/29 After Rate Adj	Total FY 2029/30 After Rate Adj
RESERVES										
FUNDING										
	Emergency & Liability Reserve (\$350K)	97				Balance	Balance	Balance	Balance	Balance
		98	Liability Reserve	\$ 350,000	-	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
	Capital Reserve	99	Capital Project Reserve	\$ 537,952	-	\$ 537,952	\$ 3,337,952	\$ 7,637,952	\$ 3,637,952	\$ 1,837,952
	Operating Rate	100	Operating Reserve	\$ 9,526,938	-	\$ 9,483,677	\$ 9,784,818	\$ 10,139,012	\$ 10,522,194	\$ 11,005,030
	Stabilization / Excess Undesignated	101	Rate Stabilization/Exces	0	-	\$ 65,250	\$ 393,043	\$ 1,547,268	\$ 3,759,154	\$ 6,821,681
	Total	102	TOTAL RESERVE BALANCE		-	\$ 10,436,878	\$ 13,865,814	\$ 19,674,232	\$ 18,269,300	\$ 20,014,662
Debt Disclosure										
	Total Revenues	103		\$ 48,444,820	\$ 47,376,900	\$ 52,833,076	\$ 56,298,361	\$ 60,177,538	\$ 63,365,443	\$ 64,803,401
	Net Revenues - (Revenues - Operating Expenses)	104		\$ 5,885,409	\$ 527,205	\$ 5,983,381	\$ 7,845,160	\$ 10,005,657	\$ 11,430,154	\$ 10,056,433
	Debt Service Coverage (1.25x Requirement)	105		9.89	0.86	9.81	12.65	15.76	17.45	14.90

APPENDIX E: MAY 8, 2018 CALRECYCLE LETTER TO CALIFORNIA JURISDICTIONS REGARDING CHINA'S "NATIONAL SWORD" POLICY

California Environmental Protection Agency

Edmund G. Brown Jr., Governor



DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

1001 I STREET, SACRAMENTO, CALIFORNIA 95814 • WWW.CALRECYCLE.CA.GOV • (916) 322-4027
P.O. BOX 4025, SACRAMENTO, CALIFORNIA 95812

May 8, 2018

In light of recent changes to China's import policies, I'm writing to share an update on California's recycling markets, answer questions regarding jurisdiction compliance, emphasize the importance of health and safety at solid waste facilities, and discuss what lies ahead. On May 4th, China stopped accepting any imports of recyclable materials from the United States for one month. This decision follows China's implementation of its National Sword policy on March 1st, banning the imports of 24 categories of scrap materials including low grade plastics and unsorted mixed paper, and setting strict contamination standards for allowable bales of recyclable material. The exporting of recyclable commodities to China, primarily our traditional curbside materials, has historically been a key component of California's recycling infrastructure. Approximately two thirds of curbside collected material is exported to foreign markets. In 2016, 62 percent of the exported recyclable materials were sent to China. However, China's implementation of National Sword is a major disruption in recycling commodities markets, a signal that California can no longer be primarily reliant on exports to manage our recyclable materials.

These new policies provide California with an opportunity to take a couple of important steps: first, to reduce our waste, and second, to work together to build infrastructure and domestic markets to successfully and responsibly manage our recyclable materials. Each of these will take investment and collaboration across state and local governments, the solid waste industry, manufacturers, and rate-payers. These are critical steps to improve the environment and economy here in California and beyond, although they will take time.

We're already witnessing the effect of China's new policy. Material flow is significantly disrupted and the economics of recycling are unfavorable for many recyclable commodities, challenging what recycling means to Californians.

This letter is intended to address concerns I have been hearing from local governments and industry about the impacts of China's import policies. I would like to reassure local governments that we have existing statutory policies to address the impact of markets when determining whether or not a jurisdiction has made a good faith effort to implement its diversion programs for compliance with AB 939. I am aware that facilities are having a hard time moving recyclable materials and are keeping them on site in significant quantities. If facilities are temporarily storing materials for longer periods, public health and safety should be their number one priority. Finally, looking toward the long-term, we will need more domestic infrastructure to manufacture products using California's recycled content feedstock. This valuable infrastructure will not only support the domestic recyclable commodities market but also support SB 1383's goal to reduce disposal of organic waste by 75 percent.



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May 8, 2018
Page 2

Let me expand on these points.

Considering Market Factors When Evaluating Jurisdiction Performance

Given shifting markets for recyclable commodities, it is important to clarify that CalRecycle takes market conditions into consideration when evaluating a jurisdiction's compliance with the following state recycling laws; AB 939, mandatory commercial recycling, and mandatory organics recycling. I have heard many stakeholders express concerns that CalRecycle will not take market factors – e.g., the precipitous drop in ability to get collected materials to market at an adequate price or even at all – into consideration when we evaluate jurisdiction programs. Jurisdictions are concerned that this could lead to potential penalties for situations that jurisdictions cannot control. This is not what statute dictates. Specifically, under existing statute, regulations, and policy, CalRecycle already takes market conditions into consideration when determining “good faith effort” in evaluating each jurisdiction's program implementation. CalRecycle recognizes that over the short term, lack of markets is not indicative of a jurisdiction's efforts to implement its programs fully. Additionally, a jurisdiction's achievement of its 50 percent requirement is not determinative for assessing compliance. Instead, CalRecycle's jurisdictional review focuses on program implementation and includes the assessment of barriers a jurisdiction is facing, including a lack of markets.

The following is an overview of the applicable statutes, regulations, and policies utilized when evaluating a jurisdiction's performance. I am providing you with this level of detail because it is descriptive of how we have reviewed jurisdiction program implementation in the past and how we will continue to do so in light of National Sword.

California Public Resources Code [41825\(e\)\(3\)](#) establishes that CalRecycle must consider the enforcement criteria included in its enforcement policy, known as the Countywide Integrated Waste Management Plan (CIWMP) Enforcement Policy Part II. This is the guiding process for determining compliance for a number of programs. CalRecycle periodically revises this policy to incorporate the goals of new statutes, as it did for [AB 341](#) and [AB 1826](#). Staff uses the criteria delineated in the policy to determine the extent to which a jurisdiction has implemented, or shown a good faith effort to implement, its selected diversion programs. Staff also uses the identified criteria to assist local jurisdictions who may need help in identifying why implementation of diversion programs is failing to achieve the results expected, or is failing to meet the diversion requirements. We want jurisdictions to be successful in implementing diversion programs.

The [CIWMP Enforcement Policy Part II](#) specifically includes consideration of markets for [AB 939 Source Reduction and Recycling Element \(SRRE\)](#), [Mandatory Commercial Recycling](#) (AB 341) and [Mandatory Commercial Organics Recycling](#) (AB 1826) compliance review. The following are some of our current review processes and the factors we consider when determining if a jurisdiction has met their diversion goals.

AB 939 review: As part of the review process, CalRecycle investigates the extent to which a jurisdiction has tried to meet the diversion requirements through its selected diversion programs, and the reasons it has failed to implement some or all of those diversion programs. Staff uses the criteria in the Enforcement Policy to assess the specific conditions that may have prevented a jurisdiction from meeting its 50 percent equivalent per capita disposal target, and whether a good faith effort was made by the jurisdiction to meet the requirements. The analysis for a jurisdiction that is not meeting its 50 percent target includes considering availability of markets and specific criteria can be found here: [CIWMP Enforcement Policy Part II, pages 4 and 11](#).

Mandatory Commercial Recycling (MCR) and Mandatory Commercial Organics Recycling (MORE) review: CalRecycle also reviews jurisdictions' implementation of their MCR and MORE

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programs. If a jurisdiction has not been able to implement a commercial recycling program that is appropriate for the jurisdiction and meets the needs of its businesses, CalRecycle looks at a number of factors in assessing whether the jurisdiction has made a good faith effort to implement these programs. These factors include the impact of markets and the efforts the jurisdiction has made to investigate local and regional marketing options and recycling opportunities with the private sector. More specifics can be found in the [CIWMP Enforcement Policy Part II, page 22 re: MCR and 28-29 re: MORE](#), and [PRC 42649.3\(i\)\(5\)](#) and [42649.82\(h\)\(6\)](#) and 14 California Code of Regulations §18839.

Health and Safety Considerations Associated with Storage

We understand that National Sword is causing back-ups and longer storage times of processed recycled materials at solid waste facilities and recycling centers. Solid waste facility operators can [discuss potential permitting options](#) or request a Solid Waste Local Enforcement Agency to grant a temporary waiver of storage restrictions. The waiver would allow additional amounts of recyclables and longer timeframes to store recyclables at the solid waste site as long as the additional storage does not create public health and safety or environmental issues. The [process for requesting and processing a temporary waiver](#) is found in state solid waste regulations. In addition, public health and safety is a priority at solid waste facilities and recycling centers. Several industry sources have published best management practices for the storage of baled recyclable materials. We've provided a synopsis of these practices below:

Have a Storage Management Operations Plan describing procedures for receiving, storing, and shipping baled recyclables.

- Unload baled recyclables by forklift and stack in a specific storage area in a configuration that provides for long-term stability. If applicable, stacked bales may be overlapped or staggered to improve the stability of the stacks. Height of the bales should be no greater than four bales high.
- The bale storage area should allow forklift operators to safely move materials and allow for the safe loading of trailers that are picking up bales of materials.

To prevent contact with storm water, and to control vectors and nuisance, the following may be employed:

- Limit bale contact with the ground (e.g., on pallets and/or tarps)
- Maintain facility cleaning, housekeeping and litter control
- Remove putrescible material, if observed
- Maintain heavy equipment to ensure no oil or fuel leakage occurs; clean up spills or leaks immediately
- Establish a first in/first out material handling process
- Where necessary, place berms or other structures to divert storm water from coming into contact with bales

Fire Hazard Mitigations:

- Consult with your local fire district to employ fire hazard mitigations
- Keep adequate heavy equipment available on-site: (e.g., front loaders, bulldozers, water trucks, bobcats), fire hoses, dedicated fire pump and water tanks, and fire extinguishers.
- Identify a maximum size of the storage area including length/width/height.
- Maintain appropriate spacing between piles and the perimeter, maintain fire lanes
- Inspect piles daily for potential fire hazards
- Monitor pile temperatures at least once a week

Coordinate with the Local Enforcement Agency and any local or state authorities responsible for the regulatory oversight of the facility.

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For further information on best practices for storing materials, here are some additional resources from [Waste 360](#) and [Environmental Protection Authority, Victoria](#).

Reducing Waste and Increasing Domestic Infrastructure

Reducing the generation of waste before it enters the waste stream reduces costs and conserves resources. Manufacturers, consumers, and governments all have a role to play in reducing waste. For example, manufacturers can reduce unnecessary packaging on products, consumers can choose to use reusable instead of single use, disposable products, and local government can procure products with recycled content. Waste prevention has the potential to reduce reliance on foreign markets, as there is no need to export what California has not generated. We will continue to work with you and all stakeholders to develop waste prevention opportunities and policies. With that said, we will continue to generate a significant amount of materials in California. Upstream solutions will need to be paired with the development of domestic processing and manufacturing for us to successfully manage our recyclables.

Building infrastructure to handle the materials we collect now, and the even greater amounts we will need to collect when SB 1383 goes into effect, is a daunting long-term task that will take years to achieve. Given the unpredictability of the marketplace, it's even more important that state and local governments and the private sector begin making siting and investment decisions now to develop more domestic (California and the U.S.) infrastructure for manufacturers using recycled content feedstock.

As CalRecycle communicated in January, we are committed to using our [available resources](#) to help build a more robust materials processing infrastructure in California. CalRecycle currently provides funding through its greenhouse gas (GHG) grant and loan programs and Recycling Market Development Zone program (RMDZ), and we work closely with the Governor's Office of Business and Economic Development (GO-Biz) to assist manufacturers that want to site or expand their operations in the state. Over the past four years, the GHG grant program has provided \$86 million in funding to 31 recycling projects and the GHG loan program has provided \$1.5 million in funding for two projects for construction, renovation, and expansion of new in-state capacity. The RMDZ loan program has provided \$145 million in funding to 192 recycling manufacturers in the state, since inception of the RMDZ loan program in FY 1993-94. There is increasing enthusiasm from companies interested in utilizing California's waste stream to make new products such as compost, biofuels, fibers and plastics. I urge you to take advantage of these.

Another opportunity to support manufacturers using recycled content feedstock is for jurisdictions to ensure their General Plan includes these types of facilities in their land use element. Just last year the California Governor's Office of Planning and Research (OPR) completed the first comprehensive update to the General Plan Guidelines (GPG) since 2003 ([General Plan Guidelines Update, Completed August 2, 2017](#)). One of the major changes includes an expanded section addressing the need for additional recycling, anaerobic digestion, composting, and manufacturing facilities in the land use element. This new guidance provides examples for local jurisdictions to use when updating their General Plans. Additional information is on the [OPR General Plan Guidelines website](#). You can stay informed about GPG-related information by [signing up for the GPG email list](#).

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Next Steps

CalRecycle will host a workshop in Sacramento in early June to encourage dialogue and share information about the impacts of China's import policies. Workshop details will be posted on our [National Sword website](#). We will use this convening as an opportunity to discuss changing market dynamics, impacts on facilities, domestic capacity for processing and manufacturing using recycled content, and to identify other short and long-term solutions to the current recycling challenges. This is not the first time the international recycling commodities market has faced a major disruption and it won't be the last. California must capitalize on these disruptions and turn them into an opportunity to strengthen our environmental resilience and our economy. This will require us to reassess product design, materials collection, and processing systems. I look forward to working with you to build a more sustainable recycling infrastructure in California.



Scott Smithline
Director

APPENDIX F: SUMMARY OF RECYCLING PROGRAM CHANGES AS OF AUGUST 17, 2018 FROM NATIONAL WASTE & RECYCLING ASSOCIATION (REPRINTED WITH PERMISSION)



Recycling Program Changes – Ongoing through August 17, 2018

Overview

NWRA members are seeing the impacts of China's policies limiting imported recyclables. Numerous programs across the country are making programmatic changes. Here is a sampling of some of the changes.

Discussion

- **Programmatic changes.** Communities are focused on improving recycling quality and changing what is acceptable.
 - The City of Austin identified the following common contaminants: garden hoses, plastic foam, pizza boxes, and syringes.
 - The Stark-Tuscarawas-Wayne Joint Solid Waste Management District in Ohio also mentions food contaminated pizza boxes as well as plastic bags, partially filled bottles and cans as well as garden hoses and window pane glass.
 - Rogue Disposal in Southern Oregon dropped glass from curbside. Instead it is being redirected to drop-off locations. Rogue now only accepts four items: OCC, metal cans, milk jug style containers and ONP.
 - Brookline, Massachusetts residents received reminders through OOPS! Stickers passed out in their carts when volunteers peered into bins to determine whether the public was throwing trash into their recycling bins.
 - Wyckoff, NJ switched to dual stream recycling with every other week collection alternating between fiber and container streams.
 - Bosque Farms, NM was informed by their contractor AC Disposal that the local MRF will no longer accept their single-stream leading to a suspension of recycling services. Recycling will now be limited to a drop-off location where material will be required to be segregated. AC Disposal has reached out to three facilities in Albuquerque but does not know when they will begin accepting materials again.
 - Due to increases in the cost of recycling, Republic Services has increased rates to customers in Indianapolis by as much as 100%.
 - In Connecticut, Housatonic Resources Recovery Authority contracts for recycling with 11-member towns has seen tip fees for recyclables go from \$10/ton four years ago to \$25/ton two years ago to \$40/ton earlier this year. Commodity rebates from Winter Brothers have also declined.
 - Ecomaine has sent two bills totaling \$5500 to the town of Sanford, ME as a penalty for 25% contamination. Penalties could reach \$100,000/year. Waterboro, ME is considering removing its unmanned drop-off location due to contamination. Along

with Casella Waste Systems, these communities are focused on improving education.

- Andover, MA will modify what will be acceptable in the recycling stream in the near future. They plan on removing pizza boxes, shredded paper and #6 plastics. An updated list is expected by the end of July.
- Deerfield Beach and Sunrise, FL residents' recycling will not be sent to either the landfill or WTE after the cities did not replace the previous contracts. Recyclables in Florida that are sent to the WTE facility will "count as recycling" due to electricity generation. Deerfield Beach will cease curbside collection after the City Commission did not approve a new recycling contract with WM after the previous one expired on July 2nd. The processing costs were anticipated to rise to \$96/ton from the previous \$51/ton. Coupled with a potential fee for contamination, the city was facing a price increase of \$400,000 annually. Deerfield Beach will resume recycling services on September 3rd but, depending on contamination may drop commercial and multi-family recycling in the future.
- Lincoln, NC stopped recycling last month because Sonoco could not find a home for the material. Mecklenburg County's contractor, Republic Services, now gives away bales of material or even pays to get rid of them leading officials to say that the economics of recycling is "broken" with recycling costing \$70/ton with a potential to rise to \$90/ton whereas disposal only costs \$33/ton. To manage contamination, the 35 ton/hour MRF operates at only 25 tons/hour with plastic bags as the "bane" of recycling.
- Westfield, NJ announced that new guidelines for recycling eliminating #3-#7 plastic by the end of the year and immediately banning plastic bags and shredded paper.
- Washington, DC Director of Public Works, Christopher Shorter, said that it used to be cheaper to recycle material, but now that has changed. The city wants to better educate the residents and is considering other options including a third cart for organics and pay-as-you-throw.
- Monterey Regional Waste Management District in California will no longer accept plastic bags for recycling beginning August 1st.
- Jefferson County, WA contractor Skookum's broker has stopped accepted mixed paper and commingled tin/aluminum and plastic bales.
- Arab, AL rejected a request by Republic to increase rates but will be looking to educate the public about contamination by putting out flyers on what is recyclable.
- Latah County, ID commissioners are considering whether to drop glass and plastic from their recycling drop-off program because recycling costs of \$130/ton now exceed landfilling costs of \$85/ton.
- Johnson County Recycling District, IN will end its dropoff recycling program on July 31st due to rising costs.
- Mt. Lebanon, PA residents and neighboring South Hills Area Council of Governments will no longer be able to recycle glass or #3-7 plastics. Rejected recyclables will result in fines of \$150 beginning in 2020.
- Sierra Vista, AZ has limited recycling to metal food and beverage cans, #1 & 2 plastic and OCC. They have also increased their collection fees by 15%.

- Franklin, NH is sending recyclables to the waste-to-energy facility. They are maintaining the recycling carts to encourage residents to stay in the “recycling habit” in hopes that the market will turn around. The cost to get rid of recyclables is \$129/ton up from previously being paid \$20/ton and much greater than the \$68/ton for disposal.
- Lincoln County, NM will no longer accept mixed paper or paperboard at its drop-off sites.
- Fort Edward, NY is sending recyclables to the waste-to-energy facility after deciding not to pay the \$120/ton fee to drop off material at County Waste’s recycling facility. The state Department of Environmental Conservation is working with the town on their recycling. The state recognizes the challenges and is promoting “when in doubt, keep it out” but did also say that state law requires communities to separate recyclables when markets exist.
- Fitchburg, MA is paying Waste Management more than \$40/ton to tip their recycling.
- Worcester, MA is paying Casella more than \$25/ton to tip.
- Weber County School District, UT has eliminated their recycling dumpsters due to costs.
- Laconia, NH adopted the motto, “glass is trash” in May.
- Frederick County, VA has been unable to find a financially viable way manage its glass and stopped accepting it at its drop-off locations in November 2016 when their contractor, Williams Recycling, began charging a tip fee of \$72/ton. Reviving glass recycling would cost more than \$53,000/year. Where previously the county received a rebate for mixed paper, they now receive none.
- Johnson County, IN has discontinued its drop-off program, eliminating the only option for some in the rural county to recycle. The Recycling District could not afford to pay haulers to take the material and the program was discontinued on July 31st.
- Greene County, IN stopped taking glass.
- Monroe County, IN won’t take plastic bags or shrink wrap.
- Lancaster County, PA has trimmed its curbside recycling program to the “Big Four”: flattened OCC, plastic bottles, metal cans and glass.
- Kankakee, IL will discontinue their curbside recycling program serviced by Republic Services on September 1st. instead, Republic will provide drop-off containers. The program’s contamination was too high.
- South Hills area, PA, which represents 18 communities, will no longer accept mixed plastic or glass beginning in January. Failure to follow the new rules will result in penalties.
- Tuscon, AZ officials are considering changing the recycling program in a variety of ways including: EOW pickup, higher rates – from 15-45 cents/hh/month to 75 cents/hh/month, enforcement on contamination and increased public education.
- Flagstaff, AZ has eliminated rigid plastics from their program as of June 1st.
- Whidbey Island, WA will limit plastic recyclables to #1 & 2 plastic bottles, tubs and jars beginning August 18th.

- Nashville, TN company Hudgins Disposal let its customers know that recycling would only be picked up once/month and not at all if contaminated.
 - Centre County, PA has eliminated black plastic and plastic cups and film from their recycling program.
 - Douglas County, OR stopped its OCC program effective August 19th due to contamination.
 - Ontario County, NY's Planning and Environmental Management Committee approved a motion providing relief from recycling mandates. The motion will be decided by the full board of supervisors.
 - Adrian Township, MI will discontinue their recycling center effective September 1. The center cost \$50,000 to run and the material was likely being incinerated. Modern Waste could not find a market.
 - Tecumseh Township, MI who split costs for recycling with Raising Township decided not to continue when higher rates were proposed by Modern Waste.
 - Unity, ME will only accept #2 and #4 plastics.
- **Recycling contracts.** The industry continues to adjust to the changes in recycling. Many communities are reviewing their recycling contracts and some are beginning to renegotiate them.
 - Western Recycling and the Pocatello City, Idaho will renegotiate their contract after the city approved this on June 14th.
 - On the east coast, Penn Waste is approaching municipalities about renegotiating their contracts. They currently collect recycling from 70 municipalities. Penn Waste updated their guidelines for recycling to go "back to basics" on July 1st. The items they will recycle is limited to: cans; newspapers; #1, 2, & 5 plastic and glass bottles and jars; cardboard; and cartons.
 - Koekuk County, Iowa will issue a one-year renewed contract to Waste Management rather than the typical three-contract due to preferences by both parties as a result of "tanking" recycling when China got "real finnick."
 - Recology and SeaTac, WA are negotiating an amendment or surcharge to the existing contract to address changes in recycling.
 - Republic Services is requesting that Hartford, CT's Materials Innovation and Recycling Authority (MIRA) consider renegotiating the contract due to losses it is experiencing from depressed commodity prices.
 - Coeur d'Alene agreed to restructure the city's solid waste contract with Coeur d'Alene Garbage Services to "absorb a crash in market demand for recyclables."
 - Beginning July 2nd, Pensacola, FL will once again have an outlet for recyclables after reaching an agreement with Emerald Coast Utilities Authority. For nine months, recycling was landfilled after Tarpon Paper stopped taking the city's material.
 - Brighton, MI recently approved a one-year contract with Waste Management that includes a \$9/household increase directly attributable to China's National Sword policy.

- Auburndale, FL commissioners are considering a request by Advanced Disposal and Republic services to increase recycling fees from \$2.53/month to \$4/month in October and \$5.46/month in October 2019. A vote is expected in August.
- Decatur, GA switches service providers due to cost concerns related to recycling. The city signed a one-year contract with Pratt. Curbside glass will now be managed in a separate bin.
- Las Cruces-Dona Ana County, NM approved a rate hike from \$5.40 to \$6.50 beginning September 1. There will also be an effort to reduce contamination. However, recent efforts to limit recyclables to a “fab five” has flopped. What happens to items that do not have a market is uncertain as it is currently being stockpiled.
- Richland, WA contractor Clayton Ward has found only a single vendor to take their recyclables, Waste Management’s SMaRT Center. Last year, Richland was paid about \$16/ton for its materials. This year, Richland has paid SMaRT \$122.60/ton to take the recycling.
- Village of Walnut, IL approved a 54 cent per household increase to Republic Services to address higher costs related to recycling.
- Staunton, VA will pay 16 times more for recycling services beginning August 1st. Sunoco Recycling will charge \$52,000 annually for what the city is currently paying \$3100. In addition to curbside collection, Sunoco provides drop-off containers which were previously free but will now cost the city \$75/month each. Material costs will also change with the city receiving payment for OCC and aluminum but paying for mixed paper (\$50/ton), plastic (\$60/ton), and glass (\$32.50/ton).
- Copley, OH is seeking legal advice on a 95-cent/month/household increase requested by Republic Services. They are in the third year of a five-year contract.
- Rapids City, IL agreed to pay \$1900 more annually for recycling services to Republic Services for its 406 households. The current contract expires in June 2019.
- Leominster, MA's new contract with G.W. Shaw & Son went from \$0 for recycling to \$87.50/ton which based on last year's recycling rate could cost the city an additional \$220,000.
- Fitchburg, MA also began paying for recycling for the first time in 25 years at \$40/ton when Waste Management began enforcing a contract provision that allowed them to charge.
- Stamford, CT rebid their recycling contract after the previous one with City Carting expired in June. The two bids were for \$58 and \$80/ton with City Carting providing the low bid. Prior to this bid, recycling had been a revenue source for the city by as much as \$250,000. Last year, they received \$95,000. The new contract requires the city to pay \$700,000.
- West Orange, NJ approved a new 5-year contract with Suburban Disposal for refuse and recycling collection. The \$2.9 million contract represents a 65% increase over the previous contract.
- Chenoa City Council, IL is weighing options for managing recycling including whether to pay an additional 70 cents per customer for 12-months with rates to change again

at the end depending on markets. Alternatively, the city might consider eliminating the recycling program.

- North Salem, NJ rebid its recycling contract due to expire at the end of August. Only the current contractor, City Carting, provided a new bid at a 43% increase over the previous year. The bid went from \$632,000 to \$903,000. The reason for this increase is that the Beacon Plant recycling center used to pay \$15/ton but now charge \$61/ton and may increase to \$85/ton. Garbage disposal, by comparison, is \$72/ton. Other potential bidders cited gas prices and union wage increases as issues.
- Cordova, IL will face a 39 cent/month increase in waste management bills beginning in September to offset new recycling costs from Republic Services. The new recycling collection contract was extended to 2025.
- Raisin Township, MI is looking at options to keep their drop-off facility open as a result of a notice from their contractor, Modern Waste, that the cost per load would increase from \$18.75 to \$133. The recycling center will close by September 1.
- Valley Center, KS is facing a \$1.63 increase per customer from its curbside contractor, Waste Management. A previous drop-off center operated by Waste Connections was removed by the company because of cost considerations. Waste Management stated that the reason for the increase is that they have to pay Waste Connections \$90/ton at the transfer station where previously there was no cost.
- Auburndale, FL is reviewing a request from Advanced Disposal to increase curbside costs from a stipulated contract rate of \$2.53/month to \$4/month effective October. The rate would increase to \$5.46 next October.
- Gouldsboro, ME has eliminated the curbside recycling program beginning September 1st due to rising costs. The price to recycle went from \$45/ton last November to \$140/ton and is expected to continue to rise, possibly as high as \$200/ton by the end of the year. Casella Waste Systems will not offer a fixed price for recycling due to market volatility.
- Oyster Bay, NY will continue to be paid by Winter Brothers for their recycling through the end of 2018 at a rate of \$25.08/ton. However, the four one-year extensions will not be enforced and the town will rebid the contract for 2019 and beyond.
- Roy & North Ogden, UT face increases to recycling costs. Waste Management has approached the City of Roy about raising collection costs by \$1.23/month from \$10.94 to \$12.17 beginning in December. North Ogden faced a similar request earlier from Republic Services and raised rates by \$0.49/month from \$11.83 to \$12.33.
- DeBary, FL voted to immediately suspend its residential recycling program at the city council meeting on August 1st after being informed by its processor, GEL Corp., proposed fees for the previously free service. The proposed fee was between \$80 and \$120/ton.
- Volusia County, FL has received a request from GEL Corp. to pay \$80/ton for processing recycling, an increase to the current \$35/ton contracted rate. The county council will consider the request at their September meeting.

- Orange City, FL has a current contract with WCA for recycling at rate of \$14.28/year/household. The contract expires on September 30, 2020 and is limited to increases tied to the CPI. WCA takes the material to Waste Connection's Sanford Recycling and Transfer Station.
- Deland, FL is considering GEL Corp.'s request for processing fees. They are also considering alternative options.
- Foley, AL will sign a one-year contract with Emerald Coast Utilities Authority. The ECUA will not charge for recycling but will also not provide any revenue. This is cheaper than sending it to the landfill which would be \$33/ton. The city will reevaluate its options if the price climbs above the \$33/ton mark and consider dropping down to OCC and aluminum.
- Madeira Beach, FL is negotiating its new collection contract for recycling with Waste Connections. The new contract increases the rate for houses by 116% and for condos by 56%. Waste Connections cited higher processing costs as the primary reason.
- Winter Haven, FL has approved a request for a rate increase of 38% going from \$2.50/resident/month to \$3.44/resident/month from Advanced Disposal. The rate would go up again in FY19/20 to \$3.94/resident/month.
- Waltham, MA voted to pay \$100,000 to cover increased recycling costs. EZ Disposal, the city's contractor, said that it is now costing them over \$90/ton to tip their recycling, significantly more than \$52/ton for waste disposal. Saying that other communities pay up to \$200/ton, Waltham's "recycling is cleaner...keep[s]...costs down."
- Mansfield, MA has received a request from Waste Management outlining issues that affect recycling costs. The town could face additional costs of \$165,000/year for services. Both China and glass were cited as issues. Town Selectman, Neil Rhein, who is also founder of Keep Massachusetts and Keep Mansfield Beautiful said, "The whole industry is on the verge of collapse."
- Largo, FL commissioners voted to increase solid waste fees by 20%, an increase of \$3.50/household/month. Since 2014, the city has received about \$300,000 annually for its recyclables. Beginning in February, they will have to pay up to \$500,000/year.
- Parkside, PA used to receive about \$35/ton for their materials ten years ago. Now they have to pay \$65/ton to get rid of it. They received word on Wednesday that it would go up to \$85/ton with the potential to increase to \$120/ton by the end of the year.
- Upper Darby, PA received \$6-7/ton as recently as 2015. In 2017, they were paying \$35/ton. They budgeted for \$37/ton for 2018 but the hauler stopped offering the service in March forcing the town to use WM for \$55/ton. Contaminated loads cost \$150/ton.
- Livingston, MI's Recycle Livingston raise membership fees by \$10 to address increased fees from GFL who used to take materials for free but beginning September 1 will charge \$200/load. In addition, only #1 & 2 plastics will be accepted.

- Dartmouth, MA raised rates for residents for recycling from \$80 to \$90/year to address a changed contractor. Their previous contractor WeCare Environmental halted operations. Dartmouth now uses Republic Services.
 - St. Joseph County, IN curbside program may be dropped next year due to bidding services instead of approving a 10-year contract extension with Borden Waste-Away Service. The contract extension would have come with no increased price. Instead, it was rebid and Borden, the only bidder, bid an increase from \$28/hh/yr to \$35/hh/yr. The new bid also requires the city to split expenses when sales revenue fall below \$50/ton.
 - Norfolk, VA's contractor, TFC Recycling, wrote a letter to the city announcing that it will be terminating its contract by the end of October originally scheduled to run through 2022.
- **Joint Advisory on Recycling Contracts.** NWRA and SWANA developed a joint advisory for recycling contracts along with two addenda. These may be helpful when approaching municipalities about contracts. NWRA and SWANA anticipate reissuing the advisory next week with a new preface to increase awareness.

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APPENDIX G: EXECUTIVE SUMMARY OF CITY OF NAPA 2016 SOLID WASTE REVENUE BONDS (GREEN BONDS)



APPENDICES TO POST-CLOSING REPORT (2016 SOLID WASTE REVENUE BONDS)

EXECUTIVE SUMMARY OF CITY OF NAPA 2016 SOLID WASTE REVENUE BONDS (GREEN BONDS)

Size of Issuance	12,500,000
Proceeds	12,230,879
Costs	269,121
Closing Date	10/20/2016
Credit Rating	AA / Stable
Security	1st lien on Net Revenue of Solid Waste Enterprise only
Tax Status	Federally taxable; CA tax-exempt
Average Payment	868,646
Max. Annual Payment	871,210
Rate Covenant	1.25x Coverage
Additional Bonds Test	1.25x Coverage
Total Interest Cost (TIC)	2.98%
All-In TIC	3.15%

Bond Payments

	<u>February 1st</u>	<u>August 1st</u>	<u>Bond Year Total</u>
2017	91,519.89	163,104.75	254,624.64
2018	163,104.75	708,104.75	871,209.50
2019	160,134.50	710,134.50	870,269.00
2020	156,807.00	711,807.00	868,614.00
2021	152,783.25	717,783.25	870,566.50
2022	148,178.50	718,178.50	866,357.00
2023	142,849.00	727,849.00	870,698.00
2024	136,794.25	731,794.25	868,588.50
2025	130,249.25	740,249.25	870,498.50
2026	123,142.75	743,142.75	866,285.50
2027	115,578.75	750,578.75	866,157.50
2028	106,403.00	761,403.00	867,806.00
2029	96,938.25	771,938.25	868,876.50
2030	87,184.50	782,184.50	869,369.00
2031	77,141.75	792,141.75	869,283.50
2032	66,810.00	801,810.00	868,620.00
2033	54,315.00	814,315.00	868,630.00
2034	41,395.00	826,395.00	867,790.00
2035	28,050.00	838,050.00	866,100.00
2036	14,280.00	854,280.00	<u>868,560.00</u>
		Total:	16,758,903.64

APPENDIX H: ABBREVIATED STUDY OBSERVATIONS ON PACKAGED ORGANICS PROGRAM



MEMORANDUM

Delivered Electronically

DATE: April 18, 2019

TO: Kevin Miller, Materials Diversion Administrator
Utilities Department
City of Napa
1600 First Street
Napa, CA 94559

FROM: William O'Toole, President
EcoNomics, Inc.

RE: Abbreviated Study Observations on Packaged Organics Program

Background

The City of Napa requested EcoNomics Inc. to conduct an abbreviated study on the appropriate commercial rate to charge for the Packaged Organics Program as described in Attachment F Section 3.4.4 of the City's NRWS 2018 Contract Amendment.

Study Approach

EcoNomics used the following reference documents in its review.

- The City's Calrecycle grant application for the depackaging equipment
- EcoNomics food scrap rate impact analysis done for the City in 2014
- NRWS CY2018 monthly Attachment R and MDF reports
- Notes from discussion with City staff during February/March 2019

Two approaches were weighed when constructing the Packaged Organics study. One, a cost buildup method was considered that would utilize data from the current 2019 food scrap program on costs of collection with data on vehicle operating costs, labor costs, route efficiencies, number of accounts per collection route, and number of lifts performed. A second, comparative cost method was also considered which would ask. "Are there any significant differences in Food Scrap collection versus the collection of Packaged Organics that would warrant a different rate?"

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To decide which approach to use, a reexamination of the data from EcoNomics' 2014 Food Scrap rate impact study was done. The data in the 2014 study, while useful as a baseline, would take considerable time and resources to bring up to date the formulas, spreadsheets, cost structures and the analytical process performed in the original study to actual costs and rates adopted by the City in its 2018 Contract Amendment. However, the

comparative costs of food scrap collection could be qualitatively compared to answer the question, “Are there any significant differences in Food Scrap collection versus the collection of Packaged Organics that would warrant a different rate?”

Therefore, The Comparative Study approach was determined to be the fastest and most cost effective way to perform the abbreviated Organics Packaging study.

Procedure

The following basic assumptions were examined and determined in conducting this abbreviated study on the Packaged Organics Program:

- The differences in operating and labor costs of the collection vehicles for both programs are minor
- Collection of Packaged Organics on a Food Scrap route will not materially impact the quality of the route.
 - The beginning number of Packaged Organics stops will be 15 to 25 compared to the 150 food scrap stops on existing routes
 - All collected food scraps are being processed through the depackaging line and negligible amounts of Packaged Organics material will impact the existing processing procedures
- Neither route density nor routing efficiencies will be negatively impacted by inclusion of Packaged Organics on existing routes during the first 2 years of program expansion.
- The cost structure and rates established in the 2014 Food Scrap rate study were based on a participation of 200 restaurants by Q4 2016. The rate structure still retains a resiliency into 2019.

Conclusion and Recommendation

The answer to the question, “Are there any significant differences in Food Scrap collection versus the collection of Packaged Organics that would warrant a different rate?” is no. The current rate of 75% of the MSW charge will cover the costs of the introduction and operation of the Packaged Organics program for FY years 2019 and 2020.

It is recommended that the current food scrap rate be used for both the existing food scrap collection and the Packed Organics program.

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APPENDIX I: UPDATED 2019 STUDY OF NAPA RECYCLING AND REFUSE COLLECTION WEIGHT IMPACT ON CITY STREETS



Memorandum

March 28, 2019

To:	The City of Napa	Project:	Napa Refuse Vehicle Maintenance Impact Analysis
From:	Kamesh Vedula, PE, TE Zach Stinger, EIT	Ref/Job No.:	25-1753-00
CC:	Philip Brun, PE/City of Napa	File No.:	C2485MEM004.DOCX
Subject:	2019 Refuse Vehicle Weight Update		

1. Introduction

GHD has been retained by the City of Napa (City) to prepare a memorandum analyzing the impact of solid waste, recycling, and yard waste vehicles (Refuse Vehicles) on street maintenance. The objective of this memorandum are as follows:

- Determine the percentage impact of Refuse Vehicles, other trucks, and automobiles on the City's streets.

The analysis performed in this memorandum was based on available information obtained from the City pertaining to roadway types, vehicle percentages, and data for the types of Refuse Vehicles, including average weights, average refuse weights, and service frequency.

1.1 Background

The need for road maintenance is based on the deterioration of the roadway, which is primarily influenced by continued use. The deterioration of roadways is caused largely by heavy trucks, as deterioration increases exponentially with the size and weight of a vehicle. The configuration of a truck will also affect the impact on the roadway, as additional axles will spread the weight out, decreasing the weight at each wheel, thereby reducing the damage. As refuse vehicles are among the heaviest vehicles operating on city streets, they are a large factor in the cost of maintaining the roadway.

The solid waste, recycling, and yard waste services in the City are provided by Napa Recycling and Waste Services (NRWS). All residential services are provided weekly with side-loading vehicles that generally make a single pass down each side of the street to provide service for each material type collected (i.e., each truck services one side of the street on each pass). Commercial solid waste, recycling, and yard waste services are provided in varying frequencies to customers by front- and side-loading vehicles. Based on information provided by the City and NRWS, the average frequency each type of service is provided has been calculated:

APPENDIX J: ESTIMATE OF ANNUAL STREET MAINTENANCE COST FROM CITY OF NAPA PUBLIC WORKS DEPARTMENT

Over the last 10-years, the City has developed and executed an aggressive annual street maintenance program to improve the condition of the City's streets. The standard rating system for streets is the pavement condition index (PCI). Through the City's program the citywide PCI average has increased from the poor/fair condition of 55 in 2009 to the fair/good condition of 71 as reported for 2019. It is critical to the success of the City's street maintenance program that the impact of the truck traffic associated with solid waste collection be accounted for to ensure that the deterioration of the City's street network caused by solid waste collection activities is repaired.

An engineering analysis was conducted to determine the impact of the truck traffic associated with the solid waste collection activities on the City's street system. The analysis considered the truck axel loading and the number of truck trips. The analysis determined that 11.6% of the total vehicle impacts to streets was caused by the solid waste collection vehicles. In order to maintain the streets at the current PCI level, funding for 11.6% of the cost to maintain the streets is required. The Public Works Department completed an evaluation to determine the full cost to maintain the streets at the current level and the funding required by solid waste to offset their impact. The evaluation methodology is explained below.

StreetSaver Explained

The City uses a software package called StreetSaver which is a Pavement Management Program (PMP) that assists in developing work plans to efficiently maintain our roadways. StreetSaver was developed by the Metropolitan Transportation Commission and is used by all towns, cities, and counties in the nine county Bay Area. StreetSaver assists in developing street maintenance plans that integrate three main pavement preservation components: preventive maintenance, minor rehabilitation (non-structural) including routine maintenance activities, as well as pavement rehabilitation and reconstruction.

The software allows cities and counties to inventory their street networks, determine their maintenance needs, devise maintenance programs and determine required funding. The software develops a list of recommended treatments and prioritizes treatments based on a benefit/cost approach. Within the constraints of each jurisdiction's budget, the software prioritizes the most cost-effective treatments for implementation and defers the remainder.

StreetSaver uses a decision tree matrix to model the decision-making process that agencies follow to select a maintenance or rehabilitation strategy. The decision tree matrix contains "branches" for each functional classification, surface type, and condition category. Jurisdictions outline their strategies for maintenance and rehabilitation (M&R) by programming a treatment for each branch. The unit costs associated with the decision tree branches include all costs involved with the work (i.e. administration, engineering, construction management, labor, materials, tools, equipment, etc.). This matrix defines the specific treatments needed for streets with varying Pavement Condition Index (PCI) ratings.

Using the StreetSaver budget scenarios module, the impact of various budget scenarios can be evaluated. The program projects the effects of the different scenarios on pavement condition and deferred maintenance (backlog). By examining the effects on these indicators, the advantages and disadvantages of different funding levels and maintenance strategies can be evaluated.

Future Expenditures for Pavement Maintenance

The City's street network consists of approximately 219 centerline miles of streets. In January 2019, the City's streets resulted in a calculated average PCI of 71, based on the most recent pavement evaluation report. Using a 0-100 PCI scale, with 100 being the most favorable, a rating of 71, places the City's street network in the 'Good' condition category. In order to maintain this pavement condition level, a budget and maintenance work plan was developed in StreetSaver to determine the funding level that is required to maintain the current average PCI of 71 (as determined in January 2019) over the next ten (10) years.

Prior to the development of the budget and maintenance work plan, a decision tree matrix was setup to reflect typical City M&R practices. Such practices include: asphalt paving as part of our City's Local Streets and Paving Program and our Capital Improvement Program, and preventative maintenance work that is performed on streets that have recently been paved as part of the aforementioned programs.

Decision Tree Matrix				
Maintenance Type	Treatment Type	Functional Classification		
		Arterial	Collector	Residential
Preventative Maintenance	Crack Seal	\$4 LF	\$3 LF	\$2 LF
	Asphalt Rejuvenation	\$4 SY	\$3 SY	\$2 SY
Pavement Rehabilitation	Thin Asphalt Overlay (< 3")	\$75 SY	\$65 SY	\$55 SY
	Thick Asphalt Overlay (≥ 3")	\$80 SY	\$70 SY	\$60 SY
Pavement Reconstruction	Roadway Reconstruct	\$155 SY	\$135 SY	n/a

Based on the data that was compiled from historical City projects over the past 7 years, which has been incorporated into the matrix, it is recommended that the City spend \$96,014,785 over a span of 10 years in order to maintain the current pavement conditions. This averages out to a needed annual investment level of approximately \$9.6 million per year.

Projected Network Average PCI				
Year	Maintenance Type	Area Treated (SY)	Cost	Total Cost
2020	Preventative Maintenance	1,424,396	\$3,550,928	\$9,277,572
	Pavement Rehabilitation	108,236	\$5,726,644	
2021	Preventative Maintenance	799,695	\$1,795,125	\$9,033,851
	Pavement Rehabilitation	119,480	\$7,238,726	
2022	Preventative Maintenance	102,855	\$235,518	\$10,130,022
	Pavement Rehabilitation	161,403	\$9,894,504	
2023	Preventative Maintenance	102,598	\$226,863	\$9,670,695
	Pavement Rehabilitation	134,029	\$9,443,832	
2024	Preventative Maintenance	0	\$0	\$10,469,853
	Pavement Rehabilitation	143,375	\$10,469,853	
2025	Preventative Maintenance	1,493,028	\$4,190,667	\$4,190,667
	Pavement Rehabilitation	0	\$0	
2026	Preventative Maintenance	983,218	\$2,758,614	\$8,331,158
	Pavement Rehabilitation	58,336	\$5,572,544	
2027	Preventative Maintenance	254,844	\$733,022	\$12,469,328
	Pavement Rehabilitation	130,859	\$11,736,306	
2028	Preventative Maintenance	237,881	\$681,846	\$10,860,093

2029	Pavement Rehabilitation	118,797	\$10,178,247	\$11,581,546
	Preventative Maintenance	145,864	\$471,972	
	Pavement Rehabilitation	22,463	\$11,109,574	

SUMMARY		
Functional Classification	Pavement Rehabilitation	Preventative Maintenance
Arterial	\$41,445,231	\$2,849,175
Collector	\$1,071,849	\$2,991,429
Residential	\$38,853,150	\$8,803,951
TOTAL:	\$81,370,230	\$14,644,555
GRAND TOTAL: \$96,014,785		

Under this scenario, the PCI would remain at the current level of 71 through 2029.

Projected Network Average PCI (\$9.6 million per year)		
Year	Never Treated	With Selected Treatment
2020	68	71
2021	66	71
2022	64	71
2023	62	71
2024	60	71
2025	57	71
2026	55	71
2027	53	71
2028	51	71
2029	49	71

**APPENDIX K: FULL SOLID WASTE AND RECYCLING COLLECTION SERVICE RATES
UNDER PROPOSED RATE ADJUSTMENTS FOR 2025-2029**

RESIDENTIAL AND MULTIFAMILY

Residential monthly rates include weekly collection of solid waste, recyclable materials and co-collected yard trimmings and food scraps. Residential rates include one solid waste cart of the selected size and up to four 35-gallon carts for recyclable materials and up to four 35-gallon carts for yard trimmings/food scraps OR up to two 95-gallon carts for recyclable materials and up to two 95-gallon carts for yard trimmings/food scraps. These rates apply to single-family residences, duplexes, triplexes and multifamily units that have individual weekly cart service for each unit. For carts used in common multifamily areas and/or enclosures (and not serving a single, specific multifamily unit) see the rates in Table 4.

Table 1

RESIDENTIAL AND MULTIFAMILY CART RATES FOR WEEKLY SERVICE TO INDIVIDUAL HOMES AND INDIVIDUAL MULTIFAMILY UNITS

	COST PER MONTH
20 gallon	\$34.20
35 gallon	\$42.88
65 gallon	\$65.76
95 gallon	\$101.14

Table 2

COMMERCIAL AND MULTIFAMILY RATES

MONTHLY RATES FOR BINS PROVIDED BY NAPA RECYCLING AND WASTE SERVICES, LLC TO CUSTOMERS

BIN SIZE (CUBIC YARDS)	Number of Collections Per Week						
	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
One 1.5 yd	\$520.20	\$1,089.52	\$1,622.59	\$2,175.19	\$2,772.45	\$3,459.15	\$4,145.86
Two 1.5 yd.	\$1,108.55	\$2,353.38	\$3,504.80	\$4,698.34	\$5,988.51	\$7,471.72	\$8,954.94
Three 1.5 yd	\$1,647.44	\$3,497.33	\$5,208.52	\$6,982.27	\$8,899.55	\$11,103.85	\$13,308.14
Four 1.5 yd	\$2,217.13	\$4,706.72	\$7,009.54	\$9,396.69	\$11,976.93	\$14,943.45	\$17,909.98
One 2 yd.	\$668.75	\$1,424.30	\$2,134.51	\$2,870.73	\$3,666.26	\$4,580.46	\$5,494.66
Two 2 yd.	\$1,424.48	\$3,076.51	\$4,610.49	\$6,200.73	\$7,919.16	\$9,893.79	\$11,868.42
Three 2 yd.	\$2,057.61	\$4,443.77	\$6,659.63	\$8,956.66	\$11,438.72	\$14,291.03	\$17,143.35
Four 2 yd.	\$2,769.82	\$5,982.04	\$8,964.91	\$12,057.00	\$15,398.30	\$19,237.94	\$23,077.58
One 3 yd.	\$980.60	\$2,126.60	\$3,191.68	\$4,295.83	\$5,488.85	\$6,859.64	\$8,230.43
Two 3 yd.	\$2,020.08	\$4,380.76	\$6,574.90	\$8,849.40	\$11,307.04	\$14,130.96	\$16,954.88
Three 3 yd.	\$3,059.54	\$6,634.94	\$9,958.09	\$13,403.02	\$17,125.24	\$21,402.21	\$25,679.19
One 4 yd.	\$1,273.16	\$2,796.12	\$4,215.53	\$5,686.95	\$7,276.51	\$9,102.34	\$10,928.18
Two 4 yd.	\$2,622.66	\$5,760.06	\$8,684.02	\$11,715.12	\$14,989.58	\$18,750.86	\$22,512.15
Three 4 yd.	\$3,972.18	\$8,723.94	\$13,152.46	\$17,743.26	\$22,702.66	\$28,399.31	\$34,095.97
One 6 yd.	\$1,894.92	\$4,177.31	\$6,306.04	\$8,512.84	\$10,896.70	\$13,634.66	\$16,372.61
Two 6 yd.	\$3,903.56	\$8,605.23	\$12,990.48	\$17,536.43	\$22,447.20	\$28,087.38	\$33,727.57

Collection Rates Effective July 1, 2025

Table 3

MONTHLY RATES FOR CUSTOMER OWNED BINS

Number of Collections Per Week

BIN SIZE (CUBIC YARDS)	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
One 1.5 yd	\$445.74	\$1,004.34	\$1,535.77	\$2,086.68	\$2,681.47	\$3,364.07	\$4,145.86
Two 1.5 yd.	\$1,028.16	\$2,261.34	\$3,411.00	\$4,602.76	\$5,890.21	\$7,368.97	\$8,954.94
Three 1.5 yd	\$1,567.78	\$3,406.22	\$5,115.59	\$6,887.56	\$8,802.16	\$11,002.05	\$13,308.14
Four 1.5 yd	\$2,136.74	\$4,614.74	\$6,915.80	\$9,301.13	\$11,878.70	\$14,840.68	\$17,909.98
One 2 yd.	\$594.35	\$1,339.12	\$2,047.66	\$2,782.23	\$3,575.30	\$4,485.36	\$5,494.66
Two 2 yd.	\$1,344.10	\$2,984.49	\$4,516.74	\$6,105.15	\$7,820.93	\$9,791.20	\$11,868.42
Three 2 yd.	\$1,980.17	\$4,355.23	\$6,569.34	\$8,864.60	\$11,344.08	\$14,192.12	\$17,143.35
Four 2 yd.	\$2,691.68	\$5,892.60	\$8,873.74	\$11,964.04	\$15,302.76	\$19,138.06	\$23,077.58
One 3 yd.	\$877.58	\$2,008.65	\$3,071.49	\$4,173.33	\$5,362.92	\$6,728.03	\$8,230.43
Two 3 yd.	\$1,913.92	\$4,259.33	\$6,574.90	\$8,723.23	\$11,177.33	\$13,995.32	\$16,954.88
Three 3 yd.	\$2,952.36	\$6,512.31	\$9,833.11	\$13,275.60	\$16,994.26	\$21,265.31	\$25,679.19
One 4 yd.	\$1,170.11	\$2,678.21	\$4,095.30	\$5,564.44	\$7,150.54	\$8,970.70	\$10,928.18
Two 4 yd.	\$2,516.52	\$5,638.58	\$8,560.18	\$11,588.91	\$14,859.84	\$18,615.25	\$22,512.15
Three 4 yd.	\$3,865.00	\$8,601.29	\$13,027.46	\$17,615.84	\$22,571.65	\$28,262.43	\$34,095.97
One 6 yd.	\$1,755.13	\$4,017.31	\$6,142.96	\$8,346.67	\$10,725.79	\$13,456.03	\$16,372.61
Two 6 yd.	\$3,759.55	\$8,440.44	\$12,822.50	\$17,365.26	\$22,271.20	\$27,903.41	\$33,727.57

Table 4

COMMERCIAL AND MULTIFAMILY SOLID WASTE CART RATES

The following rates apply to multifamily solid waste carts that are used in common areas and/or enclosures throughout the multifamily property. For carts that are assigned to, and serving a single, specific, multifamily unit, see the rates in Table 1.

	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$53.77	\$107.53	\$161.29	\$215.07	\$268.84	\$322.59	\$376.34
65 gallon	\$107.77	\$215.48	\$323.23	\$431.02	\$538.76	\$646.54	\$754.32
95 gallon	\$161.38	\$322.75	\$484.13	\$645.52	\$806.88	\$968.28	\$1,129.69

Collection Rates Effective July 1, 2025

COMPACTOR, ROLL OFF BOX AND TEMPORARY BIN RATES**Table 5****RATES FOR COMMERCIAL AND MULTIFAMILY COMPACTOR SERVICE – LESS THAN 6 CUBIC YARDS**

	Compacted Rate Per Cubic Yard = \$145.99
To calculate rate per month = [(rate per compacted cubic yard x size of compactor x # of pick-ups per week x 52 weeks)/12 months]	

Table 6**RATES FOR ROLL OFF SERVICE – 10 CUBIC YARD BOXES AND LARGER (UNCOMPACTED)**

Uncompacted Rate per Cubic Yard	\$46.42
SIZE OF ROLL OFF (CUBIC YARDS)	RATE PER SERVICE
10	\$464.20
15	\$696.30
20	\$928.40
25	\$1,160.50
30	\$1,392.60
40	\$1,856.80

To calculate rate per month: [(Uncompacted rate per cubic yard x size of roll off box x number of pickups per week x 52 weeks)/12 months]

To calculate rate per service: size of roll off box x uncompacted rate per cubic yard

Table 7**RATES FOR ROLL OFF SERVICE FOR COMPACTORS – 6 CUBIC YARDS AND LARGER**

	Compacted Rate Per Cubic Yard \$145.99	
SIZE OF COMPACTOR (CUBIC YARDS)	RATE PER MONTH (1X/WEEK SERVICE)	PER SERVICE
6	\$3,795.74	\$875.94
10	\$6,326.23	\$1,459.90
15	\$9,489.35	\$2,189.85
20	\$12,652.47	\$2,919.80
25	\$15,815.58	\$3,649.75
30	\$18,978.70	\$4,379.70

To calculate rate per month: [(Compacted rate per cubic yard x size of compactor x number of pickups per week x 52 weeks)/12 months]

To calculate rate per service: size of compactor x compacted rate per cubic yard

Collection Rates Effective July 1, 2025

Table 8

RATES FOR SERVICE FOR TEMPORARY BINS FOR SOLID WASTE

TEMPORARY BIN SIZES	RATE PER MONTH
1.5 cubic yards	\$240.60
2.0 cubic yards	\$240.60
3.0 cubic yards	\$287.02
4.0 cubic yards	\$333.42
6.0 cubic yards	\$426.27
Cost Per Cubic Yard	\$46.43

Table 9

RATES FOR ROLL OFF BOXES CONTAINING SOURCE SEPARATED RECYCLABLE MATERIALS

10 CUBIC YARDS	RATE PER SERVICE
Asphalt	\$230.48
Concrete	\$274.38
Dirt	\$329.27
20 CUBIC YARDS	RATE PER SERVICE
Clean Wood	\$219.51
Yard Trimmings	\$373.18
30 CUBIC YARDS	RATE PER SERVICE
Metal	\$0.00
Clean Wood	\$274.38
Yard Trimmings	\$482.93
OTHER	RATE PER SERVICE
Manure	\$219.51
Pomace	\$219.51
Dry Wall	\$219.51

Table 10

RATES FOR ROLL OFF BOXES CONTAINING SOURCE SEPARATED CARPET FOR RECYCLING

(Rates apply to residential, commercial and multifamily carpet collection service)

ROLL OFF BOX SIZE	RATE PER SERVICE
20 Cubic Yards	\$337.81
30 Cubic Yards	\$451.86
40 Cubic Yards	\$565.89

RATES FOR COMMERCIAL, MULTIFAMILY AND SPECIAL EVENT COMPOSTABLES COLLECTION

Table 11

MONTHLY RATES FOR COMMERCIAL FOOD SCRAP COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$31.68	\$62.72	\$93.76	\$124.81	\$155.85	\$186.88	\$217.91
65 gallon	\$61.49	\$122.31	\$183.16	\$244.02	\$304.86	\$365.72	\$426.58
95 gallon	\$91.09	\$181.54	\$272.00	\$362.46	\$452.90	\$543.37	\$633.84
1 Cubic Yard	\$189.98	\$399.45	\$596.77	\$801.06	\$1,021.24	\$1,273.20	\$1,525.17
2 Cubic Yards	\$375.64	\$793.37	\$1,186.80	\$1,594.17	\$2,033.32	\$2,536.04	\$3,038.76

Table 12

MONTHLY RATES FOR MULTIFAMILY FOOD SCRAP COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$34.26	\$67.89	\$101.51	\$135.14	\$168.77	\$202.38	\$236.00
65 gallon	\$64.07	\$127.48	\$190.91	\$254.35	\$317.78	\$381.22	\$444.66
95 gallon	\$93.68	\$186.71	\$279.75	\$372.79	\$465.82	\$558.87	\$651.92
1 Cubic Yard	\$192.56	\$404.62	\$604.52	\$811.39	\$1,034.16	\$1,288.70	\$1,543.25
2 Cubic Yards	\$378.22	\$798.53	\$1,194.55	\$1,604.51	\$2,046.24	\$2,551.54	\$3,056.84

Table 13

MONTHLY RATES FOR COMMERCIAL PACKAGED ORGANICS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$32.01	\$63.38	\$94.75	\$126.14	\$157.51	\$188.88	\$220.24
65 gallon	\$62.11	\$123.54	\$185.01	\$246.49	\$307.94	\$369.42	\$430.89
95 gallon	\$91.99	\$183.35	\$274.70	\$366.07	\$457.41	\$548.78	\$640.15
1 Cubic Yard	\$191.88	\$403.25	\$602.47	\$808.65	\$1,030.73	\$1,284.59	\$1,538.45
2 Cubic Yards	\$379.44	\$800.96	\$1,198.19	\$1,609.36	\$2,052.30	\$2,558.82	\$3,065.33

Collection Rates Effective July 1, 2025

Table 14

MONTHLY RATES FOR MULTIFAMILY PACKAGED ORGANICS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$34.60	\$68.55	\$102.50	\$136.47	\$170.43	\$204.38	\$238.32
65 gallon	\$64.69	\$128.71	\$192.76	\$256.82	\$320.86	\$384.92	\$448.98
95 gallon	\$94.58	\$188.51	\$282.45	\$376.40	\$470.33	\$564.28	\$658.23
1 Cubic Yard	\$194.46	\$408.41	\$610.22	\$818.99	\$1,043.65	\$1,300.09	\$1,556.54
2 Cubic Yards	\$382.02	\$806.13	\$1,205.94	\$1,619.69	\$2,065.22	\$2,574.32	\$3,083.41

Table 15

MONTHLY RATES FOR COMMERCIAL YARD TRIMMINGS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$2.24	\$4.48	\$6.71	\$8.95	\$11.19	\$13.43	\$15.67
65 gallon	\$3.12	\$6.24	\$9.36	\$12.48	\$15.60	\$18.72	\$21.84
95 gallon	\$4.00	\$8.00	\$12.01	\$16.01	\$20.01	\$24.01	\$28.01
1 Cubic Yard	\$7.09	\$14.18	\$21.26	\$28.35	\$35.44	\$42.53	\$49.62
2 Cubic Yards	\$12.97	\$25.94	\$38.90	\$51.87	\$64.84	\$77.81	\$90.77
3 Cubic Yards	\$18.85	\$37.69	\$56.54	\$75.39	\$94.23	\$113.08	\$131.93
4 Cubic Yards	\$24.73	\$49.45	\$74.18	\$98.91	\$123.63	\$148.36	\$173.08
6 Cubic Yards	\$36.48	\$72.97	\$109.45	\$145.94	\$182.42	\$218.91	\$255.39

Table 16

MONTHLY RATES FOR MULTIFAMILY YARD TRIMMINGS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$4.82	\$9.64	\$14.46	\$19.28	\$24.11	\$28.93	\$33.75
65 gallon	\$5.70	\$11.41	\$17.11	\$22.81	\$28.52	\$34.22	\$39.92
95 gallon	\$6.59	\$13.17	\$19.76	\$26.34	\$32.93	\$39.51	\$46.10
1 Cubic Yard	\$9.67	\$19.34	\$29.01	\$38.69	\$48.36	\$58.03	\$67.70
2 Cubic Yards	\$15.55	\$31.10	\$46.65	\$62.20	\$77.75	\$93.31	\$108.86
3 Cubic Yards	\$21.43	\$42.86	\$64.29	\$85.72	\$107.15	\$128.58	\$150.01
4 Cubic Yards	\$27.31	\$54.62	\$81.93	\$109.24	\$136.55	\$163.86	\$191.17
6 Cubic Yards	\$39.07	\$78.14	\$117.20	\$156.27	\$195.34	\$234.41	\$273.48

Collection Rates Effective July 1, 2025

Table 17

SPECIAL EVENT FOOD SCRAP COLLECTION – RATE PER CONTAINER PER SERVICE

35-gallon Food Scrap Cart	\$12.85
65-gallon Food Scrap Cart	\$19.25
95-gallon Food Scrap Cart	\$25.66
1.5 Cubic Yards Food Scrap Bin	\$138.76
2 Cubic Yards Food Scrap Bin	\$157.39
3 Cubic Yards Food Scrap Bin	\$194.71
4 Cubic Yards Food Scrap Bin	\$232.02
6 Cubic Yards Food Scrap Bin	\$307.80

Table 18

FOOD SCRAP COMPACTOR SERVICE

Cost Per Yard (Compacted)	\$97.76	
COMPACTORS (CUBIC YARDS)	PER MONTH/1X WEEK	PER SERVICE
6	\$2,541.76	\$586.56
10	\$4,236.27	\$977.60
15	\$6,354.40	\$1,466.40
20	\$8,472.53	\$1,955.20
25	\$10,590.67	\$2,444.00
30	\$12,708.80	\$2,932.80

Collection Rates Effective July 1, 2025

Table 19

**RATES PER SERVICE FOR SPLIT 20 CUBIC YARD ROLL OFF BOXES
CONTAINING TWO SOURCE SEPARATED RECYCLABLE MATERIALS**

MATERIALS (TWO PER SPLIT BOX)	RATE PER SERVICE
MSW & Clean Wood	\$629.62
MSW & Yard Trimmings	\$706.47
MSW & Dry Wall	\$629.62
MSW & Metal	\$519.87
MSW & Cardboard	\$519.87
MSW & Mixed Recyclable Materials	\$519.87
Clean Wood & Yard Trimmings	\$296.35
Clean Wood & Dry Wall	\$219.51
Clean Wood & Metal	\$109.76
Clean Wood & Cardboard	\$109.76
Clean Wood & Mixed Recyclable Materials	\$109.76
Yard Trimmings & Dry Wall	\$296.35
Yard Trimmings & Metal	\$186.60
Yard Trimmings & Cardboard	\$186.60
Yard Trimmings and Mixed Recyclable Materials	\$186.60
Dry Wall & Metal	\$109.76
Dry Wall & Cardboard	\$109.76
Dry Wall & Mixed Recyclable Materials	\$109.76
Metal & Cardboard	No Charge
Metal & Mixed Recyclable Materials	No Charge
Cardboard & Mixed Recyclable Materials	No Charge

Collection Rates Effective July 1, 2025

Table 20
RATES FOR MISCELLANEOUS SERVICES

RESIDENTIAL Additional Carts (Cost/Cart/Month)		RATE
Solid Waste		Provided at monthly rate in Table 1 multiplied by number of carts
RECYCLING (AFTER 4-35 GAL OR 2-95 GAL CARTS INCLUDED IN BASE RESIDENTIAL RATE)		RATE
20 gallon		\$5.79
35 gallon		\$5.79
65 gallon		\$5.79
95 gallon		\$5.79
YARDWASTE/FOOD (AFTER 4-35 GAL OR 2-95 GAL CARTS IN BASE RESIDENTIAL RATE)		RATE
20 gallon		\$5.79
35 gallon		\$5.79
65 gallon		\$5.79
95 gallon		\$5.79
SPECIAL SERVICES (COST PER SERVICE)		RATE
Bulky Items: large non-metal furniture that cannot fit in standard carts/bins & are not accepted in City's Recycle More Program e.g., sofas, wood furniture, etc. (\$/service up to 4 bulky items/service)		\$63.66
Each bulky item over 4 bulky items (\$/Item - excluding e-waste & cardboard)		\$25.68
Cardboard and single stream recyclables		No Charge
E-Waste (CRTs/LCDs), Metal Items and Cooking Oil		No Charge
EXTRA SERVICE (\$/BIN/SERVICE)		RATE
On day of service (Monday-Friday) up to 9 30-gal. bags or up to 9 30-gal. cans		\$10.76 /each barrel or bag
On day of service (Monday-Friday) 10 or more 30-gal. bags or cans		\$52/yard
Not on day of service (Monday-Friday) up to 9 30-gal. bags or cans		\$10.76/barrel or bag + \$85.94 trip charge
Not on day of service (Monday-Friday) 10 or more 30-gal. bags or cans		\$52/yard + \$85.94 trip charge
Not on day of service (Saturday, Sunday) up to 9 30-gal. bags or cans		\$10.76/barrel + \$248.36 trip charge
Not on day of service (Saturday, Sunday) 10 or more 30-gal. bags or cans		\$52/yard + \$248.36 trip charge
BACKYARD SERVICE (INCLUDES SOLID WASTE, RECYCLING, YARDWASTE/FOODSCRAPS - COST/MONTH)		RATE
5-600 feet from curb to backyard cart location		\$38.81
601 feet or more from curb to backyard cart location		\$48.01
With letter from physician indicating resident is physically unable and/or advised not to wheel cart(s) to the curb		No Charge
COMMERCIAL & MULTI-FAMILY		RATE
Bulky Items: large non-metal furniture that cannot fit in standard carts/bins & are not accepted in City's Recycle More Program e.g., sofas, wood furniture, etc. (\$/service up to 4 bulky items/service)		\$127.30
Each bulky item over 4 bulky items (\$/Item – excluding e-waste)		\$25.68
Cardboard and single stream recyclables		No Charge
Electronic Waste (CRTs/LCDs), Metal Items and Cooking Oil		No Charge
Pallets (Up to 10 pallets)		\$127.30

Collection Rates Effective July 1, 2025

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

EXTRA SERVICE (COST/CART/SERVICE AND COST/BIN/SERVICE)	RATE
35 gallon	\$25.68
65 gallon	\$38.52
95 gallon	\$51.32
1.5 cubic yards	\$277.49
2 cubic yards	\$314.80
3 cubic yards	\$389.41
4 cubic yards	\$464.02
6 cubic yards	\$615.62
MISCELLANEOUS	RATE
Bin Cleaning/Bin Exchange (\$/Bin/Service)	\$347.40
Heavy Waste (Rocks, dirt or other materials in bins or carts that exceed manufacturer's maximum weight for container) Cost / collection	\$154.06
Hourly labor charge (for 2 persons) for on-site transfer of solid waste/materials from smaller exterior collection containers to larger exterior collection container(s)	\$182.37
Locking Bin or Key Fee (if bin must be unlocked prior to service or if key must be used to access container(s)) (\$/month)	\$12.85
RECYCLING (\$/Service)	RATE
Single Stream Recyclables (less than 10 cubic yard)	No Charge
Source Separated Recyclables (less than 10 cubic yard)	No Charge
Yard Trimmings (less than 10 cubic yard)	No Charge
SATURDAY, SUNDAY SERVICE (Cost/month for 1x/week solid waste service)	RATE
35 gallon	\$172.24
65 gallon	\$172.24
95 gallon	\$172.24
TRIP CHARGES for return to collect containers not available/ accessible for pickup or for a one-time collection on a special (non-regular route) day (Cost/Trip)	
up to 35 gallon	\$85.96
35 gallon – 6 cubic yards	\$165.57

Collection Rates Effective July 1, 2025

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

ROLL OFF/COMPACTOR/TEMPORARY BINS		RATE
	Overweight Surcharge (10 cubic yards and more) if roll off box or compactor weight causes collection truck to exceed legal highway weight limit established by State of California. Cost of labor and equipment to empty the excess into another container.	Trip charge (\$275.91) plus cost to bring in equipment capable of removing such materials plus \$109.23 per ton
	Sealed watertight roll off boxes (for wet materials such as pomace) Additional cost/ service for special sealed box and added labor	\$58.02
	Demurrage for non-removal after 3 days (Cost/Bin/Day)	\$34.27
	Trip Charge - Move/Relocate Box (Cost/Box/ Service)	\$275.91
	Rental Fee (Cost/day)	\$34.27
	Temporary Bins (Cost/5 days)	
	2 cubic yards	\$269.46
	3 cubic yards	\$321.46
	4 cubic yards	\$373.43
OTHER FEES		RATE
	City Directed Spill Clean Up (waste around overflowing bins/carts after 2 warnings and direction from City)	\$460.96
	Contaminated Recycling Charges (materials containing 5% or more contamination that must be disposed as solid waste)	
	Contaminated residential recyclable materials, yard trimmings, and co-collected food scraps/yard trimmings	
	35 gallon	\$25.68
	65 gallon	\$38.52
	95 gallon	\$51.32
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in carts	Rates in Table 4 apply
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in bins	
	1.5 cubic yards	\$277.49
	2 cubic yards	\$314.80
	3 cubic yards	\$389.41
	4 cubic yards	\$464.02
	6 cubic yards	\$615.62
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in roll off boxes	Rates in Table 6 apply
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in compactors	Rates in Tables 5 and 7 apply

Collection Rates Effective January 1, 2026

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

COMPLIANCE FINES		
Fines are charged for violations occurring within a 12 month period		
		RATE
	First violation within a 12 month period	\$100
	Second violation within a 12 month period	\$200
	Third violation or more within a 12 month period	\$500
DEPOSITS		
Residential Service and Commercial Cart Service: One-time deposit to initiate service, refundable after 12 months with 1% interest for customer in good standing		
		RATE
	Deposit for Commercial Cart Service	\$80.00
	Deposit for Residential Service	\$40.00
	Residential Cart Redelivery Charge	\$25.00
	Deposit for Commercial Bins	Cost of 1 month's service refundable after 12 months with 1% interest for customer in good standing
Deposit for Roll Off/Compactor Service (Applies to new customers – deposit applied to cost of first service)		RATE
	Solid Waste	50% of service
	Recyclable Materials	50% of service

Collection Rates Effective January 1, 2026**RESIDENTIAL AND MULTIFAMILY**

Residential monthly rates include weekly collection of solid waste, recyclable materials and co-collected yard trimmings and food scraps. Residential rates include one solid waste cart of the selected size and up to four 35-gallon carts for recyclable materials and up to four 35-gallon carts for yard trimmings/food scraps OR up to two 95-gallon carts for recyclable materials and up to two 95-gallon carts for yard trimmings/food scraps. These rates apply to single-family residences, duplexes, triplexes and multifamily units that have individual weekly cart service for each unit. For carts used in common multifamily areas and/or enclosures (and not serving a single, specific multifamily unit) see the rates in Table 4.

Table 1**RESIDENTIAL AND MULTIFAMILY CART RATES FOR WEEKLY SERVICE TO
INDIVIDUAL HOMES AND INDIVIDUAL MULTIFAMILY UNITS**

	COST PER MONTH
20 gallon	\$37.62
35 gallon	\$47.17
65 gallon	\$72.34
95 gallon	\$111.25

Collection Rates Effective January 1, 2026

Table 2

COMMERCIAL AND MULTIFAMILY RATES

MONTHLY RATES FOR BINS PROVIDED BY NAPA RECYCLING AND WASTE SERVICES, LLC TO CUSTOMERS

BIN SIZE (CUBIC YARDS)	Number of Collections Per Week						
	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
One 1.5 yd	\$572.22	\$1,198.47	\$1,784.85	\$2,392.71	\$3,049.70	\$3,805.07	\$4,560.45
Two 1.5 yd.	\$1,219.41	\$2,588.72	\$3,855.28	\$5,168.17	\$6,587.36	\$8,218.89	\$9,850.43
Three 1.5 yd	\$1,812.18	\$3,847.06	\$5,729.37	\$7,680.50	\$9,789.51	\$12,214.24	\$14,638.95
Four 1.5 yd	\$2,438.84	\$5,177.39	\$7,710.49	\$10,336.36	\$13,174.62	\$16,437.80	\$19,700.98
One 2 yd.	\$735.63	\$1,566.73	\$2,347.96	\$3,157.80	\$4,032.89	\$5,038.51	\$6,044.13
Two 2 yd.	\$1,566.93	\$3,384.16	\$5,071.54	\$6,820.80	\$8,711.08	\$10,883.17	\$13,055.26
Three 2 yd.	\$2,263.37	\$4,888.15	\$7,325.59	\$9,852.33	\$12,582.59	\$15,720.13	\$18,857.69
Four 2 yd.	\$3,046.80	\$6,580.24	\$9,861.40	\$13,262.70	\$16,938.13	\$21,161.73	\$25,385.34
One 3 yd.	\$1,078.66	\$2,339.26	\$3,510.85	\$4,725.41	\$6,037.74	\$7,545.60	\$9,053.47
Two 3 yd.	\$2,222.09	\$4,818.84	\$7,232.39	\$9,734.34	\$12,437.74	\$15,544.06	\$18,650.37
Three 3 yd.	\$3,365.49	\$7,298.43	\$10,953.90	\$14,743.32	\$18,837.76	\$23,542.43	\$28,247.11
One 4 yd.	\$1,400.48	\$3,075.73	\$4,637.08	\$6,255.65	\$8,004.16	\$10,012.57	\$12,021.00
Two 4 yd.	\$2,884.93	\$6,336.07	\$9,552.42	\$12,886.63	\$16,488.54	\$20,625.95	\$24,763.37
Three 4 yd.	\$4,369.40	\$9,596.33	\$14,467.71	\$19,517.59	\$24,972.93	\$31,239.24	\$37,505.57
One 6 yd.	\$2,084.41	\$4,595.04	\$6,936.64	\$9,364.12	\$11,986.37	\$14,998.13	\$18,009.87
Two 6 yd.	\$4,293.92	\$9,465.75	\$14,289.53	\$19,290.07	\$24,691.92	\$30,896.12	\$37,100.33

Collection Rates Effective January 1, 2026

Table 3

MONTHLY RATES FOR CUSTOMER OWNED BINS

Number of Collections Per Week

BIN SIZE (CUBIC YARDS)	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
One 1.5 yd	\$490.31	\$1,104.77	\$1,689.35	\$2,295.35	\$2,949.62	\$3,700.48	\$4,560.45
Two 1.5 yd.	\$1,130.98	\$2,487.47	\$3,752.10	\$5,063.04	\$6,479.23	\$8,105.87	\$9,850.43
Three 1.5 yd	\$1,724.56	\$3,746.84	\$5,627.15	\$7,576.32	\$9,682.38	\$12,102.26	\$14,638.95
Four 1.5 yd	\$2,350.41	\$5,076.21	\$7,607.38	\$10,231.24	\$13,066.57	\$16,324.75	\$19,700.98
One 2 yd.	\$653.79	\$1,473.03	\$2,252.43	\$3,060.45	\$3,932.83	\$4,933.90	\$6,044.13
Two 2 yd.	\$1,478.51	\$3,282.94	\$4,968.41	\$6,715.67	\$8,603.02	\$10,770.32	\$13,055.26
Three 2 yd.	\$2,178.19	\$4,790.75	\$7,226.27	\$9,751.06	\$12,478.49	\$15,611.33	\$18,857.69
Four 2 yd.	\$2,960.85	\$6,481.86	\$9,761.11	\$13,160.44	\$16,833.04	\$21,051.87	\$25,385.34
One 3 yd.	\$965.34	\$2,209.52	\$3,378.64	\$4,590.66	\$5,899.21	\$7,400.83	\$9,053.47
Two 3 yd.	\$2,105.31	\$4,685.26	\$7,232.39	\$9,595.55	\$12,295.06	\$15,394.85	\$18,650.37
Three 3 yd.	\$3,247.60	\$7,163.54	\$10,816.42	\$14,603.16	\$18,693.69	\$23,391.84	\$28,247.11
One 4 yd.	\$1,287.12	\$2,946.03	\$4,504.83	\$6,120.88	\$7,865.59	\$9,867.77	\$12,021.00
Two 4 yd.	\$2,768.17	\$6,202.44	\$9,416.20	\$12,747.80	\$16,345.82	\$20,476.78	\$24,763.37
Three 4 yd.	\$4,251.50	\$9,461.42	\$14,330.21	\$19,377.42	\$24,828.82	\$31,088.67	\$37,505.57
One 6 yd.	\$1,930.64	\$4,419.04	\$6,757.26	\$9,181.34	\$11,798.37	\$14,801.63	\$18,009.87
Two 6 yd.	\$4,135.51	\$9,284.48	\$14,104.75	\$19,101.79	\$24,498.32	\$30,693.75	\$37,100.33

Table 4

COMMERCIAL AND MULTIFAMILY SOLID WASTE CART RATES

The following rates apply to multifamily solid waste carts that are used in common areas and/or enclosures throughout the multifamily property. For carts that are assigned to, and serving a single, specific, multifamily unit, see the rates in Table 1.

	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$59.15	\$118.28	\$177.42	\$236.58	\$295.72	\$354.85	\$413.97
65 gallon	\$118.55	\$237.03	\$355.55	\$474.12	\$592.64	\$711.19	\$829.75
95 gallon	\$177.52	\$355.03	\$532.54	\$710.07	\$887.57	\$1,065.11	\$1,242.66

Collection Rates Effective January 1, 2026

COMPACTOR, ROLL OFF BOX AND TEMPORARY BIN RATES**Table 5****RATES FOR COMMERCIAL AND MULTIFAMILY COMPACTOR SERVICE – LESS THAN 6 CUBIC YARDS**

Compacted Rate Per Cubic Yard = \$160.59
To calculate rate per month = [(rate per compacted cubic yard x size of compactor x # of pick-ups per week x 52 weeks)/12 months]

Table 6**RATES FOR ROLL OFF SERVICE – 10 CUBIC YARD BOXES AND LARGER (UNCOMPACTED)**

Uncompacted Rate per Cubic Yard	\$46.42
SIZE OF ROLL OFF (CUBIC YARDS)	RATE PER SERVICE
10	\$464.20
15	\$696.30
20	\$928.40
25	\$1,160.50
30	\$1,392.60
40	\$1,856.80

To calculate rate per month: [(Uncompacted rate per cubic yard x size of roll off box x number of pickups per week x 52 weeks)/12 months]

To calculate rate per service: size of roll off box x uncompacted rate per cubic yard

Table 7**RATES FOR ROLL OFF SERVICE FOR COMPACTORS – 6 CUBIC YARDS AND LARGER**

	Compacted Rate Per Cubic Yard \$160.59	
SIZE OF COMPACTOR (CUBIC YARDS)	RATE PER MONTH (1X/WEEK SERVICE)	PER SERVICE
6	\$4,175.34	\$963.54
10	\$6,958.90	\$1,605.90
15	\$10,438.35	\$2,408.85
20	\$13,917.80	\$3,211.80
25	\$17,397.25	\$4,014.75
30	\$20,876.70	\$4,817.70

To calculate rate per month: [(Compacted rate per cubic yard x size of compactor x number of pickups per week x 52 weeks)/12 months]

To calculate rate per service: size of compactor x compacted rate per cubic yard

Collection Rates Effective January 1, 2026

Table 8

RATES FOR SERVICE FOR TEMPORARY BINS FOR SOLID WASTE

TEMPORARY BIN SIZES	RATE PER MONTH
1.5 cubic yards	\$240.60
2.0 cubic yards	\$240.60
3.0 cubic yards	\$287.02
4.0 cubic yards	\$333.42
6.0 cubic yards	\$426.27
Cost Per Cubic Yard	\$46.43

Table 9

RATES FOR ROLL OFF BOXES CONTAINING SOURCE SEPARATED RECYCLABLE MATERIALS

10 CUBIC YARDS	RATE PER SERVICE
Asphalt	\$253.53
Concrete	\$301.82
Dirt	\$362.20
20 CUBIC YARDS	RATE PER SERVICE
Clean Wood	\$241.46
Yard Trimmings	\$410.50
30 CUBIC YARDS	RATE PER SERVICE
Metal	\$0.00
Clean Wood	\$301.82
Yard Trimmings	\$531.23
OTHER	RATE PER SERVICE
Manure	\$241.46
Pomace	\$241.46
Dry Wall	\$241.46

Table 10

RATES FOR ROLL OFF BOXES CONTAINING SOURCE SEPARATED CARPET FOR RECYCLING

(Rates apply to residential, commercial and multifamily carpet collection service)

ROLL OFF BOX SIZE	RATE PER SERVICE
20 Cubic Yards	\$371.59
30 Cubic Yards	\$497.05
40 Cubic Yards	\$622.48

RATES FOR COMMERCIAL, MULTIFAMILY AND SPECIAL EVENT COMPOSTABLES COLLECTION

Table 11

MONTHLY RATES FOR COMMERCIAL FOOD SCRAP COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$27.76	\$54.20	\$80.63	\$107.08	\$133.52	\$159.95	\$186.38
65 gallon	\$51.30	\$101.25	\$151.22	\$201.21	\$251.17	\$301.15	\$351.14
95 gallon	\$74.68	\$148.03	\$221.39	\$294.76	\$368.11	\$441.47	\$514.84
1 Cubic Yard	\$157.24	\$323.99	\$481.63	\$644.49	\$819.27	\$1,017.89	\$1,216.51
2 Cubic Yards	\$305.23	\$636.04	\$948.63	\$1,271.67	\$1,618.55	\$2,013.10	\$2,407.65

Table 12

MONTHLY RATES FOR MULTIFAMILY FOOD SCRAP COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$33.11	\$64.89	\$96.67	\$128.47	\$160.25	\$192.03	\$223.81
65 gallon	\$56.64	\$111.94	\$167.26	\$222.60	\$277.91	\$333.24	\$388.57
95 gallon	\$80.03	\$158.73	\$237.44	\$316.15	\$394.84	\$473.56	\$552.28
1 Cubic Yard	\$162.59	\$334.68	\$497.67	\$665.88	\$846.01	\$1,049.98	\$1,253.95
2 Cubic Yards	\$310.58	\$646.74	\$964.67	\$1,293.06	\$1,645.28	\$2,045.18	\$2,445.08

Table 13

MONTHLY RATES FOR COMMERCIAL PACKAGED ORGANICS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$28.45	\$55.58	\$82.71	\$109.85	\$136.98	\$164.11	\$191.23
65 gallon	\$52.58	\$103.83	\$155.09	\$206.36	\$257.61	\$308.88	\$360.15
95 gallon	\$76.56	\$151.80	\$227.04	\$302.29	\$377.52	\$452.77	\$528.02
1 Cubic Yard	\$161.20	\$331.92	\$493.52	\$660.35	\$839.09	\$1,041.67	\$1,244.26
2 Cubic Yards	\$313.16	\$651.89	\$972.41	\$1,303.38	\$1,658.18	\$2,060.66	\$2,463.14

Collection Rates Effective January 1, 2026

Table 14

MONTHLY RATES FOR MULTIFAMILY PACKAGED ORGANICS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$33.80	\$66.28	\$98.75	\$131.24	\$163.72	\$196.19	\$228.67
65 gallon	\$57.93	\$114.52	\$171.13	\$227.75	\$284.35	\$340.97	\$397.58
95 gallon	\$81.91	\$162.49	\$243.08	\$323.68	\$404.26	\$484.86	\$565.45
1 Cubic Yard	\$166.55	\$342.61	\$509.56	\$681.74	\$865.83	\$1,073.76	\$1,281.69
2 Cubic Yards	\$318.51	\$662.59	\$988.45	\$1,324.77	\$1,684.92	\$2,092.74	\$2,500.57

Table 15

MONTHLY RATES FOR COMMERCIAL YARD TRIMMINGS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$4.84	\$9.67	\$14.51	\$19.34	\$24.18	\$29.02	\$33.85
65 gallon	\$6.68	\$13.35	\$20.03	\$26.71	\$33.39	\$40.06	\$46.74
95 gallon	\$8.52	\$17.04	\$25.56	\$34.07	\$42.59	\$51.11	\$59.63
1 Cubic Yard	\$14.96	\$29.93	\$44.89	\$59.85	\$74.82	\$89.78	\$104.75
2 Cubic Yards	\$27.24	\$54.48	\$81.72	\$108.96	\$136.20	\$163.44	\$190.68
3 Cubic Yards	\$39.52	\$79.03	\$118.55	\$158.06	\$197.58	\$237.09	\$276.61
4 Cubic Yards	\$51.79	\$103.58	\$155.37	\$207.17	\$258.96	\$310.75	\$362.54
6 Cubic Yards	\$76.34	\$152.69	\$229.03	\$305.37	\$381.72	\$458.06	\$534.41

Table 16

MONTHLY RATES FOR MULTIFAMILY YARD TRIMMINGS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$10.18	\$20.37	\$30.55	\$40.73	\$50.92	\$61.10	\$71.28
65 gallon	\$12.02	\$24.05	\$36.07	\$48.10	\$60.12	\$72.15	\$84.17
95 gallon	\$13.87	\$27.73	\$41.60	\$55.46	\$69.33	\$83.20	\$97.06
1 Cubic Yard	\$20.31	\$40.62	\$60.93	\$81.24	\$101.56	\$121.87	\$142.18
2 Cubic Yards	\$32.59	\$65.17	\$97.76	\$130.35	\$162.94	\$195.52	\$228.11
3 Cubic Yards	\$44.86	\$89.73	\$134.59	\$179.45	\$224.32	\$269.18	\$314.04
4 Cubic Yards	\$57.14	\$114.28	\$171.42	\$228.56	\$285.70	\$342.83	\$399.97
6 Cubic Yards	\$81.69	\$163.38	\$245.07	\$326.76	\$408.46	\$490.15	\$571.84

Collection Rates Effective January 1, 2026

Table 17

SPECIAL EVENT FOOD SCRAP COLLECTION – RATE PER CONTAINER PER SERVICE

35-gallon Food Scrap Cart	\$14.14
65-gallon Food Scrap Cart	\$21.18
95-gallon Food Scrap Cart	\$28.23
1.5 Cubic Yards Food Scrap Bin	\$152.64
2 Cubic Yards Food Scrap Bin	\$173.13
3 Cubic Yards Food Scrap Bin	\$214.18
4 Cubic Yards Food Scrap Bin	\$255.22
6 Cubic Yards Food Scrap Bin	\$338.58

Table 18

FOOD SCRAP COMPACTOR SERVICE

Cost Per Yard (Compacted)	\$97.76	
COMPACTORS (CUBIC YARDS)	PER MONTH/1X WEEK	PER SERVICE
6	\$2,541.76	\$586.56
10	\$4,236.27	\$977.60
15	\$6,354.40	\$1,466.40
20	\$8,472.53	\$1,955.20
25	\$10,590.67	\$2,444.00
30	\$12,708.80	\$2,932.80

Collection Rates Effective January 1, 2026

Table 19

**RATES PER SERVICE FOR SPLIT 20 CUBIC YARD ROLL OFF BOXES
CONTAINING TWO SOURCE SEPARATED RECYCLABLE MATERIALS**

MATERIALS (TWO PER SPLIT BOX)	RATE PER SERVICE
MSW & Clean Wood	\$692.58
MSW & Yard Trimmings	\$777.12
MSW & Dry Wall	\$692.58
MSW & Metal	\$571.86
MSW & Cardboard	\$571.86
MSW & Mixed Recyclable Materials	\$571.86
Clean Wood & Yard Trimmings	\$325.99
Clean Wood & Dry Wall	\$241.46
Clean Wood & Metal	\$120.74
Clean Wood & Cardboard	\$120.74
Clean Wood & Mixed Recyclable Materials	\$120.74
Yard Trimmings & Dry Wall	\$325.99
Yard Trimmings & Metal	\$205.26
Yard Trimmings & Cardboard	\$205.26
Yard Trimmings and Mixed Recyclable Materials	\$205.26
Dry Wall & Metal	\$120.74
Dry Wall & Cardboard	\$120.74
Dry Wall & Mixed Recyclable Materials	\$120.74
Metal & Cardboard	No Charge
Metal & Mixed Recyclable Materials	No Charge
Cardboard & Mixed Recyclable Materials	No Charge

Collection Rates Effective January 1, 2026

Table 20
RATES FOR MISCELLANEOUS SERVICES

RESIDENTIAL Additional Carts (Cost/Cart/Month)		RATE
Solid Waste		Provided at monthly rate in Table 1 multiplied by number of carts
RECYCLING (AFTER 4-35 GAL OR 2-95 GAL CARTS INCLUDED IN BASE RESIDENTIAL RATE)		RATE
20 gallon		\$6.37
35 gallon		\$6.37
65 gallon		\$6.37
95 gallon		\$6.37
YARDWASTE/FOOD (AFTER 4-35 GAL OR 2-95 GAL CARTS IN BASE RESIDENTIAL RATE)		RATE
20 gallon		\$6.37
35 gallon		\$6.37
65 gallon		\$6.37
95 gallon		\$6.37
SPECIAL SERVICES (COST PER SERVICE)		RATE
Bulky Items: large non-metal furniture that cannot fit in standard carts/bins & are not accepted in City's Recycle More Program e.g., sofas, wood furniture, etc. (\$/service up to 4 bulky items/service)		\$70.03
Each bulky item over 4 bulky items (\$/Item - excluding e-waste & cardboard)		\$28.25
Cardboard and single stream recyclables		No Charge
E-Waste (CRTs/LCDs), Metal Items and Cooking Oil		No Charge
EXTRA SERVICE (\$/BIN/SERVICE)		RATE
On day of service (Monday-Friday) up to 9 30-gal. bags or up to 9 30-gal. cans		\$11.84 /each barrel or bag
On day of service (Monday-Friday) 10 or more 30-gal. bags or cans		\$57.20/yard
Not on day of service (Monday-Friday) up to 9 30-gal. bags or cans		\$11.84/barrel or bag + \$94.53 trip charge
Not on day of service (Monday-Friday) 10 or more 30-gal. bags or cans		\$57.20/yard + \$94.53 trip charge
Not on day of service (Saturday, Sunday) up to 9 30-gal. bags or cans		\$11.84/barrel + \$273.2 trip charge
Not on day of service (Saturday, Sunday) 10 or more 30-gal. bags or cans		\$57.20/yard + \$273.2 trip charge
BACKYARD SERVICE (INCLUDES SOLID WASTE, RECYCLING, YARDWASTE/FOODSCRAPS - COST/MONTH)		RATE
5-600 feet from curb to backyard cart location		\$42.69
601 feet or more from curb to backyard cart location		\$52.81
With letter from physician indicating resident is physically unable and/or advised not to wheel cart(s) to the curb		No Charge
COMMERCIAL & MULTI-FAMILY		RATE
Bulky Items: large non-metal furniture that cannot fit in standard carts/bins & are not accepted in City's Recycle More Program e.g., sofas, wood furniture, etc. (\$/service up to 4 bulky items/service)		\$140.03
Each bulky item over 4 bulky items (\$/Item – excluding e-waste)		\$28.25
Cardboard and single stream recyclables		No Charge
Electronic Waste (CRTs/LCDs), Metal Items and Cooking Oil		No Charge
Pallets (Up to 10 pallets)		\$140.03

Collection Rates Effective January 1, 2026

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

EXTRA SERVICE (COST/CART/SERVICE AND COST/BIN/SERVICE)		RATE
	35 gallon	\$28.25
	65 gallon	\$42.37
	95 gallon	\$56.45
	1.5 cubic yards	\$305.24
	2 cubic yards	\$346.28
	3 cubic yards	\$428.35
	4 cubic yards	\$510.42
	6 cubic yards	\$677.18
MISCELLANEOUS		RATE
	Bin Cleaning/Bin Exchange (\$/Bin/Service)	\$382.14
	Heavy Waste (Rocks, dirt or other materials in bins or carts that exceed manufacturer's maximum weight for container) Cost / collection	\$169.47
	Hourly labor charge (for 2 persons) for on-site transfer of solid waste/materials from smaller exterior collection containers to larger exterior collection container(s)	\$200.61
	Locking Bin or Key Fee (if bin must be unlocked prior to service or if key must be used to access container(s)) (\$/month)	\$14.14
RECYCLING (\$/Service)		RATE
	Single Stream Recyclables (less than 10 cubic yard)	No Charge
	Source Separated Recyclables (less than 10 cubic yard)	No Charge
	Yard Trimmings (less than 10 cubic yard)	No Charge
SATURDAY, SUNDAY SERVICE (Cost/month for 1x/week solid waste service)		RATE
	35 gallon	\$212.20
	65 gallon	\$212.20
	95 gallon	\$212.20
TRIP CHARGES for return to collect containers not available/ accessible for pickup or for a one-time collection on a special (non-regular route) day (Cost/Trip)		
	up to 35 gallon	\$94.56
	35 gallon – 6 cubic yards	\$182.13

Collection Rates Effective January 1, 2026

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

ROLL OFF/COMPACTOR/TEMPORARY BINS		RATE
	Overweight Surcharge (10 cubic yards and more) if roll off box or compactor weight causes collection truck to exceed legal highway weight limit established by State of California. Cost of labor and equipment to empty the excess into another container.	Trip charge (\$303.5) plus cost to bring in equipment capable of removing such materials plus \$120.15 per ton
	Sealed watertight roll off boxes (for wet materials such as pomace) Additional cost/ service for special sealed box and added labor	\$63.82
	Demurrage for non-removal after 3 days (Cost/Bin/Day)	\$37.70
	Trip Charge - Move/Relocate Box (Cost/Box/ Service)	\$303.50
	Rental Fee (Cost/day)	\$37.70
	Temporary Bins (Cost/5 days)	
	2 cubic yards	\$296.41
	3 cubic yards	\$353.61
	4 cubic yards	\$410.77
OTHER FEES		RATE
	City Directed Spill Clean Up (waste around overflowing bins/carts after 2 warnings and direction from City)	\$507.06
	Contaminated Recycling Charges (materials containing 5% or more contamination that must be disposed as solid waste)	
	Contaminated residential recyclable materials, yard trimmings, and co-collected food scraps/yard trimmings	
	35 gallon	\$28.25
	65 gallon	\$42.37
	95 gallon	\$56.45
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in carts	Rates in Table 4 apply
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in bins	
	1.5 cubic yards	\$305.24
	2 cubic yards	\$346.28
	3 cubic yards	\$428.35
	4 cubic yards	\$510.42
	6 cubic yards	\$677.18
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in roll off boxes	Rates in Table 6 apply
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in compactors	Rates in Tables 5 and 7 apply

Collection Rates Effective January 1, 2027

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

COMPLIANCE FINES

Fines are charged for violations occurring within a 12 month period

		RATE	
	First violation within a 12 month period	\$100	
	Second violation within a 12 month period	\$200	
	Third violation or more within a 12 month period	\$500	

DEPOSITS

Residential Service and Commercial Cart Service: One-time deposit to initiate service, refundable after 12 months with 1% interest for customer in good standing

		RATE	
	Deposit for Commercial Cart Service	\$80.00	
	Deposit for Residential Service	\$40.00	
	Residential Cart Redelivery Charge	\$25.00	
	Deposit for Commercial Bins	Cost of 1 month's service refundable after 12 months with 1% interest for customer in good standing	
Deposit for Roll Off/Compactor Service (Applies to new customers – deposit applied to cost of first service)		RATE	
Solid Waste		50% of service	
Recyclable Materials		50% of service	

Collection Rates Effective January 1, 2027**RESIDENTIAL AND MULTIFAMILY**

Residential monthly rates include weekly collection of solid waste, recyclable materials and co-collected yard trimmings and food scraps. Residential rates include one solid waste cart of the selected size and up to four 35-gallon carts for recyclable materials and up to four 35-gallon carts for yard trimmings/food scraps OR up to two 95-gallon carts for recyclable materials and up to two 95-gallon carts for yard trimmings/food scraps. These rates apply to single-family residences, duplexes, triplexes and multifamily units that have individual weekly cart service for each unit. For carts used in common multifamily areas and/or enclosures (and not serving a single, specific multifamily unit) see the rates in Table 4.

Table 1**RESIDENTIAL AND MULTIFAMILY CART RATES FOR WEEKLY SERVICE TO
INDIVIDUAL HOMES AND INDIVIDUAL MULTIFAMILY UNITS**

	COST PER MONTH
20 gallon	\$40.63
35 gallon	\$50.94
65 gallon	\$78.13
95 gallon	\$120.15

Collection Rates Effective January 1, 2027

Table 2

COMMERCIAL AND MULTIFAMILY RATES

MONTHLY RATES FOR BINS PROVIDED BY NAPA RECYCLING AND WASTE SERVICES, LLC TO CUSTOMERS

BIN SIZE (CUBIC YARDS)	Number of Collections Per Week						
	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
One 1.5 yd	\$618.00	\$1,294.35	\$1,927.64	\$2,584.13	\$3,293.68	\$4,109.48	\$4,925.29
Two 1.5 yd.	\$1,316.96	\$2,795.82	\$4,163.70	\$5,581.62	\$7,114.35	\$8,876.40	\$10,638.46
Three 1.5 yd	\$1,957.15	\$4,154.82	\$6,187.72	\$8,294.94	\$10,572.67	\$13,191.38	\$15,810.07
Four 1.5 yd	\$2,633.95	\$5,591.58	\$8,327.33	\$11,163.27	\$14,228.59	\$17,752.82	\$21,277.06
One 2 yd.	\$794.48	\$1,692.07	\$2,535.80	\$3,410.42	\$4,355.52	\$5,441.59	\$6,527.66
Two 2 yd.	\$1,692.28	\$3,654.89	\$5,477.26	\$7,366.46	\$9,407.97	\$11,753.82	\$14,099.68
Three 2 yd.	\$2,444.44	\$5,279.20	\$7,911.64	\$10,640.52	\$13,589.20	\$16,977.74	\$20,366.31
Four 2 yd.	\$3,290.54	\$7,106.66	\$10,650.31	\$14,323.72	\$18,293.18	\$22,854.67	\$27,416.17
One 3 yd.	\$1,164.95	\$2,526.40	\$3,791.72	\$5,103.44	\$6,520.76	\$8,149.25	\$9,777.75
Two 3 yd.	\$2,399.86	\$5,204.35	\$7,810.98	\$10,513.09	\$13,432.76	\$16,787.58	\$20,142.40
Three 3 yd.	\$3,634.73	\$7,882.30	\$11,830.21	\$15,922.79	\$20,344.78	\$25,425.82	\$30,506.88
One 4 yd.	\$1,512.52	\$3,321.79	\$5,008.05	\$6,756.10	\$8,644.49	\$10,813.58	\$12,982.68
Two 4 yd.	\$3,115.72	\$6,842.96	\$10,316.61	\$13,917.56	\$17,807.62	\$22,276.03	\$26,744.44
Three 4 yd.	\$4,718.95	\$10,364.04	\$15,625.13	\$21,079.00	\$26,970.76	\$33,738.38	\$40,506.02
One 6 yd.	\$2,251.16	\$4,962.64	\$7,491.57	\$10,113.25	\$12,945.28	\$16,197.98	\$19,450.66
Two 6 yd.	\$4,637.43	\$10,223.01	\$15,432.69	\$20,833.28	\$26,667.27	\$33,367.81	\$40,068.36

Collection Rates Effective January 1, 2027

Table 3

MONTHLY RATES FOR CUSTOMER OWNED BINS

Number of Collections Per Week

BIN SIZE (CUBIC YARDS)	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
One 1.5 yd	\$529.53	\$1,193.15	\$1,824.50	\$2,478.98	\$3,185.59	\$3,996.52	\$4,925.29
Two 1.5 yd.	\$1,221.46	\$2,686.47	\$4,052.27	\$5,468.08	\$6,997.57	\$8,754.34	\$10,638.46
Three 1.5 yd	\$1,862.52	\$4,046.59	\$6,077.32	\$8,182.43	\$10,456.97	\$13,070.44	\$15,810.07
Four 1.5 yd	\$2,538.44	\$5,482.31	\$8,215.97	\$11,049.74	\$14,111.90	\$17,630.73	\$21,277.06
One 2 yd.	\$706.09	\$1,590.87	\$2,432.62	\$3,305.29	\$4,247.46	\$5,328.61	\$6,527.66
Two 2 yd.	\$1,596.79	\$3,545.58	\$5,365.88	\$7,252.92	\$9,291.26	\$11,631.95	\$14,099.68
Three 2 yd.	\$2,352.45	\$5,174.01	\$7,804.37	\$10,531.14	\$13,476.77	\$16,860.24	\$20,366.31
Four 2 yd.	\$3,197.72	\$7,000.41	\$10,542.00	\$14,213.28	\$18,179.68	\$22,736.02	\$27,416.17
One 3 yd.	\$1,042.57	\$2,386.28	\$3,648.93	\$4,957.91	\$6,371.15	\$7,992.90	\$9,777.75
Two 3 yd.	\$2,273.73	\$5,060.08	\$7,810.98	\$10,363.19	\$13,278.66	\$16,626.44	\$20,142.40
Three 3 yd.	\$3,507.41	\$7,736.62	\$11,681.73	\$15,771.41	\$20,189.19	\$25,263.19	\$30,506.88
One 4 yd.	\$1,390.09	\$3,181.71	\$4,865.22	\$6,610.55	\$8,494.84	\$10,657.19	\$12,982.68
Two 4 yd.	\$2,989.62	\$6,698.64	\$10,169.50	\$13,767.62	\$17,653.49	\$22,114.92	\$26,744.44
Three 4 yd.	\$4,591.62	\$10,218.33	\$15,476.63	\$20,927.61	\$26,815.13	\$33,575.76	\$40,506.02
One 6 yd.	\$2,085.09	\$4,772.56	\$7,297.84	\$9,915.85	\$12,742.24	\$15,985.76	\$19,450.66
Two 6 yd.	\$4,466.35	\$10,027.24	\$15,233.13	\$20,629.93	\$26,458.19	\$33,149.25	\$40,068.36

Table 4

COMMERCIAL AND MULTIFAMILY SOLID WASTE CART RATES

The following rates apply to multifamily solid waste carts that are used in common areas and/or enclosures throughout the multifamily property. For carts that are assigned to, and serving a single, specific, multifamily unit, see the rates in Table 1.

	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$63.88	\$127.74	\$191.61	\$255.51	\$319.38	\$383.24	\$447.09
65 gallon	\$128.03	\$255.99	\$383.99	\$512.05	\$640.05	\$768.09	\$896.13
95 gallon	\$191.72	\$383.43	\$575.14	\$766.88	\$958.58	\$1,150.32	\$1,342.07

Collection Rates Effective January 1, 2027

COMPACTOR, ROLL OFF BOX AND TEMPORARY BIN RATES

Table 5

RATES FOR COMMERCIAL AND MULTIFAMILY COMPACTOR SERVICE – LESS THAN 6 CUBIC YARDS

	Compacted Rate Per Cubic Yard = \$173.44
To calculate rate per month = [(rate per compacted cubic yard x size of compactor x # of pick-ups per week x 52 weeks)/12 months]	

Table 6

RATES FOR ROLL OFF SERVICE – 10 CUBIC YARD BOXES AND LARGER (UNCOMPACTED)

Uncompacted Rate per Cubic Yard	\$46.42
SIZE OF ROLL OFF (CUBIC YARDS)	RATE PER SERVICE
10	\$464.20
15	\$696.30
20	\$928.40
25	\$1,160.50
30	\$1,392.60
40	\$1,856.80

To calculate rate per month: [(Uncompacted rate per cubic yard x size of roll off box x number of pickups per week x 52 weeks)/12 months]

To calculate rate per service: size of roll off box x uncompacted rate per cubic yard

Table 7

RATES FOR ROLL OFF SERVICE FOR COMPACTORS – 6 CUBIC YARDS AND LARGER

	Compacted Rate Per Cubic Yard \$173.44	
SIZE OF COMPACTOR (CUBIC YARDS)	RATE PER MONTH (1X/WEEK SERVICE)	PER SERVICE
6	\$4,509.44	\$1,040.64
10	\$7,515.73	\$1,734.40
15	\$11,273.60	\$2,601.60
20	\$15,031.47	\$3,468.80
25	\$18,789.33	\$4,336.00
30	\$22,547.20	\$5,203.20

To calculate rate per month: [(Compacted rate per cubic yard x size of compactor x number of pickups per week x 52 weeks)/12 months]

To calculate rate per service: size of compactor x compacted rate per cubic yard

Collection Rates Effective January 1, 2027

Table 8

RATES FOR SERVICE FOR TEMPORARY BINS FOR SOLID WASTE

TEMPORARY BIN SIZES	RATE PER MONTH
1.5 cubic yards	\$240.60
2.0 cubic yards	\$240.60
3.0 cubic yards	\$287.02
4.0 cubic yards	\$333.42
6.0 cubic yards	\$426.27
Cost Per Cubic Yard	\$46.43

Table 9

RATES FOR ROLL OFF BOXES CONTAINING SOURCE SEPARATED RECYCLABLE MATERIALS

10 CUBIC YARDS	RATE PER SERVICE
Asphalt	\$278.89
Concrete	\$332.00
Dirt	\$398.42
20 CUBIC YARDS	RATE PER SERVICE
Clean Wood	\$265.61
Yard Trimmings	\$451.55
30 CUBIC YARDS	RATE PER SERVICE
Metal	\$0.00
Clean Wood	\$332.00
Yard Trimmings	\$584.35
OTHER	RATE PER SERVICE
Manure	\$265.61
Pomace	\$265.61
Dry Wall	\$265.61

Table 10

RATES FOR ROLL OFF BOXES CONTAINING SOURCE SEPARATED CARPET FOR RECYCLING

(Rates apply to residential, commercial and multifamily carpet collection service)

ROLL OFF BOX SIZE	RATE PER SERVICE
20 Cubic Yards	\$401.32
30 Cubic Yards	\$536.81
40 Cubic Yards	\$672.28

Collection Rates Effective January 1, 2027

RATES FOR COMMERCIAL, MULTIFAMILY AND SPECIAL EVENT COMPOSTABLES COLLECTION

Table 11

MONTHLY RATES FOR COMMERCIAL FOOD SCRAP COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$28.64	\$47.81	\$66.97	\$86.14	\$105.30	\$124.46	\$143.62
65 gallon	\$45.99	\$82.49	\$119.00	\$155.52	\$192.02	\$228.54	\$265.05
95 gallon	\$63.23	\$116.99	\$170.75	\$224.51	\$278.26	\$332.02	\$385.78
1 Cubic Yard	\$122.72	\$244.53	\$360.27	\$479.49	\$606.66	\$749.72	\$892.78
2 Cubic Yards	\$233.67	\$475.90	\$705.98	\$943.02	\$1,195.96	\$1,480.68	\$1,765.41

Table 12

MONTHLY RATES FOR MULTIFAMILY FOOD SCRAP COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$36.95	\$64.41	\$91.88	\$119.35	\$146.81	\$174.28	\$201.74
65 gallon	\$54.29	\$99.09	\$143.90	\$188.72	\$233.53	\$278.35	\$323.17
95 gallon	\$71.54	\$133.59	\$195.65	\$257.71	\$319.77	\$381.83	\$443.90
1 Cubic Yard	\$131.02	\$261.13	\$385.18	\$512.70	\$648.17	\$799.53	\$950.90
2 Cubic Yards	\$241.97	\$492.50	\$730.88	\$976.23	\$1,237.47	\$1,530.50	\$1,823.52

Table 13

MONTHLY RATES FOR COMMERCIAL PACKAGED ORGANICS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$29.73	\$49.98	\$70.23	\$90.48	\$110.73	\$130.98	\$151.23
65 gallon	\$48.01	\$86.52	\$125.05	\$163.58	\$202.11	\$240.64	\$279.17
95 gallon	\$66.18	\$122.89	\$179.59	\$236.30	\$293.00	\$349.71	\$406.42
1 Cubic Yard	\$128.92	\$256.94	\$378.89	\$504.32	\$637.69	\$786.96	\$936.23
2 Cubic Yards	\$246.08	\$500.72	\$743.21	\$992.68	\$1,258.03	\$1,555.16	\$1,852.30

Collection Rates Effective January 1, 2027

Table 14

MONTHLY RATES FOR MULTIFAMILY PACKAGED ORGANICS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$38.03	\$66.58	\$95.13	\$123.69	\$152.24	\$180.79	\$209.34
65 gallon	\$56.31	\$103.13	\$149.95	\$196.79	\$243.62	\$290.45	\$337.29
95 gallon	\$74.49	\$139.49	\$204.50	\$269.51	\$334.51	\$399.52	\$464.53
1 Cubic Yard	\$137.23	\$273.55	\$403.80	\$537.53	\$679.20	\$836.77	\$994.34
2 Cubic Yards	\$254.38	\$517.33	\$768.12	\$1,025.88	\$1,299.54	\$1,604.97	\$1,910.41

Table 15

MONTHLY RATES FOR COMMERCIAL YARD TRIMMINGS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$12.19	\$16.95	\$21.72	\$26.48	\$31.24	\$36.01	\$40.77
65 gallon	\$15.08	\$22.72	\$30.37	\$38.02	\$45.66	\$53.31	\$60.95
95 gallon	\$17.96	\$28.49	\$39.02	\$49.55	\$60.08	\$70.61	\$81.14
1 Cubic Yard	\$20.62	\$41.25	\$61.87	\$82.49	\$103.11	\$123.74	\$144.36
2 Cubic Yards	\$39.85	\$79.69	\$119.54	\$159.39	\$199.24	\$239.08	\$278.93
3 Cubic Yards	\$59.07	\$118.14	\$177.21	\$236.29	\$295.36	\$354.43	\$413.50
4 Cubic Yards	\$78.30	\$156.59	\$234.89	\$313.18	\$391.48	\$469.77	\$548.07
6 Cubic Yards	\$116.74	\$233.49	\$350.23	\$466.98	\$583.72	\$700.46	\$817.21

Table 16

MONTHLY RATES FOR MULTIFAMILY YARD TRIMMINGS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$20.49	\$33.56	\$46.62	\$59.69	\$72.75	\$85.82	\$98.88
65 gallon	\$23.38	\$39.33	\$55.27	\$71.22	\$87.17	\$103.12	\$119.07
95 gallon	\$26.26	\$45.09	\$63.93	\$82.76	\$101.59	\$120.42	\$139.25
1 Cubic Yard	\$28.92	\$57.85	\$86.77	\$115.70	\$144.62	\$173.55	\$202.47
2 Cubic Yards	\$48.15	\$96.30	\$144.45	\$192.60	\$240.75	\$288.89	\$337.04
3 Cubic Yards	\$67.37	\$134.75	\$202.12	\$269.49	\$336.87	\$404.24	\$471.61
4 Cubic Yards	\$86.60	\$173.20	\$259.79	\$346.39	\$432.99	\$519.59	\$606.18
6 Cubic Yards	\$125.05	\$250.09	\$375.14	\$500.18	\$625.23	\$750.28	\$875.32

Collection Rates Effective January 1, 2027

Table 17

SPECIAL EVENT FOOD SCRAP COLLECTION – RATE PER CONTAINER PER SERVICE

35-gallon Food Scrap Cart	\$15.27
65-gallon Food Scrap Cart	\$22.87
95-gallon Food Scrap Cart	\$30.49
1.5 Cubic Yards Food Scrap Bin	\$164.85
2 Cubic Yards Food Scrap Bin	\$186.98
3 Cubic Yards Food Scrap Bin	\$231.31
4 Cubic Yards Food Scrap Bin	\$275.64
6 Cubic Yards Food Scrap Bin	\$365.67

Table 18

FOOD SCRAP COMPACTOR SERVICE

Cost Per Yard (Compacted)	\$97.76	
COMPACTORS (CUBIC YARDS)	PER MONTH/1X WEEK	PER SERVICE
6	\$2,541.76	\$586.56
10	\$4,236.27	\$977.60
15	\$6,354.40	\$1,466.40
20	\$8,472.53	\$1,955.20
25	\$10,590.67	\$2,444.00
30	\$12,708.80	\$2,932.80

Collection Rates Effective January 1, 2027

Table 19

**RATES PER SERVICE FOR SPLIT 20 CUBIC YARD ROLL OFF BOXES
CONTAINING TWO SOURCE SEPARATED RECYCLABLE MATERIALS**

MATERIALS (TWO PER SPLIT BOX)	RATE PER SERVICE
MSW & Clean Wood	\$747.99
MSW & Yard Trimmings	\$839.29
MSW & Dry Wall	\$747.99
MSW & Metal	\$617.61
MSW & Cardboard	\$617.61
MSW & Mixed Recyclable Materials	\$617.61
Clean Wood & Yard Trimmings	\$352.07
Clean Wood & Dry Wall	\$260.78
Clean Wood & Metal	\$130.40
Clean Wood & Cardboard	\$130.40
Clean Wood & Mixed Recyclable Materials	\$130.40
Yard Trimmings & Dry Wall	\$352.07
Yard Trimmings & Metal	\$221.68
Yard Trimmings & Cardboard	\$221.68
Yard Trimmings and Mixed Recyclable Materials	\$221.68
Dry Wall & Metal	\$130.40
Dry Wall & Cardboard	\$130.40
Dry Wall & Mixed Recyclable Materials	\$130.40
Metal & Cardboard	No Charge
Metal & Mixed Recyclable Materials	No Charge
Cardboard & Mixed Recyclable Materials	No Charge

Collection Rates Effective January 1, 2027

Table 20

RATES FOR MISCELLANEOUS SERVICES

RESIDENTIAL Additional Carts (Cost/Cart/Month)		RATE
Solid Waste		Provided at monthly rate in Table 1 multiplied by number of carts
RECYCLING (AFTER 4-35 GAL OR 2-95 GAL CARTS INCLUDED IN BASE RESIDENTIAL RATE)		RATE
20 gallon		\$6.88
35 gallon		\$6.88
65 gallon		\$6.88
95 gallon		\$6.88
YARDWASTE/FOOD (AFTER 4-35 GAL OR 2-95 GAL CARTS IN BASE RESIDENTIAL RATE)		RATE
20 gallon		\$6.88
35 gallon		\$6.88
65 gallon		\$6.88
95 gallon		\$6.88
SPECIAL SERVICES (COST PER SERVICE)		RATE
Bulky Items: large non-metal furniture that cannot fit in standard carts/bins & are not accepted in City's Recycle More Program e.g., sofas, wood furniture, etc. (\$/service up to 4 bulky items/service)		\$75.63
Each bulky item over 4 bulky items (\$/Item - excluding e-waste & cardboard)		\$30.51
Cardboard and single stream recyclables		No Charge
E-Waste (CRTs/LCDs), Metal Items and Cooking Oil		No Charge
EXTRA SERVICE (\$/BIN/SERVICE)		RATE
On day of service (Monday-Friday) up to 9 30-gal. bags or up to 9 30-gal. cans		\$12.79 /each barrel or bag
On day of service (Monday-Friday) 10 or more 30-gal. bags or cans		\$61.78/yard
Not on day of service (Monday-Friday) up to 9 30-gal. bags or cans		\$12.79/barrel or bag + \$102.09 trip charge
Not on day of service (Monday-Friday) 10 or more 30-gal. bags or cans		\$61.78/yard + \$102.09 trip charge
Not on day of service (Saturday, Sunday) up to 9 30-gal. bags or cans		\$12.79/barrel + \$295.06 trip charge
Not on day of service (Saturday, Sunday) 10 or more 30-gal. bags or cans		\$61.78/yard + \$295.06 trip charge
BACKYARD SERVICE (INCLUDES SOLID WASTE, RECYCLING, YARDWASTE/FOODSCRAPS - COST/MONTH)		RATE
5-600 feet from curb to backyard cart location		\$46.11
601 feet or more from curb to backyard cart location		\$57.03
With letter from physician indicating resident is physically unable and/or advised not to wheel cart(s) to the curb		No Charge
COMMERCIAL & MULTI-FAMILY		RATE
Bulky Items: large non-metal furniture that cannot fit in standard carts/bins & are not accepted in City's Recycle More Program e.g., sofas, wood furniture, etc. (\$/service up to 4 bulky items/service)		\$151.23
Each bulky item over 4 bulky items (\$/Item – excluding e-waste)		\$30.51
Cardboard and single stream recyclables		No Charge
Electronic Waste (CRTs/LCDs), Metal Items and Cooking Oil		No Charge
Pallets (Up to 10 pallets)		\$151.23

Collection Rates Effective January 1, 2027

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

EXTRA SERVICE (COST/CART/SERVICE AND COST/BIN/SERVICE)		RATE
	35 gallon	\$30.51
	65 gallon	\$45.76
	95 gallon	\$60.97
	1.5 cubic yards	\$329.66
	2 cubic yards	\$373.98
	3 cubic yards	\$462.62
	4 cubic yards	\$551.25
	6 cubic yards	\$731.35
MISCELLANEOUS		RATE
	Bin Cleaning/Bin Exchange (\$/Bin/Service)	\$412.71
	Heavy Waste (Rocks, dirt or other materials in bins or carts that exceed manufacturer's maximum weight for container) Cost / collection	\$183.03
	Hourly labor charge (for 2 persons) for on-site transfer of solid waste/materials from smaller exterior collection containers to larger exterior collection container(s)	\$216.66
	Locking Bin or Key Fee (if bin must be unlocked prior to service or if key must be used to access container(s)) (\$/month)	\$15.27
RECYCLING (\$/Service)		RATE
	Single Stream Recyclables (less than 10 cubic yard)	No Charge
	Source Separated Recyclables (less than 10 cubic yard)	No Charge
	Yard Trimmings (less than 10 cubic yard)	No Charge
SATURDAY, SUNDAY SERVICE (Cost/month for 1x/week solid waste service)		RATE
	35 gallon	\$229.18
	65 gallon	\$229.18
	95 gallon	\$229.18
TRIP CHARGES for return to collect containers not available/ accessible for pickup or for a one-time collection on a special (non-regular route) day (Cost/Trip)		
	up to 35 gallon	\$102.12
	35 gallon – 6 cubic yards	\$196.70

Collection Rates Effective January 1, 2027

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

ROLL OFF/COMPACTOR/TEMPORARY BINS		RATE
	Overweight Surcharge (10 cubic yards and more) if roll off box or compactor weight causes collection truck to exceed legal highway weight limit established by State of California. Cost of labor and equipment to empty the excess into another container.	Trip charge (\$327.78) plus cost to bring in equipment capable of removing such materials plus \$129.76 per ton
	Sealed watertight roll off boxes (for wet materials such as pomace) Additional cost/ service for special sealed box and added labor	\$68.93
	Demurrage for non-removal after 3 days (Cost/Bin/Day)	\$40.72
	Trip Charge - Move/Relocate Box (Cost/Box/ Service)	\$327.78
	Rental Fee (Cost/day)	\$40.72
	Temporary Bins (Cost/5 days)	
	2 cubic yards	\$320.12
	3 cubic yards	\$381.90
	4 cubic yards	\$443.63
OTHER FEES		RATE
	City Directed Spill Clean Up (waste around overflowing bins/carts after 2 warnings and direction from City)	\$547.62
	Contaminated Recycling Charges (materials containing 5% or more contamination that must be disposed as solid waste)	
	Contaminated residential recyclable materials, yard trimmings, and co-collected food scraps/yard trimmings	
	35 gallon	\$30.51
	65 gallon	\$45.76
	95 gallon	\$60.97
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in carts	Rates in Table 4 apply
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in bins	
	1.5 cubic yards	\$329.66
	2 cubic yards	\$373.98
	3 cubic yards	\$462.62
	4 cubic yards	\$551.25
	6 cubic yards	\$731.35
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in roll off boxes	Rates in Table 6 apply
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in compactors	Rates in Tables 5 and 7 apply

Collection Rates Effective January 1, 2028

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

COMPLIANCE FINES

Fines are charged for violations occurring within a 12 month period

		RATE	
	First violation within a 12 month period	\$100	
	Second violation within a 12 month period	\$200	
	Third violation or more within a 12 month period	\$500	

DEPOSITS

Residential Service and Commercial Cart Service: One-time deposit to initiate service, refundable after 12 months with 1% interest for customer in good standing

		RATE	
	Deposit for Commercial Cart Service	\$80.00	
	Deposit for Residential Service	\$40.00	
	Residential Cart Redelivery Charge	\$25.00	
	Deposit for Commercial Bins	Cost of 1 month's service refundable after 12 months with 1% interest for customer in good standing	
Deposit for Roll Off/Compactor Service (Applies to new customers – deposit applied to cost of first service)		RATE	
Solid Waste		50% of service	
Recyclable Materials		50% of service	

Collection Rates Effective January 1, 2028**RESIDENTIAL AND MULTIFAMILY**

Residential monthly rates include weekly collection of solid waste, recyclable materials and co-collected yard trimmings and food scraps. Residential rates include one solid waste cart of the selected size and up to four 35-gallon carts for recyclable materials and up to four 35-gallon carts for yard trimmings/food scraps OR up to two 95-gallon carts for recyclable materials and up to two 95-gallon carts for yard trimmings/food scraps. These rates apply to single-family residences, duplexes, triplexes and multifamily units that have individual weekly cart service for each unit. For carts used in common multifamily areas and/or enclosures (and not serving a single, specific multifamily unit) see the rates in Table 4.

Table 1**RESIDENTIAL AND MULTIFAMILY CART RATES FOR WEEKLY SERVICE TO
INDIVIDUAL HOMES AND INDIVIDUAL MULTIFAMILY UNITS**

	COST PER MONTH
20 gallon	\$43.88
35 gallon	\$55.02
65 gallon	\$84.38
95 gallon	\$129.76

Collection Rates Effective January 1, 2028

Table 2

COMMERCIAL AND MULTIFAMILY RATES

MONTHLY RATES FOR BINS PROVIDED BY NAPA RECYCLING AND WASTE SERVICES, LLC TO CUSTOMERS

BIN SIZE (CUBIC YARDS)	Number of Collections Per Week						
	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
One 1.5 yd	\$667.44	\$1,397.90	\$2,081.85	\$2,790.86	\$3,557.17	\$4,438.24	\$5,319.31
Two 1.5 yd.	\$1,422.32	\$3,019.49	\$4,496.80	\$6,028.15	\$7,683.50	\$9,586.51	\$11,489.54
Three 1.5 yd	\$2,113.72	\$4,487.21	\$6,682.74	\$8,958.54	\$11,418.48	\$14,246.69	\$17,074.88
Four 1.5 yd	\$2,844.67	\$6,038.91	\$8,993.52	\$12,056.33	\$15,366.88	\$19,173.05	\$22,979.22
One 2 yd.	\$858.04	\$1,827.44	\$2,738.66	\$3,683.25	\$4,703.96	\$5,876.92	\$7,049.87
Two 2 yd.	\$1,827.66	\$3,947.28	\$5,915.44	\$7,955.78	\$10,160.61	\$12,694.13	\$15,227.65
Three 2 yd.	\$2,640.00	\$5,701.54	\$8,544.57	\$11,491.76	\$14,676.34	\$18,335.96	\$21,995.61
Four 2 yd.	\$3,553.78	\$7,675.19	\$11,502.33	\$15,469.62	\$19,756.63	\$24,683.04	\$29,609.46
One 3 yd.	\$1,258.15	\$2,728.51	\$4,095.06	\$5,511.72	\$7,042.42	\$8,801.19	\$10,559.97
Two 3 yd.	\$2,591.85	\$5,620.70	\$8,435.86	\$11,354.14	\$14,507.38	\$18,130.59	\$21,753.79
Three 3 yd.	\$3,925.51	\$8,512.88	\$12,776.63	\$17,196.61	\$21,972.36	\$27,459.89	\$32,947.43
One 4 yd.	\$1,633.52	\$3,587.53	\$5,408.69	\$7,296.59	\$9,336.05	\$11,678.67	\$14,021.29
Two 4 yd.	\$3,364.98	\$7,390.40	\$11,141.94	\$15,030.96	\$19,232.23	\$24,058.11	\$28,884.00
Three 4 yd.	\$5,096.47	\$11,193.16	\$16,875.14	\$22,765.32	\$29,128.42	\$36,437.45	\$43,746.50
One 6 yd.	\$2,431.25	\$5,359.65	\$8,090.90	\$10,922.31	\$13,980.90	\$17,493.82	\$21,006.71
Two 6 yd.	\$5,008.42	\$11,040.85	\$16,667.31	\$22,499.94	\$28,800.65	\$36,037.23	\$43,273.83

Collection Rates Effective January 1, 2028

Table 3

MONTHLY RATES FOR CUSTOMER OWNED BINS

Number of Collections Per Week

BIN SIZE (CUBIC YARDS)	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
One 1.5 yd	\$571.89	\$1,288.60	\$1,970.46	\$2,677.30	\$3,440.44	\$4,316.24	\$5,319.31
Two 1.5 yd.	\$1,319.18	\$2,901.39	\$4,376.45	\$5,905.53	\$7,557.38	\$9,454.69	\$11,489.54
Three 1.5 yd	\$2,011.52	\$4,370.32	\$6,563.51	\$8,837.02	\$11,293.53	\$14,116.08	\$17,074.88
Four 1.5 yd	\$2,741.52	\$5,920.89	\$8,873.25	\$11,933.72	\$15,240.85	\$19,041.19	\$22,979.22
One 2 yd.	\$762.58	\$1,718.14	\$2,627.23	\$3,569.71	\$4,587.26	\$5,754.90	\$7,049.87
Two 2 yd.	\$1,724.53	\$3,829.23	\$5,795.15	\$7,833.15	\$10,034.56	\$12,562.51	\$15,227.65
Three 2 yd.	\$2,540.65	\$5,587.93	\$8,428.72	\$11,373.63	\$14,554.91	\$18,209.06	\$21,995.61
Four 2 yd.	\$3,453.54	\$7,560.44	\$11,385.36	\$15,350.34	\$19,634.05	\$24,554.90	\$29,609.46
One 3 yd.	\$1,125.98	\$2,577.18	\$3,940.84	\$5,354.54	\$6,880.84	\$8,632.33	\$10,559.97
Two 3 yd.	\$2,455.63	\$5,464.89	\$8,435.86	\$11,192.25	\$14,340.95	\$17,956.56	\$21,753.79
Three 3 yd.	\$3,788.00	\$8,355.55	\$12,616.27	\$17,033.12	\$21,804.33	\$27,284.25	\$32,947.43
One 4 yd.	\$1,501.30	\$3,436.25	\$5,254.44	\$7,139.39	\$9,174.43	\$11,509.77	\$14,021.29
Two 4 yd.	\$3,228.79	\$7,234.53	\$10,983.06	\$14,869.03	\$19,065.77	\$23,884.11	\$28,884.00
Three 4 yd.	\$4,958.95	\$11,035.80	\$16,714.76	\$22,601.82	\$28,960.34	\$36,261.82	\$43,746.50
One 6 yd.	\$2,251.90	\$5,154.36	\$7,881.67	\$10,709.12	\$13,761.62	\$17,264.62	\$21,006.71
Two 6 yd.	\$4,823.66	\$10,829.42	\$16,451.78	\$22,280.32	\$28,574.85	\$35,801.19	\$43,273.83

Table 4

COMMERCIAL AND MULTIFAMILY SOLID WASTE CART RATES

The following rates apply to multifamily solid waste carts that are used in common areas and/or enclosures throughout the multifamily property. For carts that are assigned to, and serving a single, specific, multifamily unit, see the rates in Table 1.

	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$68.99	\$137.96	\$206.94	\$275.95	\$344.93	\$413.90	\$482.86
65 gallon	\$138.27	\$276.47	\$414.71	\$553.01	\$691.25	\$829.54	\$967.82
95 gallon	\$207.06	\$414.10	\$621.15	\$828.23	\$1,035.27	\$1,242.35	\$1,449.44

Collection Rates Effective January 1, 2028

COMPACTOR, ROLL OFF BOX AND TEMPORARY BIN RATES

Table 5

RATES FOR COMMERCIAL AND MULTIFAMILY COMPACTOR SERVICE – LESS THAN 6 CUBIC YARDS

	Compacted Rate Per Cubic Yard = \$187.31
To calculate rate per month = [(rate per compacted cubic yard x size of compactor x # of pick-ups per week x 52 weeks)/12 months]	

Table 6

RATES FOR ROLL OFF SERVICE – 10 CUBIC YARD BOXES AND LARGER (UNCOMPACTED)

Uncompacted Rate per Cubic Yard	\$46.42
SIZE OF ROLL OFF (CUBIC YARDS)	RATE PER SERVICE
10	\$464.20
15	\$696.30
20	\$928.40
25	\$1,160.50
30	\$1,392.60
40	\$1,856.80

To calculate rate per month: [(Uncompacted rate per cubic yard x size of roll off box x number of pickups per week x 52 weeks)/12 months]

To calculate rate per service: size of roll off box x uncompacted rate per cubic yard

Table 7

RATES FOR ROLL OFF SERVICE FOR COMPACTORS – 6 CUBIC YARDS AND LARGER

	Compacted Rate Per Cubic Yard \$187.32	
SIZE OF COMPACTOR (CUBIC YARDS)	RATE PER MONTH (1X/WEEK SERVICE)	PER SERVICE
6	\$4,870.20	\$1,123.89
10	\$8,116.99	\$1,873.15
15	\$12,175.49	\$2,809.73
20	\$16,233.98	\$3,746.30
25	\$20,292.48	\$4,682.88
30	\$24,350.98	\$5,619.46

To calculate rate per month: [(Compacted rate per cubic yard x size of compactor x number of pickups per week x 52 weeks)/12 months]

To calculate rate per service: size of compactor x compacted rate per cubic yard

Collection Rates Effective January 1, 2028

Table 8

RATES FOR SERVICE FOR TEMPORARY BINS FOR SOLID WASTE

TEMPORARY BIN SIZES	RATE PER MONTH
1.5 cubic yards	\$240.60
2.0 cubic yards	\$240.60
3.0 cubic yards	\$287.02
4.0 cubic yards	\$333.42
6.0 cubic yards	\$426.27
Cost Per Cubic Yard	\$46.43

Table 9

RATES FOR ROLL OFF BOXES CONTAINING SOURCE SEPARATED RECYCLABLE MATERIALS

10 CUBIC YARDS	RATE PER SERVICE
Asphalt	\$301.20
Concrete	\$358.56
Dirt	\$430.29
20 CUBIC YARDS	RATE PER SERVICE
Clean Wood	\$286.85
Yard Trimmings	\$487.68
30 CUBIC YARDS	RATE PER SERVICE
Metal	\$0.00
Clean Wood	\$358.56
Yard Trimmings	\$631.10
OTHER	RATE PER SERVICE
Manure	\$286.85
Pomace	\$286.85
Dry Wall	\$286.85

Table 10

RATES FOR ROLL OFF BOXES CONTAINING SOURCE SEPARATED CARPET FOR RECYCLING

(Rates apply to residential, commercial and multifamily carpet collection service)

ROLL OFF BOX SIZE	RATE PER SERVICE
20 Cubic Yards	\$433.43
30 Cubic Yards	\$579.75
40 Cubic Yards	\$726.06

Collection Rates Effective January 1, 2028

RATES FOR COMMERCIAL, MULTIFAMILY AND SPECIAL EVENT COMPOSTABLES COLLECTION

Table 11

MONTHLY RATES FOR COMMERCIAL FOOD SCRAP COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$27.15	\$40.91	\$54.67	\$68.43	\$82.19	\$95.94	\$109.70
65 gallon	\$38.40	\$63.39	\$88.40	\$113.40	\$138.41	\$163.41	\$188.42
95 gallon	\$49.59	\$85.79	\$121.99	\$158.19	\$194.38	\$230.59	\$266.79
1 Cubic Yard	\$91.02	\$170.25	\$246.44	\$324.37	\$406.28	\$496.13	\$585.99
2 Cubic Yards	\$165.60	\$322.18	\$472.69	\$626.69	\$788.63	\$966.46	\$1,144.29

Table 12

MONTHLY RATES FOR MULTIFAMILY FOOD SCRAP COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$38.61	\$63.82	\$89.04	\$114.25	\$139.47	\$164.68	\$189.89
65 gallon	\$49.85	\$86.31	\$122.77	\$159.23	\$195.69	\$232.15	\$268.61
95 gallon	\$61.05	\$108.70	\$156.36	\$204.02	\$251.67	\$299.33	\$346.98
1 Cubic Yard	\$102.47	\$193.16	\$280.81	\$370.20	\$463.56	\$564.87	\$666.18
2 Cubic Yards	\$177.05	\$345.09	\$507.06	\$672.51	\$845.91	\$1,035.20	\$1,224.49

Table 13

MONTHLY RATES FOR COMMERCIAL PACKAGED ORGANICS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$28.66	\$43.93	\$59.20	\$74.47	\$89.74	\$105.01	\$120.28
65 gallon	\$41.21	\$69.01	\$96.82	\$124.64	\$152.44	\$180.26	\$208.07
95 gallon	\$53.70	\$94.00	\$134.30	\$174.60	\$214.90	\$255.21	\$295.51
1 Cubic Yard	\$99.66	\$187.52	\$272.36	\$358.93	\$449.48	\$547.97	\$646.46
2 Cubic Yards	\$182.87	\$356.74	\$524.53	\$695.80	\$875.02	\$1,070.13	\$1,265.24

ATTACHMENT 4

Collection Rates Effective January 1, 2028

Table 14

MONTHLY RATES FOR MULTIFAMILY PACKAGED ORGANICS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$40.12	\$66.85	\$93.57	\$120.30	\$147.03	\$173.75	\$200.48
65 gallon	\$52.66	\$91.92	\$131.19	\$170.46	\$209.73	\$249.00	\$288.27
95 gallon	\$65.15	\$116.91	\$168.67	\$220.43	\$272.19	\$323.95	\$375.71
1 Cubic Yard	\$111.11	\$210.44	\$306.73	\$404.76	\$506.76	\$616.71	\$726.66
2 Cubic Yards	\$194.33	\$379.65	\$558.90	\$741.63	\$932.30	\$1,138.87	\$1,345.44

Table 15

MONTHLY RATES FOR COMMERCIAL YARD TRIMMINGS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$17.12	\$23.68	\$30.24	\$36.79	\$43.35	\$49.91	\$56.47
65 gallon	\$21.14	\$31.71	\$42.28	\$52.85	\$63.42	\$73.99	\$84.56
95 gallon	\$25.15	\$39.74	\$54.32	\$68.91	\$83.49	\$98.08	\$112.66
1 Cubic Yard	\$28.63	\$57.27	\$85.90	\$114.54	\$143.17	\$171.80	\$200.44
2 Cubic Yards	\$55.39	\$110.79	\$166.18	\$221.58	\$276.97	\$332.37	\$387.76
3 Cubic Yards	\$82.15	\$164.31	\$246.46	\$328.62	\$410.77	\$492.93	\$575.08
4 Cubic Yards	\$108.91	\$217.83	\$326.74	\$435.66	\$544.57	\$653.49	\$762.40
6 Cubic Yards	\$162.43	\$324.87	\$487.30	\$649.74	\$812.17	\$974.61	\$1,137.04

Table 16

MONTHLY RATES FOR MULTIFAMILY YARD TRIMMINGS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$28.58	\$46.59	\$64.61	\$82.62	\$100.64	\$118.65	\$136.66
65 gallon	\$32.59	\$54.62	\$76.65	\$98.68	\$120.71	\$142.73	\$164.76
95 gallon	\$36.61	\$62.65	\$88.69	\$114.73	\$140.78	\$166.82	\$192.86
1 Cubic Yard	\$40.09	\$80.18	\$120.27	\$160.36	\$200.45	\$240.55	\$280.64
2 Cubic Yards	\$66.85	\$133.70	\$200.55	\$267.40	\$334.26	\$401.11	\$467.96
3 Cubic Yards	\$93.61	\$187.22	\$280.83	\$374.44	\$468.06	\$561.67	\$655.28
4 Cubic Yards	\$120.37	\$240.74	\$361.11	\$481.49	\$601.86	\$722.23	\$842.60
6 Cubic Yards	\$173.89	\$347.78	\$521.67	\$695.57	\$869.46	\$1,043.35	\$1,217.24

Collection Rates Effective January 1, 2028

Table 17

SPECIAL EVENT FOOD SCRAP COLLECTION – RATE PER CONTAINER PER SERVICE

35-gallon Food Scrap Cart	\$16.49
65-gallon Food Scrap Cart	\$24.70
95-gallon Food Scrap Cart	\$32.93
1.5 Cubic Yards Food Scrap Bin	\$178.04
2 Cubic Yards Food Scrap Bin	\$201.94
3 Cubic Yards Food Scrap Bin	\$249.81
4 Cubic Yards Food Scrap Bin	\$297.69
6 Cubic Yards Food Scrap Bin	\$394.92

Table 18

FOOD SCRAP COMPACTOR SERVICE

Cost Per Yard (Compacted)	\$97.76	
COMPACTORS (CUBIC YARDS)	PER MONTH/1X WEEK	PER SERVICE
6	\$2,541.76	\$586.56
10	\$4,236.27	\$977.60
15	\$6,354.40	\$1,466.40
20	\$8,472.53	\$1,955.20
25	\$10,590.67	\$2,444.00
30	\$12,708.80	\$2,932.80

Collection Rates Effective January 1, 2028

Table 19

**RATES PER SERVICE FOR SPLIT 20 CUBIC YARD ROLL OFF BOXES
CONTAINING TWO SOURCE SEPARATED RECYCLABLE MATERIALS**

MATERIALS (TWO PER SPLIT BOX)	RATE PER SERVICE
MSW & Clean Wood	\$807.83
MSW & Yard Trimmings	\$906.43
MSW & Dry Wall	\$807.83
MSW & Metal	\$667.02
MSW & Cardboard	\$667.02
MSW & Mixed Recyclable Materials	\$667.02
Clean Wood & Yard Trimmings	\$380.24
Clean Wood & Dry Wall	\$281.64
Clean Wood & Metal	\$140.83
Clean Wood & Cardboard	\$140.83
Clean Wood & Mixed Recyclable Materials	\$140.83
Yard Trimmings & Dry Wall	\$380.24
Yard Trimmings & Metal	\$239.41
Yard Trimmings & Cardboard	\$239.41
Yard Trimmings and Mixed Recyclable Materials	\$239.41
Dry Wall & Metal	\$140.83
Dry Wall & Cardboard	\$140.83
Dry Wall & Mixed Recyclable Materials	\$140.83
Metal & Cardboard	No Charge
Metal & Mixed Recyclable Materials	No Charge
Cardboard & Mixed Recyclable Materials	No Charge

Collection Rates Effective January 1, 2028

Table 20

RATES FOR MISCELLANEOUS SERVICES

RESIDENTIAL Additional Carts (Cost/Cart/Month)		RATE
Solid Waste		Provided at monthly rate in Table 1 multiplied by number of carts
RECYCLING (AFTER 4-35 GAL OR 2-95 GAL CARTS INCLUDED IN BASE RESIDENTIAL RATE)		RATE
	20 gallon	\$7.43
	35 gallon	\$7.43
	65 gallon	\$7.43
	95 gallon	\$7.43
YARDWASTE/FOOD (AFTER 4-35 GAL OR 2-95 GAL CARTS IN BASE RESIDENTIAL RATE)		RATE
	20 gallon	\$7.43
	35 gallon	\$7.43
	65 gallon	\$7.43
	95 gallon	\$7.43
SPECIAL SERVICES (COST PER SERVICE)		RATE
	Bulky Items: large non-metal furniture that cannot fit in standard carts/bins & are not accepted in City's Recycle More Program e.g., sofas, wood furniture, etc. (\$/service up to 4 bulky items/service)	\$81.68
	Each bulky item over 4 bulky items (\$/Item - excluding e-waste & cardboard)	\$32.95
	Cardboard and single stream recyclables	No Charge
	E-Waste (CRTs/LCDs), Metal Items and Cooking Oil	No Charge
EXTRA SERVICE (\$/BIN/SERVICE)		RATE
	On day of service (Monday-Friday) up to 9 30-gal. bags or up to 9 30-gal. cans	\$13.81 /each barrel or bag
	On day of service (Monday-Friday) 10 or more 30-gal. bags or cans	\$66.72/yard
	Not on day of service (Monday-Friday) up to 9 30-gal. bags or cans	\$13.81/barrel or bag + \$110.26 trip charge
	Not on day of service (Monday-Friday) 10 or more 30-gal. bags or cans	\$66.72/yard + \$110.26 trip charge
	Not on day of service (Saturday, Sunday) up to 9 30-gal. bags or cans	\$13.81/barrel + \$318.66 trip charge
	Not on day of service (Saturday, Sunday) 10 or more 30-gal. bags or cans	\$66.72/yard + \$318.66 trip charge
BACKYARD SERVICE (INCLUDES SOLID WASTE, RECYCLING, YARDWASTE/FOODSCRAPS - COST/MONTH)		RATE
	5-600 feet from curb to backyard cart location	\$49.80
	601 feet or more from curb to backyard cart location	\$61.59
	With letter from physician indicating resident is physically unable and/or advised not to wheel cart(s) to the curb	No Charge
COMMERCIAL & MULTI-FAMILY		RATE
	Bulky Items: large non-metal furniture that cannot fit in standard carts/bins & are not accepted in City's Recycle More Program e.g., sofas, wood furniture, etc. (\$/service up to 4 bulky items/service)	\$163.33
	Each bulky item over 4 bulky items (\$/Item – excluding e-waste)	\$25.68
	Cardboard and single stream recyclables	No Charge
	Electronic Waste (CRTs/LCDs), Metal Items and Cooking Oil	No Charge
	Pallets (Up to 10 pallets)	\$163.33

Collection Rates Effective January 1, 2028

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

EXTRA SERVICE (COST/CART/SERVICE AND COST/BIN/SERVICE)		RATE
	35 gallon	\$32.95
	65 gallon	\$49.42
	95 gallon	\$65.85
	1.5 cubic yards	\$356.03
	2 cubic yards	\$403.90
	3 cubic yards	\$499.63
	4 cubic yards	\$595.35
	6 cubic yards	\$789.86
MISCELLANEOUS		RATE
	Bin Cleaning/Bin Exchange (\$/Bin/Service)	\$445.73
	Heavy Waste (Rocks, dirt or other materials in bins or carts that exceed manufacturer's maximum weight for container) Cost / collection	\$197.67
	Hourly labor charge (for 2 persons) for on-site transfer of solid waste/materials from smaller exterior collection containers to larger exterior collection container(s)	\$233.99
	Locking Bin or Key Fee (if bin must be unlocked prior to service or if key must be used to access container(s)) (\$/month)	\$16.49
RECYCLING (\$/Service)		RATE
	Single Stream Recyclables (less than 10 cubic yard)	No Charge
	Source Separated Recyclables (less than 10 cubic yard)	No Charge
	Yard Trimmings (less than 10 cubic yard)	No Charge
SATURDAY, SUNDAY SERVICE (Cost/month for 1x/week solid waste service)		RATE
	35 gallon	\$247.51
	65 gallon	\$247.51
	95 gallon	\$247.51
TRIP CHARGES for return to collect containers not available/ accessible for pickup or for a one-time collection on a special (non-regular route) day (Cost/Trip)		
	up to 35 gallon	\$110.29
	35 gallon – 6 cubic yards	\$212.44

Collection Rates Effective January 1, 2028

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

ROLL OFF/COMPACTOR/TEMPORARY BINS		RATE
	Overweight Surcharge (10 cubic yards and more) if roll off box or compactor weight causes collection truck to exceed legal highway weight limit established by State of California. Cost of labor and equipment to empty the excess into another container.	Trip charge (\$354) plus cost to bring in equipment capable of removing such materials plus \$140.14 per ton
	Sealed watertight roll off boxes (for wet materials such as pomace) Additional cost/ service for special sealed box and added labor	\$74.44
	Demurrage for non-removal after 3 days (Cost/Bin/Day)	\$43.98
	Trip Charge - Move/Relocate Box (Cost/Box/ Service)	\$354.00
	Rental Fee (Cost/day)	\$43.98
	Temporary Bins (Cost/5 days)	
	2 cubic yards	\$345.73
	3 cubic yards	\$412.45
	4 cubic yards	\$479.12
OTHER FEES		RATE
	City Directed Spill Clean Up (waste around overflowing bins/carts after 2 warnings and direction from City)	\$591.43
	Contaminated Recycling Charges (materials containing 5% or more contamination that must be disposed as solid waste)	
	Contaminated residential recyclable materials, yard trimmings, and co-collected food scraps/yard trimmings	
	35 gallon	\$32.95
	65 gallon	\$49.42
	95 gallon	\$65.85
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in carts	Rates in Table 4 apply
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in bins	
	1.5 cubic yards	\$356.03
	2 cubic yards	\$403.90
	3 cubic yards	\$499.63
	4 cubic yards	\$595.35
	6 cubic yards	\$789.86
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in roll off boxes	Rates in Table 6 apply
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in compactors	Rates in Tables 5 and 7 apply

Collection Rates Effective January 1, 2029

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

COMPLIANCE FINES

Fines are charged for violations occurring within a 12 month period

		RATE	
	First violation within a 12 month period	\$100	
	Second violation within a 12 month period	\$200	
	Third violation or more within a 12 month period	\$500	

DEPOSITS

Residential Service and Commercial Cart Service: One-time deposit to initiate service, refundable after 12 months with 1% interest for customer in good standing

		RATE	
	Deposit for Commercial Cart Service	\$80.00	
	Deposit for Residential Service	\$40.00	
	Residential Cart Redelivery Charge	\$25.00	
	Deposit for Commercial Bins	Cost of 1 month's service refundable after 12 months with 1% interest for customer in good standing	
Deposit for Roll Off/Compactor Service (Applies to new customers – deposit applied to cost of first service)		RATE	
	Solid Waste	50% of service	
	Recyclable Materials	50% of service	

Collection Rates Effective January 1, 2029**RESIDENTIAL AND MULTIFAMILY**

Residential monthly rates include weekly collection of solid waste, recyclable materials and co-collected yard trimmings and food scraps. Residential rates include one solid waste cart of the selected size and up to four 35-gallon carts for recyclable materials and up to four 35-gallon carts for yard trimmings/food scraps OR up to two 95-gallon carts for recyclable materials and up to two 95-gallon carts for yard trimmings/food scraps. These rates apply to single-family residences, duplexes, triplexes and multifamily units that have individual weekly cart service for each unit. For carts used in common multifamily areas and/or enclosures (and not serving a single, specific multifamily unit) see the rates in Table 4.

Table 1**RESIDENTIAL AND MULTIFAMILY CART RATES FOR WEEKLY SERVICE TO
INDIVIDUAL HOMES AND INDIVIDUAL MULTIFAMILY UNITS**

	COST PER MONTH
20 gallon	\$46.51
35 gallon	\$58.32
65 gallon	\$89.44
95 gallon	\$137.55

Collection Rates Effective January 1, 2029

Table 2

COMMERCIAL AND MULTIFAMILY RATES

MONTHLY RATES FOR BINS PROVIDED BY NAPA RECYCLING AND WASTE SERVICES, LLC TO CUSTOMERS

BIN SIZE (CUBIC YARDS)	Number of Collections Per Week						
	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
One 1.5 yd	\$707.49	\$1,481.77	\$2,206.76	\$2,958.31	\$3,770.60	\$4,704.53	\$5,638.47
Two 1.5 yd.	\$1,507.66	\$3,200.66	\$4,766.61	\$6,389.84	\$8,144.51	\$10,161.70	\$12,178.91
Three 1.5 yd	\$2,240.54	\$4,756.44	\$7,083.70	\$9,496.05	\$12,103.59	\$15,101.49	\$18,099.37
Four 1.5 yd	\$3,015.35	\$6,401.24	\$9,533.13	\$12,779.71	\$16,288.89	\$20,323.43	\$24,357.97
One 2 yd.	\$909.52	\$1,937.09	\$2,902.98	\$3,904.25	\$4,986.20	\$6,229.54	\$7,472.86
Two 2 yd.	\$1,937.32	\$4,184.12	\$6,270.37	\$8,433.13	\$10,770.25	\$13,455.78	\$16,141.31
Three 2 yd.	\$2,798.40	\$6,043.63	\$9,057.24	\$12,181.27	\$15,556.92	\$19,436.12	\$23,315.35
Four 2 yd.	\$3,767.01	\$8,135.70	\$12,192.47	\$16,397.80	\$20,942.03	\$26,164.02	\$31,386.03
One 3 yd.	\$1,333.64	\$2,892.22	\$4,340.76	\$5,842.42	\$7,464.97	\$9,329.26	\$11,193.57
Two 3 yd.	\$2,747.36	\$5,957.94	\$8,942.01	\$12,035.39	\$15,377.82	\$19,218.43	\$23,059.02
Three 3 yd.	\$4,161.04	\$9,023.65	\$13,543.23	\$18,228.41	\$23,290.70	\$29,107.48	\$34,924.28
One 4 yd.	\$1,731.53	\$3,802.78	\$5,733.21	\$7,734.39	\$9,896.21	\$12,379.39	\$14,862.57
Two 4 yd.	\$3,566.88	\$7,833.82	\$11,810.46	\$15,932.82	\$20,386.16	\$25,501.60	\$30,617.04
Three 4 yd.	\$5,402.26	\$11,864.75	\$17,887.65	\$24,131.24	\$30,876.13	\$38,623.70	\$46,371.29
One 6 yd.	\$2,577.13	\$5,681.23	\$8,576.35	\$11,577.65	\$14,819.75	\$18,543.45	\$22,267.11
Two 6 yd.	\$5,308.93	\$11,703.30	\$17,667.35	\$23,849.94	\$30,528.69	\$38,199.46	\$45,870.26

Collection Rates Effective January 1, 2029

Table 3

MONTHLY RATES FOR CUSTOMER OWNED BINS

Number of Collections Per Week

BIN SIZE (CUBIC YARDS)	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
One 1.5 yd	\$606.20	\$1,365.92	\$2,088.69	\$2,837.94	\$3,646.87	\$4,575.21	\$5,638.47
Two 1.5 yd.	\$1,398.33	\$3,075.47	\$4,639.04	\$6,259.86	\$8,010.82	\$10,021.97	\$12,178.91
Three 1.5 yd	\$2,132.21	\$4,632.54	\$6,957.32	\$9,367.24	\$11,971.14	\$14,963.04	\$18,099.37
Four 1.5 yd	\$2,906.01	\$6,276.14	\$9,405.65	\$12,649.74	\$16,155.30	\$20,183.66	\$24,357.97
One 2 yd.	\$808.33	\$1,821.23	\$2,784.86	\$3,783.89	\$4,862.50	\$6,100.19	\$7,472.86
Two 2 yd.	\$1,828.00	\$4,058.98	\$6,142.86	\$8,303.14	\$10,636.63	\$13,316.26	\$16,141.31
Three 2 yd.	\$2,693.09	\$5,923.21	\$8,934.44	\$12,056.05	\$15,428.20	\$19,301.60	\$23,315.35
Four 2 yd.	\$3,660.75	\$8,014.07	\$12,068.48	\$16,271.36	\$20,812.09	\$26,028.19	\$31,386.03
One 3 yd.	\$1,193.54	\$2,731.81	\$4,177.29	\$5,675.81	\$7,293.69	\$9,150.27	\$11,193.57
Two 3 yd.	\$2,602.97	\$5,792.78	\$8,942.01	\$11,863.79	\$15,201.41	\$19,033.95	\$23,059.02
Three 3 yd.	\$4,015.28	\$8,856.88	\$13,373.25	\$18,055.11	\$23,112.59	\$28,921.31	\$34,924.28
One 4 yd.	\$1,591.38	\$3,642.43	\$5,569.71	\$7,567.75	\$9,724.90	\$12,200.36	\$14,862.57
Two 4 yd.	\$3,422.52	\$7,668.60	\$11,642.04	\$15,761.17	\$20,209.72	\$25,317.16	\$30,617.04
Three 4 yd.	\$5,256.49	\$11,697.95	\$17,717.65	\$23,957.93	\$30,697.96	\$38,437.53	\$46,371.29
One 6 yd.	\$2,387.01	\$5,463.62	\$8,354.57	\$11,351.67	\$14,587.32	\$18,300.50	\$22,267.11
Two 6 yd.	\$5,113.08	\$11,479.19	\$17,438.89	\$23,617.14	\$30,289.34	\$37,949.26	\$45,870.26

Table 4

COMMERCIAL AND MULTIFAMILY SOLID WASTE CART RATES

The following rates apply to multifamily solid waste carts that are used in common areas and/or enclosures throughout the multifamily property. For carts that are assigned to, and serving a single, specific, multifamily unit, see the rates in Table 1.

	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$73.13	\$146.24	\$219.36	\$292.51	\$365.63	\$438.73	\$511.83
65 gallon	\$146.57	\$293.06	\$439.59	\$586.19	\$732.73	\$879.31	\$1,025.89
95 gallon	\$219.48	\$438.95	\$658.42	\$877.92	\$1,097.39	\$1,316.89	\$1,536.41

Collection Rates Effective January 1, 2029

COMPACTOR, ROLL OFF BOX AND TEMPORARY BIN RATES

Table 5

RATES FOR COMMERCIAL AND MULTIFAMILY COMPACTOR SERVICE – LESS THAN 6 CUBIC YARDS

	Compacted Rate Per Cubic Yard = \$198.55
To calculate rate per month = [(rate per compacted cubic yard x size of compactor x # of pick-ups per week x 52 weeks)/12 months]	

Table 6

RATES FOR ROLL OFF SERVICE – 10 CUBIC YARD BOXES AND LARGER (UNCOMPACTED)

Uncompacted Rate per Cubic Yard	\$46.42
SIZE OF ROLL OFF (CUBIC YARDS)	RATE PER SERVICE
10	\$464.20
15	\$696.30
20	\$928.40
25	\$1,160.50
30	\$1,392.60
40	\$1,856.80

To calculate rate per month: [(Uncompacted rate per cubic yard x size of roll off box x number of pickups per week x 52 weeks)/12 months]

To calculate rate per service: size of roll off box x uncompacted rate per cubic yard

Table 7

RATES FOR ROLL OFF SERVICE FOR COMPACTORS – 6 CUBIC YARDS AND LARGER

	Compacted Rate Per Cubic Yard \$198.55	
SIZE OF COMPACTOR (CUBIC YARDS)	RATE PER MONTH (1X/WEEK SERVICE)	PER SERVICE
6	\$5,162.41	\$1,191.32
10	\$8,604.01	\$1,985.54
15	\$12,906.02	\$2,978.31
20	\$17,208.02	\$3,971.08
25	\$21,510.03	\$4,963.85
30	\$25,812.03	\$5,956.62

To calculate rate per month: [(Compacted rate per cubic yard x size of compactor x number of pickups per week x 52 weeks)/12 months]

To calculate rate per service: size of compactor x compacted rate per cubic yard

Collection Rates Effective January 1, 2029

Table 8

RATES FOR SERVICE FOR TEMPORARY BINS FOR SOLID WASTE

TEMPORARY BIN SIZES	RATE PER MONTH
1.5 cubic yards	\$240.60
2.0 cubic yards	\$240.60
3.0 cubic yards	\$287.02
4.0 cubic yards	\$333.42
6.0 cubic yards	\$426.27
Cost Per Cubic Yard	\$46.43

Table 9

RATES FOR ROLL OFF BOXES CONTAINING SOURCE SEPARATED RECYCLABLE MATERIALS

10 CUBIC YARDS	RATE PER SERVICE
Asphalt	\$325.29
Concrete	\$387.24
Dirt	\$464.71
20 CUBIC YARDS	RATE PER SERVICE
Clean Wood	\$309.80
Yard Trimmings	\$526.69
30 CUBIC YARDS	RATE PER SERVICE
Metal	\$0.00
Clean Wood	\$387.24
Yard Trimmings	\$681.58
OTHER	RATE PER SERVICE
Manure	\$309.80
Pomace	\$309.80
Dry Wall	\$309.80

Table 10

RATES FOR ROLL OFF BOXES CONTAINING SOURCE SEPARATED CARPET FOR RECYCLING

(Rates apply to residential, commercial and multifamily carpet collection service)

ROLL OFF BOX SIZE	RATE PER SERVICE
20 Cubic Yards	\$459.44
30 Cubic Yards	\$614.54
40 Cubic Yards	\$769.62

Collection Rates Effective January 1, 2029

RATES FOR COMMERCIAL, MULTIFAMILY AND SPECIAL EVENT COMPOSTABLES COLLECTION

Table 11

MONTHLY RATES FOR COMMERCIAL FOOD SCRAP COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$25.36	\$32.23	\$39.10	\$45.97	\$52.84	\$59.71	\$66.58
65 gallon	\$30.60	\$42.71	\$54.82	\$66.92	\$79.03	\$91.14	\$103.25
95 gallon	\$35.84	\$53.19	\$70.53	\$87.88	\$105.22	\$122.57	\$139.92
1 Cubic Yard	\$58.86	\$94.54	\$130.22	\$165.90	\$201.58	\$237.26	\$272.94
2 Cubic Yards	\$97.78	\$168.38	\$238.98	\$309.58	\$380.18	\$450.79	\$521.39

Table 12

MONTHLY RATES FOR MULTIFAMILY FOOD SCRAP COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$40.19	\$61.88	\$83.57	\$105.26	\$126.95	\$148.64	\$170.33
65 gallon	\$45.42	\$72.35	\$99.28	\$126.21	\$153.14	\$180.07	\$207.00
95 gallon	\$50.66	\$82.83	\$115.00	\$147.17	\$179.33	\$211.50	\$243.67
1 Cubic Yard	\$73.68	\$124.18	\$174.68	\$225.18	\$275.69	\$326.19	\$376.69
2 Cubic Yards	\$112.60	\$198.02	\$283.45	\$368.87	\$454.30	\$539.72	\$625.14

Table 13

MONTHLY RATES FOR COMMERCIAL PACKAGED ORGANICS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$27.34	\$36.18	\$45.02	\$53.86	\$62.71	\$71.55	\$80.39
65 gallon	\$34.27	\$50.04	\$65.81	\$81.58	\$97.35	\$113.13	\$128.90
95 gallon	\$41.20	\$63.90	\$86.60	\$109.30	\$132.00	\$154.70	\$177.40
1 Cubic Yard	\$70.13	\$117.09	\$164.04	\$210.99	\$257.95	\$304.90	\$351.86
2 Cubic Yards	\$120.33	\$213.48	\$306.63	\$399.78	\$492.93	\$586.08	\$679.23

Collection Rates Effective January 1, 2029

Table 14

MONTHLY RATES FOR MULTIFAMILY PACKAGED ORGANICS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$42.16	\$65.82	\$89.49	\$113.15	\$136.82	\$160.48	\$184.15
65 gallon	\$49.09	\$79.68	\$110.28	\$140.87	\$171.46	\$202.06	\$232.65
95 gallon	\$56.02	\$93.54	\$131.06	\$168.59	\$206.11	\$243.64	\$281.16
1 Cubic Yard	\$84.95	\$146.73	\$208.51	\$270.28	\$332.06	\$393.84	\$455.61
2 Cubic Yards	\$135.15	\$243.12	\$351.09	\$459.07	\$567.04	\$675.01	\$782.99

Table 15

MONTHLY RATES FOR COMMERCIAL YARD TRIMMINGS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$21.71	\$28.58	\$35.44	\$42.31	\$49.18	\$56.05	\$62.92
65 gallon	\$26.94	\$39.05	\$51.16	\$63.27	\$75.37	\$87.48	\$99.59
95 gallon	\$32.18	\$49.53	\$66.87	\$84.22	\$101.57	\$118.91	\$136.26
1 Cubic Yard	\$35.68	\$71.36	\$107.04	\$142.72	\$178.40	\$214.08	\$249.76
2 Cubic Yards	\$70.60	\$141.20	\$211.81	\$282.41	\$353.01	\$423.61	\$494.21
3 Cubic Yards	\$105.52	\$211.05	\$316.57	\$422.10	\$527.62	\$633.14	\$738.67
4 Cubic Yards	\$140.45	\$280.89	\$421.34	\$561.78	\$702.23	\$842.68	\$983.12
6 Cubic Yards	\$210.29	\$420.58	\$630.87	\$841.16	\$1,051.45	\$1,261.74	\$1,472.03

Table 16

MONTHLY RATES FOR MULTIFAMILY YARD TRIMMINGS COLLECTION

SIZE	1X/WEEK	2X/WEEK	3X/WEEK	4X/WEEK	5X/WEEK	6X/WEEK	7X/WEEK
35 gallon	\$36.53	\$58.22	\$79.91	\$101.60	\$123.29	\$144.99	\$166.68
65 gallon	\$41.77	\$68.70	\$95.63	\$122.56	\$149.49	\$176.42	\$203.34
95 gallon	\$47.00	\$79.17	\$111.34	\$143.51	\$175.68	\$207.85	\$240.01
1 Cubic Yard	\$50.50	\$101.00	\$151.51	\$202.01	\$252.51	\$303.01	\$353.51
2 Cubic Yards	\$85.42	\$170.85	\$256.27	\$341.70	\$427.12	\$512.54	\$597.97
3 Cubic Yards	\$120.35	\$240.69	\$361.04	\$481.38	\$601.73	\$722.08	\$842.42
4 Cubic Yards	\$155.27	\$310.54	\$465.80	\$621.07	\$776.34	\$931.61	\$1,086.88
6 Cubic Yards	\$225.11	\$450.22	\$675.34	\$900.45	\$1,125.56	\$1,350.67	\$1,575.78

Collection Rates Effective January 1, 2029

Table 17

SPECIAL EVENT FOOD SCRAP COLLECTION – RATE PER CONTAINER PER SERVICE

35-gallon Food Scrap Cart	\$17.48
65-gallon Food Scrap Cart	\$26.18
95-gallon Food Scrap Cart	\$34.91
1.5 Cubic Yards Food Scrap Bin	\$188.72
2 Cubic Yards Food Scrap Bin	\$214.06
3 Cubic Yards Food Scrap Bin	\$264.80
4 Cubic Yards Food Scrap Bin	\$315.55
6 Cubic Yards Food Scrap Bin	\$418.62

Table 18

FOOD SCRAP COMPACTOR SERVICE

Cost Per Yard (Compacted)	\$97.76	
COMPACTORS (CUBIC YARDS)	PER MONTH/1X WEEK	PER SERVICE
6	\$2,541.76	\$586.56
10	\$4,236.27	\$977.60
15	\$6,354.40	\$1,466.40
20	\$8,472.53	\$1,955.20
25	\$10,590.67	\$2,444.00
30	\$12,708.80	\$2,932.80

Collection Rates Effective January 1, 2029

Table 19

**RATES PER SERVICE FOR SPLIT 20 CUBIC YARD ROLL OFF BOXES
CONTAINING TWO SOURCE SEPARATED RECYCLABLE MATERIALS**

MATERIALS (TWO PER SPLIT BOX)	RATE PER SERVICE
MSW & Clean Wood	\$856.30
MSW & Yard Trimmings	\$960.82
MSW & Dry Wall	\$856.30
MSW & Metal	\$707.04
MSW & Cardboard	\$707.04
MSW & Mixed Recyclable Materials	\$707.04
Clean Wood & Yard Trimmings	\$403.05
Clean Wood & Dry Wall	\$298.54
Clean Wood & Metal	\$149.28
Clean Wood & Cardboard	\$149.28
Clean Wood & Mixed Recyclable Materials	\$149.28
Yard Trimmings & Dry Wall	\$403.05
Yard Trimmings & Metal	\$253.77
Yard Trimmings & Cardboard	\$253.77
Yard Trimmings and Mixed Recyclable Materials	\$253.77
Dry Wall & Metal	\$149.28
Dry Wall & Cardboard	\$149.28
Dry Wall & Mixed Recyclable Materials	\$149.28
Metal & Cardboard	No Charge
Metal & Mixed Recyclable Materials	No Charge
Cardboard & Mixed Recyclable Materials	No Charge

Collection Rates Effective January 1, 2029

Table 20

RATES FOR MISCELLANEOUS SERVICES

RESIDENTIAL Additional Carts (Cost/Cart/Month)		RATE
Solid Waste		Provided at monthly rate in Table 1 multiplied by number of carts
RECYCLING (AFTER 4-35 GAL OR 2-95 GAL CARTS INCLUDED IN BASE RESIDENTIAL RATE)		RATE
20 gallon		\$7.88
35 gallon		\$7.88
65 gallon		\$7.88
95 gallon		\$7.88
YARDWASTE/FOOD (AFTER 4-35 GAL OR 2-95 GAL CARTS IN BASE RESIDENTIAL RATE)		RATE
20 gallon		\$7.88
35 gallon		\$7.88
65 gallon		\$7.88
95 gallon		\$7.88
SPECIAL SERVICES (COST PER SERVICE)		RATE
Bulky Items: large non-metal furniture that cannot fit in standard carts/bins & are not accepted in City's Recycle More Program e.g., sofas, wood furniture, etc. (\$/service up to 4 bulky items/service)		\$86.58
Each bulky item over 4 bulky items (\$/Item - excluding e-waste & cardboard)		\$34.93
Cardboard and single stream recyclables		No Charge
E-Waste (CRTs/LCDs), Metal Items and Cooking Oil		No Charge
EXTRA SERVICE (\$/BIN/SERVICE)		RATE
On day of service (Monday-Friday) up to 9 30-gal. bags or up to 9 30-gal. cans		\$14.64 /each barrel or bag
On day of service (Monday-Friday) 10 or more 30-gal. bags or cans		\$70.72/yard
Not on day of service (Monday-Friday) up to 9 30-gal. bags or cans		\$14.64/barrel or bag + \$116.88 trip charge
Not on day of service (Monday-Friday) 10 or more 30-gal. bags or cans		\$70.72/yard + \$116.88 trip charge
Not on day of service (Saturday, Sunday) up to 9 30-gal. bags or cans		\$14.64/barrel + \$337.78 trip charge
Not on day of service (Saturday, Sunday) 10 or more 30-gal. bags or cans		\$70.72/yard + \$337.78 trip charge
BACKYARD SERVICE (INCLUDES SOLID WASTE, RECYCLING, YARDWASTE/FOODSCRAPS - COST/MONTH)		RATE
5-600 feet from curb to backyard cart location		\$52.79
601 feet or more from curb to backyard cart location		\$65.29
With letter from physician indicating resident is physically unable and/or advised not to wheel cart(s) to the curb		No Charge
COMMERCIAL & MULTI-FAMILY		RATE
Bulky Items: large non-metal furniture that cannot fit in standard carts/bins & are not accepted in City's Recycle More Program e.g., sofas, wood furniture, etc. (\$/service up to 4 bulky items/service)		\$173.13
Each bulky item over 4 bulky items (\$/Item – excluding e-waste)		\$34.93
Cardboard and single stream recyclables		No Charge
Electronic Waste (CRTs/LCDs), Metal Items and Cooking Oil		No Charge
Pallets (Up to 10 pallets)		\$173.13

Collection Rates Effective January 1, 2029

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

EXTRA SERVICE (COST/CART/SERVICE AND COST/BIN/SERVICE)		RATE
	35 gallon	\$34.93
	65 gallon	\$52.39
	95 gallon	\$69.80
	1.5 cubic yards	\$377.39
	2 cubic yards	\$428.13
	3 cubic yards	\$529.61
	4 cubic yards	\$631.07
	6 cubic yards	\$837.25
MISCELLANEOUS		RATE
	Bin Cleaning/Bin Exchange (\$/Bin/Service)	\$472.47
	Heavy Waste (Rocks, dirt or other materials in bins or carts that exceed manufacturer's maximum weight for container) Cost / collection	\$209.53
	Hourly labor charge (for 2 persons) for on-site transfer of solid waste/materials from smaller exterior collection containers to larger exterior collection container(s)	\$248.03
	Locking Bin or Key Fee (if bin must be unlocked prior to service or if key must be used to access container(s)) (\$/month)	\$17.48
RECYCLING (\$/Service)		RATE
	Single Stream Recyclables (less than 10 cubic yard)	No Charge
	Source Separated Recyclables (less than 10 cubic yard)	No Charge
	Yard Trimmings (less than 10 cubic yard)	No Charge
SATURDAY, SUNDAY SERVICE (Cost/month for 1x/week solid waste service)		RATE
	35 gallon	\$262.36
	65 gallon	\$262.36
	95 gallon	\$262.36
TRIP CHARGES for return to collect containers not available/ accessible for pickup or for a one-time collection on a special (non-regular route) day (Cost/Trip)		
	up to 35 gallon	\$116.91
	35 gallon – 6 cubic yards	\$225.19

Collection Rates Effective January 1, 2029

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

ROLL OFF/COMPACTOR/TEMPORARY BINS		RATE
	Overweight Surcharge (10 cubic yards and more) if roll off box or compactor weight causes collection truck to exceed legal highway weight limit established by State of California. Cost of labor and equipment to empty the excess into another container.	Trip charge (\$375.24) plus cost to bring in equipment capable of removing such materials plus \$151.35 per ton
	Sealed watertight roll off boxes (for wet materials such as pomace) Additional cost/ service for special sealed box and added labor	\$78.91
	Demurrage for non-removal after 3 days (Cost/Bin/Day)	\$46.62
	Trip Charge - Move/Relocate Box (Cost/Box/ Service)	\$375.24
	Rental Fee (Cost/day)	\$46.62
	Temporary Bins (Cost/5 days)	
	2 cubic yards	\$366.47
	3 cubic yards	\$437.20
	4 cubic yards	\$507.87
OTHER FEES		RATE
	City Directed Spill Clean Up (waste around overflowing bins/carts after 2 warnings and direction from City)	\$626.92
	Contaminated Recycling Charges (materials containing 5% or more contamination that must be disposed as solid waste)	
	Contaminated residential recyclable materials, yard trimmings, and co-collected food scraps/yard trimmings	
	35 gallon	\$34.93
	65 gallon	\$52.39
	95 gallon	\$69.80
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in carts	Rates in Table 4 apply
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in bins	
	1.5 cubic yards	\$377.39
	2 cubic yards	\$428.13
	3 cubic yards	\$529.61
	4 cubic yards	\$631.07
	6 cubic yards	\$837.25
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in roll off boxes	Rates in Table 6 apply
	Contaminated commercial, multifamily & special event recyclable materials, yard trimmings, food scraps in compactors	Rates in Tables 5 and 7 apply

Collection Rates Effective July 1, 2025

Table 20, continued

RATES FOR MISCELLANEOUS SERVICES

COMPLIANCE FINES

Fines are charged for violations occurring within a 12 month period

		RATE	
	First violation within a 12 month period	\$100	
	Second violation within a 12 month period	\$200	
	Third violation or more within a 12 month period	\$500	

DEPOSITS

Residential Service and Commercial Cart Service: One-time deposit to initiate service, refundable after 12 months with 1% interest for customer in good standing

		RATE	
	Deposit for Commercial Cart Service	\$80.00	
	Deposit for Residential Service	\$40.00	
	Residential Cart Redelivery Charge	\$25.00	
	Deposit for Commercial Bins	Cost of 1 month's service refundable after 12 months with 1% interest for customer in good standing	
Deposit for Roll Off/Compactor Service (Applies to new customers – deposit applied to cost of first service)		RATE	
Solid Waste		50% of service	
Recyclable Materials		50% of service	

APPENDIX L: STAFF REPORT FOR SB 1383 ORDINANCE ADOPTION (O2022-001)



CITY OF NAPA

955 School Street
Napa, CA 94559
www.cityofnapa.org

Staff Reports

File #: 424-2021, Version: 1

To: Honorable Mayor and Members of City Council

From: Phil Brun, Utilities Director

Prepared By: Kevin Miller, Materials Diversion Administrator

TITLE:

SB 1383 Report and Implementing Ordinance Mandating Reduction of Disposal of Solid Waste, Recyclable Material, and Compostables

RECOMMENDED ACTION:

1. Receive a report on California State Senate Bill 1383 (SB 1383) regarding the requirements to reduce organic waste disposal in landfills.
2. Approve the first reading and introduction of an ordinance amending Napa Municipal Code Chapter 5.60 and amending Title 5 to add Chapter 5.61 "Mandatory Municipal Solid Waste, Recyclable Material, and Compostables Disposal Reduction" to comply with the requirements of SB 1383; and determining that the actions authorized by this ordinance are exempt from CEQA.

DISCUSSION:Provisions and Requirements of SB 1383

In 2016, Governor Brown signed into law Senate Bill 1383 (Lara, Chapter 395, Statutes of 2016) (SB 1383), establishing methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants (SLCP) in various sectors of California's economy. SB 1383 is the State's most aggressive waste reduction law in the last 30 years and enacts the following targets to reduce organic waste in landfills:

- Achieve a 50% reduction in statewide disposal of organic waste from 2014 levels by 2020 and a 75% reduction by 2025; and
- Recover at least 20% of currently disposed surplus food by 2025.

Landfills are the third largest producer of methane. Food scraps, yard trimmings, paper, and wood are organic materials that account for a significant portion of California's overall waste stream that is ultimately disposed in landfills. As a result, the State's SLCP strategy includes managing disposal of organic waste to reach the reduction targets noted above. Increasing food waste prevention, encouraging edible food rescue, and expanding the composting and in-vessel digestion of compostable waste will reduce methane from landfill operations.

ATTACHMENT 1

File #: 424-2021, Version: 1

In addition to setting specific emissions reduction goals, SB 1383 and its implementing regulations mandate that cities and counties:

1. Provide organic waste collection services to all residents and businesses;
2. Develop and adopt an enforcement mechanism or ordinance by January 2022;
3. Establish an edible food recovery program;
4. Update the City's procurement policy to purchase recycled content paper and recycled organic waste products (e.g., compost, mulch, and renewable natural gas) at a volume of 0.08 tons/resident (approximately 6,400 tons per year for the City of Napa);
5. Provide outreach and education for generators, haulers, facilities, edible food recovery organizations, and municipal departments;
6. Plan and secure access for recycling and edible food recovery capacity;
7. Monitor compliance and conduct enforcement; and
8. Maintain accurate compliance records.

A high-level summary of where the City currently stands in relation to SB 1383 requirements will be presented to Council as a PowerPoint presentation (see second attachment to this staff report).

Like most jurisdictions throughout California, the City of Napa is still absorbing the full breadth and scope of SB 1383. The City is very well positioned in several areas including:

1. A full spectrum residential and commercial food composting/organics collection program since April 2015;
2. A fully permitted recycling and composting facility with adequate capacity for the City itself and south Napa County unincorporated area (which has an ongoing memorandum of understanding (MOU) with the City);
3. Established training and "onboarding" programs and materials for commercial food composting;
4. An adopted sustainable purchasing policy;
5. Detailed facility and programmatic records related to solid waste, recycling and composting efforts;
6. A successful and detailed service contract and partnership with Napa Recycling and Waste Services (NRWS) as the City's authorized collection service provider and operator of the City's Materials Diversion Facility (MDF); and
7. Already established commercial contamination identification process and code enforcement procedures related to solid waste, recycling and composting.

However, as noted previously, SB 1383 is the most sweeping piece of solid waste/recycling legislation to be imposed by the state on local jurisdictions in thirty years. There is still much more that needs to be analyzed, developed and funded to meet long-term and full compliance with the

File #: 424-2021, Version: 1

various provisions of SB 1383. At a high level, the City is probably about two-thirds of the way towards full compliance with existing City programs and facilities. That said, there is still a long way to go to accommodate increased collection of organics, educate and "onboard" every commercial and residential generator in the City, and satisfy all the monitoring, contamination enforcement, composition studies, procurement requirements, reporting and edible food recovery required by the law.

SB 619

Given the breadth, scope and complexity of SB 1383, on October 6, 2021, Governor Newsom signed Senate Bill 619 (SB 619), amending Section 42652.5 of the Public Resources Code, giving jurisdictions more time to locally implement the SB 1383 regulations before fines may be imposed.. Local jurisdictions can seek relief through CalRecycle by submitting a Notification of Intent to Comply (NOIC) by March 1, 2022. However, local jurisdictions still need to work towards adopting the enforceable mechanism or CalRecycle can demand retroactive payment of penalties for non-performance. City staff will prepare the necessary resolution and NOIC plan for the Council's consideration on February 15, 2022 in order to meet the state's March 1, 2022 submission deadline.

Ordinance Implementing SB 1383: Mandating Reduction of Disposal of Solid Waste, Recyclable Material, and Compostables

The attached Ordinance (see first attachment to the staff report) meets the requirements of SB 1383 and is drafted so the City will meet its responsibilities under SB 1383. The City will likely address many of the required elements directly but may also delegate some of its responsibilities under SB 1383 to its recycling and waste services provider, Napa Recycling and Waste Services (NRWS) as authorized by the SB 1383 Regulations. (California Code of Regulations, Title 14, § 18981.2). The attached Ordinance also updates the existing relevant portions of the NMC (Chapter 5.60), particularly for definitions and terminology to better align with the City-NRWS agreement as well as the recently updated Enclosure Standards.

The key requirements of the Ordinance include:

1. **Mandatory Organics Collection** - Mandates that all organic waste generators, including residential, multi-family, schools and commercial accounts within the City subscribe and actively participate in the collection all three major waste streams (recycling, composting and landfill waste as known as Municipal Solid Waste or MSW). The City's Authorized Contractor (currently NRWS) will provide color coded equipment and service to all generators (blue for recycling, grey for MSW and green for compostables). "Self-hauling" (transport of a generator's own waste materials) is permitted but they must also document and demonstrate

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separation of all three streams and delivery to a fully permitted recycling, composting or disposal facility to the satisfaction of the City.

2. **Educational & Training Requirements - Non-residential generators (businesses and schools)** are required to provide ongoing training and education for employees and students for proper separation and use of green, blue and grey containers. City and City's Authorized Contractor are required to do the same for single-family and multi-family residential generators. If multi-family situation has centralized MSW, recycling and composting collection, the property manager/management company must provide commensurate training and education to all tenants within 14 days of occupancy.

3. **Edible Food Recovery - Edible food recovery is mandated by SB 1383 and the ordinance separates in two "tiers" of Edible Food Generators.** Tier One Commercial Edible Food Generators include supermarkets, grocery stores of 10,000 square feet or greater, food service providers, food distributors and wholesale food vendors. Tier Two Commercial Edible Food Generators include restaurants with 250 or more seats facilities greater than 5000 square feet, hotels with on-site Food Facility and 200 or more rooms, Health facility with on-site food Food Facility and 100 or more beds, Large Venues/Large Events (serving 2000 or more individuals per day of operation) and school facilities with on-site Food Facilities. Tier One must comply with SB 1383 requirements (including record keeping and reporting) and maximize recovery of surplus edible food by January 1, 2022 and Tier Two must do the same by January 1, 2024.

4. **CalGreen & MWELO - The proposed SB 1383 ordinance requires that the City adopt certain requirements of the California Green Building (aka "CalGreen") Standards Code that demand adequate and accessible space for storage of recyclables, compostables and MSW.** This would apply to new development as well as additions greater 30% of existing floor area. Additionally, recovery of compostable organics from construction and demolition debris projects is required in alignment with CalGreen standards. The City must also continue to maintain, update and administer the Model Waste Efficient Landscape Ordinance (MWELO) to utilize organic derived materials such as compost and mulch.

5. **Inspections and Enforcement - The proposed SB 1383 ordinance provides for City inspections and other enforcement activities to administer provisions to maximize recovery recyclables and compostables while minimizing contamination.** The ordinance establishes the City's right to conduct necessary inspections and investigations as well as an appeals process (already imbedded the Napa Municipal Code, Chapter 1.26). There is an anticipated "education" period from January 1, 2022 through December 31, 2023 where the City would identify and educate non-compliant parties but not necessarily issue civil penalties until January 1, 2024.

Planning for this ordinance has been underway for about a year as programmatic and regulatory details slowly came out from CalRecycle. Education and outreach to businesses that will be required to comply with this ordinance has also been ongoing, as well as to residents who have been able to

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recycle food scraps and soiled paper in their compost carts since April 2015. The City's MDF (sometimes known as "Napa Recycling and Composting Facility") has made significant investments in covered compost and stormwater management improvements to allow for the ongoing acceptance and processing of the full range of compostable organics, particularly food scraps. The City will, over time, require NRWS to replace all existing containers that do not meet the color requirements of this ordinance (specifically replacement of old residential brown-colored wheeled carts for compost with green carts as required by SB 1383). In order to avoid having to dispose of containers that still have useful life, non-conforming containers must be replaced once they are no longer functional or by January 1 of 2036, whichever is sooner. (per CCR, Title 14, Sec. 18984.7).

Beyond increased recovery of edible food, the provisions of SB 1383 may also help reduce food insecurity by requiring Commercial Edible Food Generators to arrange for the maximum amount of their edible food that would otherwise be disposed, be recovered for human consumption. City of Napa staff (along with the City of American Canyon, unincorporated Napa County and the Upper Valley Waste Management Agency) have asked the County of Napa to take the lead in conducting the required capacity study and developing a regional program for rescue of edible food Countywide in compliance with SB 1383. In this arrangement, the City would pay a prorated share of the program and implementation costs (City's share would be approximately 57% based on current population).

The ordinance implementing SB 1383 must be adopted by January 1, 2022 to mandate that organic waste generators, haulers, facility operators, and other entities subject to the requirements of SB 1383 and its implementing regulations comply with the law. At this time, the County of Napa, the Cities of Calistoga and American Canyon, and the Town of Yountville have already adopted the ordinance required by SB 1383, while St. Helena will likely do so soon.

FINANCIAL IMPACTS:

Staff estimates that the current budget for the Solid Waste and Recycling Fund will be sufficient to cover costs associated with the recommended action to adopt the proposed Ordinance for fiscal-year 2021/22. Complete implementation and compliance with SB 1383 will have additional cost impacts to the City in the future. These impacts will become more well-defined over time and will need to be addressed in future reports to Council and during both the City budget and rate-setting process.

CEQA:

The Utilities Director recommends that the City Council determine that the Recommended Action described in this Agenda Report is exempt from CEQA pursuant to CEQA Guidelines Section 15308, Class 8 of the CEQA Guidelines as taken by a regulatory agency for the protection of the environment, specifically, for the protection of the climate. There are no usual circumstances that would cause this Ordinance to have a significant effect on the environment. Furthermore, this Ordinance is adopted pursuant to CalRecycle's SB 1383 Regulations. The SB 1383 Regulations were the subject of the SB 1383 Regulations, Short-Lived Climate Pollutants: Organic Waste Methane Emission Reductions program EIR (SB 1383 Regulations EIR), SCH#2018122023,

ATTACHMENT 1

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prepared by the Department of Resources Recycling and Recovery, and the activities to be carried out under this Ordinance are entirely within the scope of the SB 1383 Regulations and that EIR.

DOCUMENTS ATTACHED:

ATCH 1 - Ordinance

ATCH 2 - SB 1383 PowerPoint Presentation

NOTIFICATION:

A legal notice of the public hearing was published in the Napa Valley Register on Friday, December 10, 2021.

Courtesy Copy (via electronic mail) to:

Greg Kelley, General Manager/Managing Partner, Napa Recycling & Waste Services

Mike Murray, Chief Financial Officer, Napa Recycling & Waste Services

Tim Dewey-Mattia, Recycling and Public Education Manager, Napa Recycling & Waste Services

Steve Lederer, Public Works Director, County of Napa

David Briggs, Environmental Resources Specialist, County of Napa



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SB 1383

Presented by:
Kevin Miller
Materials Diversion
Administrator
December 21, 2021

ATTACHMENT 2

SB 1383

Reducing Short-Lived Climate Pollutants in California

1. Legislative History
2. Summary of SB 1383
3. Snapshot of City's Current Program
Status in relation to SB 1383
4. SB 619 & Next Steps
5. Proposed Ordinance
6. Recommended Action



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1. LEGISLATIVE HISTORY

- AB 939 (1989)

- * Landmark Legislation:
 - 25% reduction by 1995 (City @ 27%)
 - 50% reduction by 2000 (City @ 51%)
- * Every City & County submitted plan to State
- * Annual reporting to State (46 programs)
- * City currently at 63% landfill diversion (recycling) rate; (peaked at 69% in 2017)

- AB 341 (2011)

- * Mandatory Recycling for all businesses & Multi-family
- * As of January 2021, City stood at 100% compliance



1. LEGISLATIVE HISTORY

- AB 1826 (2014)

- * Mandatory Commercial Organics
 - 2016 = 8 cy or more of organics/week
 - 2017 = 4 cy or more of organics/week
 - 2019 = 4 cy or more solid waste/week
 - 2020 = 2 cy or more solid waste/week
- * City (NRWS) have 399 businesses & schools on a commercial composting route, so 57% AB 1826 compliant (703 accounts under 2020 tier).
- * Of the 399 businesses & schools, only 184 accounts are on full food composting route (26% of 703 accounts) with 215 accounts technically on “yard trimmings only” routes. Routes will need to merge and have a charge beginning in 2023.



1. LEGISLATIVE HISTORY

- SB 1383 (2016)

- * 75% reduction in disposal of organic waste (vs. 2014).
- * Recover at least 20% of currently disposed surplus food by 2025.
- * Preliminary regulations for SB 1383 were not issued by CalRecycle until November 2019.
- * COVID-19 Pandemic stalled progress on AB 1826 and planning for SB 1383.
- * League of California Cities and local jurisdictions (including City of Napa) pushed for SB 619; more details later in presentation.
- * AB 827 (2019) - 3-stream receptacles for customers

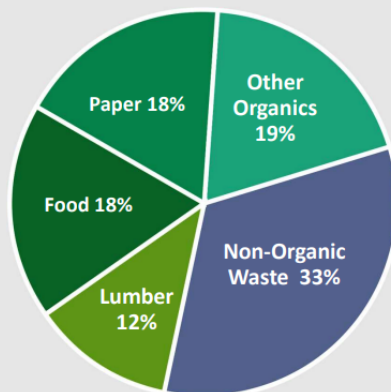
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2. SUMMARY OF SB 1383

Waste Stream in California

California disposed of approximately 27 million tons of organic waste in 2017



California's Waste Stream

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ATTACHMENT 2

2. 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

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ATTACHMENT 2

2. SUMMARY OF SB 1383

High-Level 1383 Requirements

- 2022
 - Provide organics collection service to all residents and businesses – City/NRWS
 - Establish edible food recovery program – City via Napa County
 - Conduct outreach and education – City/NRWS
 - Procurement – City
 - Capacity Planning – Napa County & City
- 2024
 - Starting January 1, 2024, jurisdictions must take action against non-compliant entities – City and County (for edible food recovery component)

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2. SUMMARY OF SB 1383

Compostable Organics Diversion

- City (NRWS) and businesses within City shall:
 - Arrange for organics collection services at offices and facilities
 - Annually provide info to employees on organic sorting requirements and proper sorting
 - Provide **green** and **blue** material containers inside offices for employees.
- Source separate self-haul loads and take organics to organic waste processing facility (City's Materials Diversion Facility or MDF)

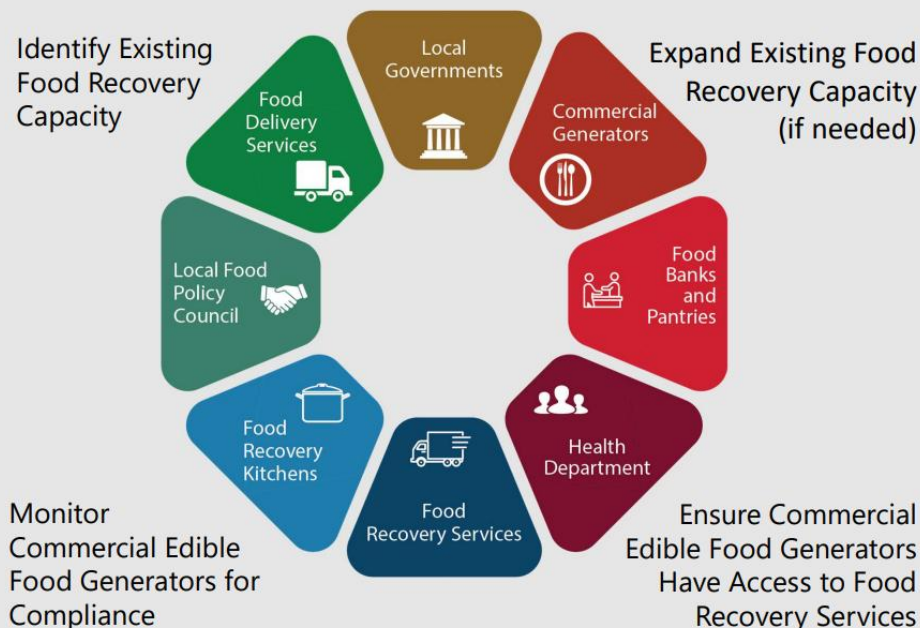


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2. SUMMARY OF SB 1383

Edible Food Recovery



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2. SUMMARY OF SB 1383

Procurement

Procure Recycled Content Paper Products and Recovered Organic Products



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2. SUMMARY OF SB 1383

Procurement – Organic Waste Products

- Purchase organic waste products for use or giveaway, 0.08 tons per resident (80,000 residents = 6,400 tons per year).
- CalRecycle will provide notice to jurisdictions before January 1st and will update every five years. Organic waste product's are: compost, renewable gas, electricity from biomass conversion, mulch (A wood waste gasification or Anaerobic Digestion System would satisfy City's annual procurement requirement).

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3. SUMMARY OF SB 1383

Procurement – Recycled Content Paper Products

- Requires purchase of a wide range of recycled printing and writing papers
- Requires purchase of janitorial and shipping paper products
- Must contain 30% postconsumer recycled content (when available at no greater cost than non recycled products).
- Products must be recyclable as defined by FTC “Green Guides.”
- Jurisdictions must require vendors to certify postconsumer content and recyclability claims.



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2. SUMMARY OF SB 1383

CalGreen & MWELO

Jurisdictions will have to adopt an ordinance or other enforceable requirement that requires compliance with CalGreen and Model Water Efficient Landscape Ordinance (MWELO) requirements



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2. SUMMARY OF SB 1383

CalGreen

For projects covered by CALGreen, applicants shall:

- **Multi-Family:** 5 or more Multi-Family dwelling units must provide readily accessible areas that serve all occupants site with clearly identified **Blue Container** and **Green Container** materials.
- **Additions:** New Commercial construction adding more than 30% of the floor area shall provide same.
- **C&D:** Construction & Demolition (C&D) debris management requirement, including diversion of C&D Organic Waste from disposal.
- **C&D Reporting:** City shall report the number of C&D debris removal activities conducted in compliance with CalGreen

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2. SUMMARY OF SB 1383

MWEO

• Applicants that meet the threshold for Model Water Efficient Landscaping Ordinance (MWEO) compliance shall submit a landscape design plan with a soil preparation, mulch, and amendments section to include the following:

- **Compost Use:** Use Compost at a rate of a minimum of four cubic yards per 1,000 square feet of permeable area shall be incorporated to a depth of six inches into the soil
 - **Mulch Use:** a minimum three-inch layer of mulch shall be applied on all exposed soil surfaces of planting areas except in turf areas
 - **Recycled Organics Product Use:** Organic mulch materials made from recycled or post-consumer materials shall take precedence over inorganic materials or virgin forest products
- City shall report the number of projects subject to MWEO.

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2. SUMMARY OF SB 1383

Enforcement Requirements

By January 1, 2022, City shall have an inspection & enforcement program to ensure overall compliance.

- **No Organics Service:** Commercial Business fails to arrange for Organic Waste collection services.
- **Contamination:** In the recycling or compost could prompt fees from City if habitual and/or not corrected.
- **Self-Hauler generator:** fails to comply with source separation, hauling to compost facility, recordkeeping.
- **Lack of Edible Food Recovery:** Tier One or Tier Two Commercial Edible Food Generator fails to arrange to recover of maximum amount of its Edible Food.
- **Spoiling Edible Food:** Tier One or Tier Two Commercial Edible Food Generator intentionally spoils Edible Food.

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2. SUMMARY OF SB 1383

Recordkeeping

The Implementation Record shall be stored in one central location, physical or electronic, that can be readily accessed by CalRecycle.



Organic
Collection
Services



Hauler
Program



Contamination
Minimization



Waivers



Education &
Outreach



Edible Food
Recovery
Program



Recycled
Organic Waste
Procurement



Recycled
Paper
Procurement



Commercial
Edible Food
Generators



Jurisdiction
Inspection &
Enforcement

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ATTACHMENT 2

2. SUMMARY OF SB 1383

CalRecycle Oversight

CalRecycle will evaluate a jurisdictions compliance beginning in 2022

If violations found, CalRecycle will:

- ➔ Issue Notices of Violation
- ➔ May Authorize Corrective Action Plan
- ➔ Allows up to 24 months to address barriers outside of a jurisdiction's control





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ATTACHMENT 2

3. STATUS SNAPSHOT VS. SB 1383

1) Provide compostable organic waste collection to all residents & businesses:

- **Residential** = 21,200 out of 22,000 accounts have full composting service (99% compliant)
- **Commercial/Schools** = 400 out of 1200 accounts have full spectrum composting service, including food scraps & soiled paper in additions to yard trimmings. (33% compliant)
- **Multi-family (5 units or more)** = 7 out of 110 accounts have full spectrum composting service, with food scraps & soiled paper. (6% compliant)

1) Overall Score =  

* Note five checkmarks indicates full SB 1383 compliance



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3. STATUS SNAPSHOT VS. SB 1383

2) Develop & Adopt enforcement mechanism or ordinance by January 2022:

- Updated Ordinance (Chapter 5.60) and SB 1383 Ordinance (new Chapter 5.61) are before Council today, inclusive of enforcement mechanisms (prior to January 2022).
- City staff, outside legal counsel (Hanson Bridgett Law Firm) and third-party consultants have reviewed proposed Ordinance and confirmed that it will meet the requirements & intent of SB 1383.

2) Overall Score = 


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3. STATUS SNAPSHOT VS. SB 1383

3) Establish an edible food recovery program:

- * County of Napa issued an RFQ for an Edible Food Recovery Capacity Study in September 2021.
- * Six firms responded to RFQ and winning vendor (Abound Food Care) selected in December 2021.
- * Selected vendor to complete study for \$35,115 with City of Napa covering a prorated share (57%) based on population.
- * Countywide capacity study and plan (covering period of 1/1/2022 to 12/31/2024 to be completed and submitted to CalRecycle by August 1, 2022 (as required by SB 1383 regulations).

3) Overall Score = 



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3. STATUS SNAPSHOT VS. SB 1383

4) Update City's procurement policies for purchase of recycled printing & writing papers and organic derived waste products:

- * City does have an existing sustainable purchasing policy or SPP (adopted in 2011) that is substantially compliant with SB 1383 demands. for purchase of recycled-content paper.
- * City will need to update SPP for full compliance.
- * City will need to maintain records of qualifying sustainable purchasing for CalRecycle review.
- * In 2022, City will need to develop purchase agreement for 6,400 tons of organic derived waste products (mulch, compost, etc.)

4) Overall Score =  




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3. STATUS SNAPSHOT VS. SB 1383

5) Provide outreach and education for all generators of recyclable and compostable materials:

- * City already has educational materials developed for residential and commercial customers (including schools and City departments).
- * Revisions and updates still needed for multi-family and edible food generators.
- * All educational and training materials must be available in both English and Spanish.
- * Staff (City and/or NRWS) will need to be added meet SB 1383 required education, training and timelines.

5) Overall Score =   

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3. STATUS SNAPSHOT VS. SB 1383

6) Plan and secure access capacity for recycling, composting & edible food recovery:

- * **Facility Investment:** City has invested almost more than \$22M in past ten years in a fully permitted, award-winning recycling and composting facility with adequate capacity for City and south Napa County for next 15-20 years.
- * **Potential Improvements to City's MDF:** Future possibilities remain including wood waste gasification and/or anaerobic digestion systems to produce and/or utilize renewable energy or fuel.
- * **Edible Food Recovery:** Capacity for edible food recovery still to be studied and developed.

6) Overall Score = 


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3. STATUS SNAPSHOT VS. SB 1383

7) Monitor compliance and conduct enforcement per SB 1383 requirements:

- * City already has contamination identification procedures with NRWS and one Program Compliance Coordinator on staff to enforce the updated City code. City only jurisdiction in County with dedicated staff to solid waste/recycling code enforcement.
- * City and NRWS will need more resources to fully comply with new and expanded level of monitoring and enforcement demanded by SB 1383.
- * Improved/enhanced technology (video on trucks, etc.) for elevated monitoring/compliance demands.

7) Overall Score = 


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3. STATUS SNAPSHOT VS. SB 1383

8) Maintain accurate and timely records of SB 1383 compliance:

- * Per its contract with NRWS, staffing of MDF scalehouse and software called "RecycleList," the City maintains extensive records of local recycling and composting programs.
- * Additional route and facility sampling will need to be developed and maintained in order to be fully compliant with SB 1383.
- * Most records already maintained electronically; it should not be difficult to provide access for CalRecycle as needed and required by SB 1383.
- * Improved/enhanced technology will be key.









8) Overall Score = 

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3. STATUS SNAPSHOT VS. SB 1383

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: |  |

Current Overall SB 1383 Compliance Score: 

* Note five checkmarks indicates full SB 1383 compliance

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4. SB 619 & Next Steps

Notice of Intent to Comply (NOIC):

- Signed SB 619 into law by governor on Oct 6, 2021.
- SB 619 provides opportunity for local jurisdictions to submit a Notice of Intent to Comply (NOIC) to CalRecycle (must be submitted by March 1, 2022).
- The NOIC allows a jurisdiction like Napa to identify areas where a jurisdiction is not yet in full compliance and submit a plan to achieve full compliance (City will request maximum 2 years).
- City will also apply for one-time non-competitive grant from SB 1383 funding from state (must be filed by Feb 2022).
- Staff will return to Council on Feb. 15th with NOIC.



5. PROPOSED ORDINANCE

- * SB 1383 require adoption by January 1, 2022 (first reading tonight will adequately satisfy this requirement).
- * The proposed ordinance (new Chapter 5.61) incorporates all the state-required elements (including definitions, rules for self-haulers and enforcement provisions).
- * The existing solid waste chapter of the Napa Municipal Code (5.60) has also been updated including definitions and terminology to align with City-NRWS agreement and recently updated Enclosure Standards.



5. PROPOSED ORDINANCE

1. **Mandatory Organics Collection:**

All Generators (including “Self-Haul”) must properly separate discarded materials into three streams (recycling, composting and MSW landfill waste).

2. **Educational & Training Requirements:**

Businesses must educate and train employees (with assistance from City and NRWS), property managers must educate tenants within 14 days of occupancy and City/NRWS must educate single-family residents.



5. PROPOSED ORDINANCE

3. **Edible Food Recovery:**

Defines Tier One and Tier Two Commercial Edible Food Generators with Tier One compliant by 1/1/2022 & Tier Two by 1/1/2024.

4. **CalGreen & MWELO:**

City must have “CalGreen” compliant standards for new developments, additions greater than 30% and C&D debris. City’s MWELO to require use of compost/mulch.

5. **Inspections & Enforcement:**

Education period in 2022 & 2023; issue civil penalties for non-compliance starting in 2024.



ATTACHMENT 2

6. RECOMMENDED ACTION

City Staff recommends that Council move to:

Approve the first reading and introduction of an ordinance amending Napa Municipal Code Chapter 5.60 and amending Title 5 to add Chapter 5.61 “Mandatory Municipal Solid Waste, Recyclable Material, and Compostables Disposal Reduction” to comply with the requirements of SB 1383 and determining that the actions authorized by this ordinance are exempt from CEQA.



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ATTACHMENT 2

Q & A



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ATTACHMENT 1

ATTEST
This document is a correct copy of the
original on file in the office of the
City Clerk of the City of Napa,
County of Napa, State of California

By Colin E. Burgett for Tiffany Carranza, City Clerk
No. of Pages: 31

Date 1/19/2022

ORDINANCE O2022-001

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NAPA, AMENDING NAPA MUNICIPAL CODE CHAPTER 5.60 AND AMENDING TITLE 5 TO ADD CHAPTER 5.61 "MANDATORY MUNICIPAL SOLID WASTE, RECYCLABLE MATERIAL, AND COMPOSTABLES DISPOSAL REDUCTION" TO COMPLY WITH THE REQUIREMENTS OF SB 1383; AND DETERMINING THAT THE ACTIONS AUTHORIZED BY THIS ORDINANCE ARE EXEMPT FROM CEQA

WHEREAS, Assembly Bill 939 of 1989, the California Integrated Waste Management Act of 1989 (California Public Resources Code Section 40000, et seq., as amended, supplemented, superseded, and replaced from time to time), requires cities and counties to reduce, reuse, and recycle (including composting) Municipal Solid Waste (MSW) generated in their City to the maximum extent feasible before any incineration or landfill disposal of waste, to conserve water, energy, and other natural resources, and to protect the environment; and

WHEREAS, Assembly Bill 341 of 2011 places requirements on businesses and multi-family property owners that generate a specified threshold amount of MSW to arrange for recycling services and the City to implement a mandatory commercial recycling program; and

WHEREAS, Assembly Bill 1826 of 2014 requires businesses and multi-family property owners that generate a specified threshold amount of MSW, Recycling, and Compostables per week to arrange for recycling services for that waste and requires the City to implement a Mandatory Commercial Organics Recycling program; and

WHEREAS, SB 1383, the Short-lived Climate Pollutant Reduction Act of 2016, requires the California Department of Resources Recycling and Recovery (CalRecycle) to develop regulations to reduce organics in landfills as a source of methane. As adopted by CalRecycle, these SB 1383 regulations (SB 1383 Regulations) place requirements on multiple entities including the City, residential households, Commercial Businesses and business owners, Commercial Edible Food Generators, Authorized Contractors, Self-Haulers, Food Recovery Organizations, and Food Recovery Services to support achievement of Statewide Compostables disposal reduction targets; and

WHEREAS, SB 1383 Regulations require the City to adopt and enforce an ordinance or other enforceable mechanism to implement relevant provisions of SB 1383; and

WHEREAS, the City desires to amend Napa Municipal Code Chapter 5.60 and to amend Napa Municipal Code Title 5 to add Chapter 5.61 to implement the requirements of AB 341, AB 1826, and SB 1383.

NOW, THEREFORE, BE IT ORDAINED, by the City Council of the City of Napa as follows:

SECTION 1: CEQA. The City Council hereby determines that the actions authorized by this Ordinance are exempt from CEQA pursuant to CEQA Guidelines Section 15308 (Class 8) as actions taken by a regulatory agency for the protection of the environment, specifically, for the protection of the climate and that there are no usual circumstances that would cause this Ordinance to have a significant effect on the environment. The City Council further determines that this Ordinance is adopted pursuant to CalRecycle's SB 1383 Regulations; the SB 1383 Regulations were the subject of the SB 1383 Regulations, Short-Lived Climate Pollutants: Organic

APPENDIX M: STAFF REPORT FOR SB 619 NOTIFICATION OF INTENT TO COMPLY WITH SB 1383 SHORT-LIVED CLIMATE POLLUTANTS & ORGANIC WASTE REDUCTION REQUIREMENTS (O2022-008)



CITY OF NAPA

955 School Street
Napa, CA 94559
www.cityofnapa.org

Staff Reports

File #: 3-2022, **Version:** 1

To: Honorable Mayor and Members of City Council

From: Phil Brun, Utilities Director

Prepared By: Kevin Miller, Materials Diversion Administrator

TITLE:

SB 619 Notification of Intent to Comply with Short-lived Climate Pollutants: Organic Waste Reduction Requirements

RECOMMENDED ACTION:

Adopt a resolution 1) adopting the Notification of Intent to Comply with Short-lived Climate Pollutants: Organic Waste Reduction Requirements; 2) authorizing the Utilities Director to submit the Notification of Intent to Comply to the Department of Resources Recycling and Recovery (CalRecycle); and 3) determining that the actions authorized by this resolution are exempt from CEQA.

DISCUSSION:

SB 1383

Governor Brown signed into law Senate Bill 1383 (Lara, Chapter 395, Statutes of 2016) (SB 1383) in 2016 establishing methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants (SLCP) in various sectors of California's economy. SB 1383 is the State's most aggressive waste reduction law in the last 30 years and enacts the following targets to reduce organic waste in landfills:

- Achieve a 50% reduction in statewide disposal of organic waste from 2014 levels by 2020 and a 75% reduction by 2025; and
- Recover at least 20% of currently disposed surplus food by 2025.

Landfills are the third largest producer of methane. Food scraps, yard trimmings, paper, and wood are organic materials that account for a significant portion of California's overall waste stream that is ultimately disposed in landfills. As a result, the State's SLCP strategy includes managing disposal of organic waste to reach the reduction targets noted above. Increasing food waste prevention, encouraging edible food rescue, and expanding the composting and in-vessel digestion of compostable waste will reduce methane from landfill operations.

SB 619 & Notification of Intent to Comply (NOIC)

Given the breadth, scope and complexity of SB 1383, on October 6, 2021, Governor Newsom signed

File #: 3-2022, Version: 1

Senate Bill 619 (SB 619), amending Section 42652.5 of the Public Resources Code, giving jurisdictions more time to locally implement the SB 1383 regulations before fines may be imposed. Local jurisdictions can seek relief from the prescribed time timelines in SB 1383 through CalRecycle by submitting a Notification of Intent to Comply (NOIC) by March 1, 2022. However, local jurisdictions still need to work towards adopting the enforceable mechanism or CalRecycle can demand retroactive payment of penalties for non-performance. City staff has prepared the necessary resolution (Attachment 1) and NOIC (Exhibit A) for the Council's consideration in order to meet the state's March 1, 2022 submission deadline.

NOIC Implementation Plan and Timeline

To become fully compliant with the requirements of SB 1383, the City via Napa Recycling & Waste Services (NRWS) will need to provide composting collection services to approximately 1,000 more commercial accounts and multi-family complexes (defined as complexes with 5 units or more). Per SB 1383, all waste generators within the City must ultimately be provided with "full spectrum" compostable organics collection service and recycling service. "Full spectrum" composting service includes food scraps and soiled paper in addition to more traditional yard trimmings. While many commercial and multi-family generators have had some form of composting service in the past, SB 1383 requires that they move beyond just yard trimmings and include food scraps and soiled paper to capture the full spectrum of compostable organics. SB 1383 also makes full participation in both recycling and composting programs mandatory while it was previously voluntary. It also requires that the City prepare to fully enforce the mandatory aspects of SB 1383 by 2024.

The NOIC requires that the City develop and commit to an implementation plan and timeline for compliance for elements of SB 1383 that still need to be addressed. To this end, the NOIC contains an implementation plan and timeline that would provide adequate time to for both NRWS and the City to hire staff to meet the requirements of SB 1383. Among these requirements are collection, monitoring, customer training, contamination and compliance enforcement, processing of additional recyclable and compostable organics at the City's Materials Diversion Facility (MDF), record-keeping, and reporting to CalRecycle.

The City is well positioned for many key aspects of SB 1383 including having a fully permitted, state-of-the-art recycling and composting facility with adequate capacity for many years to come and full spectrum residential and commercial compostable organics collection offered to residents and businesses since April of 2015. Because the City and NRWS have the benefit of experience with these programs for almost six years now, much of the thrust of the NOIC implementation plan is to not just roll out equipment to City/NRWS customers but instead provide adequate time and resources for generators to successfully participate in the expanded and enhanced collection programs. The implementation plan also attempts to prioritize the largest generators first (particularly generators of compostable organics) in order to capture and recover the maximum amount of compostable and recyclable materials that might otherwise be destined for landfill disposal. The NOIC implementation plan provides an honest assessment of where the City currently stands in relation to SB 1383 requirements and attempts to lay out a reasonable game plan for how to achieve thoughtful and full compliance in the months and years to come. Please see Exhibit A to this staff report for the implementation plan contained in the NOIC.

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If the Resolution is adopted by Council (Attachment 1), the Utilities Director will submit the NOIC (Exhibit A) to CalRecycle by March 1, 2022 in order to meet the state's filing deadline.

FINANCIAL IMPACTS:

The financial impacts of the recommended NOIC implementation plan as currently drafted are approximately \$500,000 per year for the Solid Waste & Recycling (SWR) Enterprise Fund. Potential program costs include: a new commercial compost collection vehicle, 2.75 full time equivalent (FTE) NRWS staff (including one driver, one Recycling Specialist and 75% of a new customer service representative to be shared with Napa County Recycling & Waste Services), 1 City staff FTE (to provide education and support for multi-family/school/commercial generators), additional processing equipment for "compost overs" at City MDF, vehicles/computers/phones for added NRWS/City staff, additional maintenance/insurance/operating costs associated with added equipment, improved organics processing and additional collection service equipment such as interior bins/pails and exterior carts/bins. Staff continues to evaluate and determine best approach for both collection programs and processing needs at the MDF and is awaiting confirmation of potential state grant support for additional organics processing equipment at the City's MDF.

Staff estimates that the costs associated with the recommended action and NOIC implementation plan for FY2021/22 will be \$66,000 and \$100,000 is available in City Expenditure Account No.51004-58916 to fund these costs.

Complete implementation of the NOIC and compliance with SB 1383 will have additional cost impacts to the City in the future as noted above. These impacts will become more well-defined over time and will need to be addressed in future reports to Council and during both the City budget and rate-setting process.

CEQA:

The Utilities Director recommends that the City Council determine that the Recommended Action described in this Agenda Report is exempt from CEQA pursuant to CEQA Guidelines Section 15308, Class 8 of the CEQA Guidelines as taken by a regulatory agency for the protection of the environment, specifically, for the protection of the climate. There are no usual circumstances that would cause this recommended action to have a significant effect on the environment. Furthermore, the recommended action is adopted pursuant to CalRecycle's SB 1383 Regulations. The SB 1383 Regulations were the subject of the SB 1383 Regulations, Short-Lived Climate Pollutants: Organic Waste Methane Emission Reductions program EIR (SB 1383 Regulations EIR), SCH#2018122023, prepared by the Department of Resources Recycling and Recovery, and the activities to be carried out under this Ordinance are entirely within the scope of the SB 1383 Regulations and that EIR.

DOCUMENTS ATTACHED:

ATCH 1 - Resolution

EX A - City of Napa SB 619 Notification of Intent to Comply with Short-lived Climate Pollutants: Organic Waste Reduction Requirements

NOTIFICATION:

Courtesy Copy (via electronic mail) to:

ATTACHMENT 1

File #: 3-2022, Version: 1

Greg Kelley, General Manager/Managing Partner, Napa Recycling & Waste Services
Mike Murray, Chief Financial Officer, Napa Recycling & Waste Services
Tim Dewey-Mattia, Recycling and Public Education Manager, Napa Recycling & Waste Services

ATTACHMENT 1

ATTEST
 This document is a correct copy of the
 original on file in the office of the
 City Clerk of the City of Napa,
 County of Napa, State of California
 By T. Carrigan Date 2/17/2022
 No. of Pages: 11

RESOLUTION R2022-008

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NAPA, STATE OF CALIFORNIA, 1) ADOPTING THE NOTIFICATION OF INTENT TO COMPLY WITH SHORT-LIVED CLIMATE POLLUTANTS: ORGANIC WASTE REDUCTION REQUIREMENTS; 2) AUTHORIZING THE UTILITIES DIRECTOR TO SUBMIT THE NOTIFICATION OF INTENT TO COMPLY TO THE DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE); AND 3) DETERMINING THAT THE ACTIONS AUTHORIZED BY THIS RESOLUTION ARE EXEMPT FROM CEQA.

WHEREAS, the City of Napa is committed to meeting its solid waste diversion requirements through program implementation of its Mandatory Municipal Solid Waste, Recyclable Material, and Compostables Disposal Reduction Ordinance and implementation plan; and

WHEREAS, the City of Napa is committed to meeting its mandatory commercial recycling requirements, pursuant to California Public Resources Code, Section 42649.3, through program implementation as directed by the Department of Resources Recycling and Recovery (CalRecycle); and

WHEREAS, Senate Bill (SB) 1383 (Lara, 2016) was signed into law and establishes methane emissions reduction goals of 50 percent in the level of the statewide landfill disposal of organic waste from the 2014 level by 2020 and 75 percent by 2025 and increase edible food recovery by 20 percent by 2025; and

WHEREAS, the Department of Resources Recycling and Recovery (CalRecycle) developed regulations in Title 14 Natural Resources, Division 7, Chapter 12: Short-lived Climate Pollutants in the California Code of Regulations to implement the goals in SB 1383; and

WHEREAS, Chapter 12 Article 3 (commencing with Section 18984) Organic Waste Collection Services requires jurisdictions to implement an organic waste diversion program that provides organic waste collection services to all businesses and residences; and

WHEREAS, Section 42652.5 (c) of the California Public Resources Code allows the governing body of a jurisdiction to adopt a resolution to submit a Notification of Intent to Comply if it is facing continuing violations of the Short-lived Climate Pollutants: Organic Waste Reductions requirement in Title 14 California Code of Regulations (14 CCR); and

ATTACHMENT 1

WHEREAS, the City of Napa and its contracted waste hauler (Napa Recycling and Waste Services) is not currently providing recycling and organics collection service to all residential, commercial, and industrial organic waste generators; and

WHEREAS, the City of Napa does not currently have the necessary staff needed to provide the necessary enforcement, training, and monitoring; and

WHEREAS, the City of Napa is committed to providing all residential, commercial and industrial organic waste generators with organic collection service as quickly as possible with proper training and prioritization of the largest generators first; and

WHEREAS, the City of Napa is committed to encourage businesses and residences to reduce and recycle compostable organics materials; and

WHEREAS, the City of Napa developed a Notification of Intent to Comply describing the actions the City will take within the timelines established in 14 CCR section 18996.2 with a proposed schedule to remedy all violations in a timely manner; and

WHEREAS, on January 1, 2022, the City will be in non-compliance of SB 1383 regulations and facing continuing violations and administrative penalties, unless a Notification of Intent to Comply is submitted by March 1, 2022 and approved by CalRecycle.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Napa, as follows:

1. The City Council hereby finds that the facts set forth in the recitals to this Resolution are true and correct and establish the factual basis for the City Council's adoption of this Resolution.

2. The City Council hereby determines that the actions authorized by this Resolution are exempt from CEQA pursuant to CEQA Guidelines Section 15308 (Class 8) as actions taken by a regulatory agency for the protection of the environment, specifically, for the protection of the climate and that there are no usual circumstances that would cause this Resolution to have a significant effect on the environment. The City Council further determines that this Resolution is adopted pursuant to CalRecycle's SB 1383 Regulations; the SB 1383 Regulations were the subject of the SB 1383 Regulations, Short-Lived Climate Pollutants: Organic Waste Methane Emission Reductions program EIR (SB 1383 Regulations EIR), SCH#2018122023, prepared by the Department of Resources Recycling and Recovery; and the activities to be carried out under this Resolution are entirely within the scope of the SB 1383 Regulations and the SB 1383 Regulations EIR.

3. The City Council hereby adopts the Notification of Intent to Comply with Short-lived Climate Pollutants: Organic Waste Reduction Requirements attached hereto as Exhibit "A" and incorporated herein by reference ("Notice of Intent to Comply").

ATTACHMENT 1

4. The City Council hereby authorizes the Utilities Director to submit the Notification of Intent to Comply to the Department of Resources Recycling and Recovery (CalRecycle) pursuant to California Code of Regulations Section 42652.5 (c) of the Public Resources Code.

5. This Resolution shall take effect immediately upon its adoption.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City Council of the City of Napa at a public meeting of said City Council held on the 15th day of February 2022, by the following vote:

AYES: Alessio, Narvaez, Painter, Luros, Sedgley

NOES: None


ABSENT: None

ABSTAIN: None

ATTEST:


Tiffany Carranza
City Clerk

Approved as to form:


Michael W. Barrett
City Attorney

ATTACHMENT 1

EXHIBIT A

Notification of Intent to Comply

CalRecycle is providing this optional form as a convenience to assist jurisdictions (counties, cities, a county and city, or special districts providing solid waste collection services) for purposes of submitting a notification of intent to comply to CalRecycle [see Public Resources Code (PRC) section 42652.5(c)].

A jurisdiction may submit a notification of intent to comply if it is facing continuing violations of the Short-lived Climate Pollutants: Organic Waste Reductions requirements in Title 14 California Code of Regulations (14 CCR). The written notification of intent to comply, adopted by resolution of the jurisdiction's governing body, shall be sent to CalRecycle no later than **March 1, 2022**, to NOIC@CalRecycle.ca.gov.

A jurisdiction shall, at minimum, include the following in its notification:

1. A description, with specificity, of the continuing violations.
2. A detailed explanation of the reasons, supported by documentation, why the local jurisdiction is unable to comply.
3. A description of the impacts of the COVID-19 pandemic on compliance.
4. A description of the proposed actions the local jurisdiction will take to remedy the violations within the timelines established in 14 CCR section 18996.2 with a proposed schedule for doing so. The proposed actions shall be tailored to remedy the violations in a timely manner.

Upon approval by CalRecycle of a jurisdiction's notification and implementation of the intent to comply, a jurisdiction may be eligible for both of the following:

1. Administrative civil penalty relief for the 2022 calendar year pursuant to PRC section 42652.5(d).
2. A corrective action plan pursuant to 14 CCR section 18996.2.
 - a. CalRecycle may address through a corrective action plan any violations disclosed in a jurisdiction's notification that will take more than 180 days to correct. In this situation, the proposed actions and schedule in the jurisdiction's approved notification will be in effect until a corrective action plan is issued.

CalRecycle will respond in writing to a jurisdiction within 45 business days of receiving its notification with an approval, disapproval, request for additional information, or timeline for a decision on approval or disapproval. CalRecycle will include details about why a jurisdiction did not meet the requirements for a Notification of Intent to Comply when disapproving the jurisdiction's notification.

ATTACHMENT 1

EXHIBIT A

Please clearly print or type responses. Attach additional pages as necessary.

Jurisdiction Name: City of Napa	County: Napa
Person Completing the Form: Jennifer Arbuckle, Consultant	
First Name: Kevin	Last Name: Miller
Title: Materials Diversion Administrator (Recycling Manager)	
Mailing Address: City of Napa Utilities Department, 1700 Second Street, Suite 100	
City: Napa	Zip Code: 94559
Email Address:	kmiller@cityofnapa.org
Phone Number:	707-257-9291

1. Select using the check boxes below or write in the continuing violations for each applicable regulatory section. For each selection, please describe the specific violations related to the regulatory section.

Use the check box(es) below to write in the continuing violations for any regulatory section(s) not reflected above and describe the specific violations related to the regulatory section.

- ☒ (1) 14 CCR section 18984.1 Three-Container Organic Waste Collection Services
i. Not implementing mandatory recycling or compostables collection for all residents and commercial accounts.
- ☒ (2) 14 CCR section 18992.2 Edible Food Recovery Capacity
i. Have not completed edible food capacity planning.
- ☒ (3) 14 CCR section 18993.1 Recovered Organic Waste Product Procurement Target
i. Not purchasing compost or mulch.

2. A detailed explanation of the reasons why the jurisdiction is unable to comply, supported by documentation, if applicable.

Overview: The main reason that the City of Napa is not able to be in full compliance by January 1, 2022 is our concern for quality and real-world experience in implementing programs. We have worked diligently over the last 6+ years establishing a successful organic collection program and we are not willing to simply give every account a compostable organics cart / bin without providing the needed onboarding training and education to provide maximum potential for success and minimize contamination. To properly expand our program to include all residential and commercial accounts it is imperative that we have adequate time to:

1. Onboard all commercial and/or multi-family accounts using our 6-week onboarding program to assist compliance with proper training, which takes ongoing monitoring and reeducation.
2. Hire additional staff for both the city and our authorized waste/recycling hauler (currently Napa Recycling & Waste Services or NRWS), including a new City Waste Prevention Representative, hauler Recycling Specialist, hauler Customer Service Representative, and hauler Driver.
3. Purchase additional equipment including organic collection carts and new trucks.
4. Establish new collection routes.
5. Develop a new fiscal plan and a new rate structure for all customers, particularly for compostable organics service to commercial and multi-family customers, which we will begin to implement in new rate year of 2023 (which would typically be calendar/contract year for 2023 and beyond).

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EXHIBIT A

Background: Since 2015, the City of Napa has been providing organic collection services (including food scraps and soiled paper) to both residential and commercial accounts. This followed a 2-year residential pilot program and a 5-year commercial pilot collection program. Our process to onboard commercial accounts has been to focus on the largest generators (generally following the AB 1826-tiered approach which stalled a bit with COVID in 2020). To assure a successful program we put all accounts through a 6-week onboarding program to assure all onsite managers, staff, etc., are properly trained and educated. We follow this up by ongoing education, reeducation, and monitoring. It is imperative to us that we do not just drop off carts to every commercial account, but that we properly preform the needed onboarding process to assure the needed understanding and respect for our organics program so that we can continue to achieve success. We have one of the most successful organics collection programs in the state and we believe this is due to our onboarding program and our commitment to quality. We have worked diligently to successfully establish and adopt one of the most robust and comprehensive enclosure standards in CA to further support our organic collection program and assure all commercial accounts have the proper space to support onsite compostable organics collection (Please see attached "Enclosures Standards"). In addition, the city has already invested in RecycleList software to track our compliance with SB 1383.

Commercial Generators: Following AB 1826 guidelines we have spent the last 6 years focusing on large scale generators; currently we have full compliance with 185 accounts on our food scrap compost route and another 215 on our yard trimmings route which equals 55-60 percent of all our commercial accounts that generate food scraps (estimated at about 700 such accounts out of 1,100 total commercial accounts) coming into full compliance. The remaining 1/3 of larger food scrap generator accounts (about 200 accounts) will be our focus over 2022-2023, as they will take the most time, training, and support to assure success. For smaller commercial generators (i.e., auto shops, mom and pop stores, etc.) we will approach reactively providing service to anyone that requests organic services. We plan to start a proactive approach for all small-scale commercial generators starting in 2024.

Multi-Family Generators: Additionally, the City requires time to onboard all our multi-family accounts. These accounts will be the most difficult to set up and train, and we do not currently have the needed staff to perform these duties. We have 120-150 multi-family complexes with approximately 6,000 individual living quarters. Multi-family accounts are notoriously difficult for all jurisdictions, and we are no exception; they have the lowest success rate and the highest contamination of all accounts for single-stream recycling service. Our compostable organics collection system does not have the ability to take contaminants out of the organics stream and thus we need to assure minimum contamination when onboarding multi-family units. We anticipate needing approximately 3 years to properly plan and implement a successful new program for "full spectrum" compostable organics service inclusive of food scraps and soiled paper in addition to yard trimmings for all multi-family accounts. Similar to commercial generators, these accounts require ongoing education and training, and it is impossible to do this effectively if we were to attempt to onboard all accounts at once. It takes a great deal of staff time to provide the care and maintenance needed to successfully onboard new multi-family accounts into the full-spectrum compostable organics program. Even accounts that have been successfully onboarded into the program need ongoing attention due to turnover, whether it be a change in management, employee, or a new tenet, it all requires almost the same time and energy as it does to onboard a new account. Inevitably, running a successful organics collection program is a slow process that takes a substantial amount of time. As touched on above, we will also not have the appropriate rate structure until 2023 (currently we have charged commercial food scraps – 75% of MSW rate – and "no charge" yard trimmings collection for multi-family generators that will have to combined into a single consolidated collection rate).

Multi-family is and will be our largest gap in reaching full compliance with SB 1383. This includes first getting them fully compliant and successful with participating in our recycling program prior to introducing organics (at least for under-performing properties). Again, this will take time and ongoing adjustments to get

ATTACHMENT 1

EXHIBIT A

right. Thus, we must prioritize a phase-in approach to assure success, and we cannot do this without additional time and patience.

We anticipate providing organics services to multi-family accounts on a reactive basis in 2022 and beginning a proactive approach for the largest generators starting in 2023. We anticipate that we will need a least two new staff members, one being employed by the City and one by our contracted waste hauler Napa Recycling and Waste Services (NRWS). To move forward with new hires, the City must go through the proper budget process and approvals, thus the earliest we anticipate being able to move forward with new hires is March 2022 for NRWS and October 2022 for the City.

Residential Generators: Starting in April of 2015, the City and NRWS implemented a universal outreach campaign to all residential customers informing those with yard trimmings collection carts that they could include food scraps in their carts, and for those without yard trimmings service that organic service was included with their service. The standard compost cart for residential accounts is 95-gallon in size and they could request an additional 95-gallon compost (or recycling) cart to have two compost carts at any time with no additional monthly cost (a third compost or recycling cart is available for a monthly fee). Current gaps in residential organic service includes approximately 900 accounts, 200 accounts for recycling service and 160 accounts without either composting or recycling equipment (out of approximately 22,500 single-family residential accounts, so more than 94% of total are already provided full compost and recycling services). The reasons for lack of service include a variety of special circumstances (i.e., shared accounts, garden services, property space constraints, non-organic generators, etc.). Moving forward, the City and NRWS will work together to reach out to all accounts to review and update any exemptions and provide the needed carts to those accounts that are currently not participating in the program. Residential accounts are where the city will be able to be the closest to full compliance by the end of 2022. Once we hire the needed new NRWS employees (beginning in March of 2022), we will be able to onboard approximately 45-55 accounts each month to reach full compliance by the end of 2023.

Rate-Setting Process: The City of Napa must comply with proposition 218 which requires certain rules and timelines for rate settings that must be followed, which is further based on an extensive 4-to-6-month underlying rate study process. Once this preliminary review process is complete, a rate notice goes out to all property owners for public review for a minimum of 45 days before it can be voted on and/or adopted by City Council. If protest votes against the proposed new rates are received by more than 50% or property owners, the City Council cannot approve an increase. Because of the complexity and time needed to implement and complete the process, we tend to do multi-year rate settings of between 3 and 5 years. This requires 4-6 months of advance work to prepare the underlying rate study and we anticipate this to begin in the last half of 2022 for setting collection rates for 2023 and beyond.

Facility & Processing Improvements: Our City-owned composting and recycling facility (formal name is the City of Napa Materials Diversion Facility or MDF) already has the capacity to handle the additional tonnage that will be coming in over the next 3-4 years as we continue to onboard all accounts. To support new facility requirements and increases in inbound material (particularly compostable organics), we are working to expand onsite sorting and screening equipment to increase efficiency and reduce residuals to the maximum extent possible. The City of Napa appears on the cusp of being awarded a \$1.5 million CalRecycle grant to purchase new screening and processing equipment for compostable organics. Even with the grant help, the City will likely need to invest in additional (and expensive) equipment to convert what was previously sent out as alternative daily cover (ADC) into other beneficial uses such as a coarse mulch for erosion control (which in turn requires removal of inorganic materials like metal and plastics). The City is prepared to expand facility processing equipment to accommodate all SB 1383 requirements and achieve the highest diversion rate possible. New processing equipment will also help us to get additional feed stock to help with our procurement requirements, as all the "finished" compost currently being produced is already successfully marketed and difficult to keep in stock.

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EXHIBIT A

Edible Food Recovery Capacity: The City is working with the County of Napa to complete the needed edible food recovery capacity study. The County (and City via Napa County) has opted to hire an outside consultant to perform the study. Abound Food Care was chosen and sent a contract for services 1/31/22, the County is currently awaiting the signed agreement for work to begin. City of Napa has already completed our review of Tier One Generators and identified our local Food Recovery Organization, their current capacity, and their annual food donation and disposal amounts. Once Abound Food Care finishes the capacity study of additional edible food waste generated, we will work with the County and our local food recovery organizations to develop an implementation plan to increase food recovery infrastructure to meet the determined need. In addition, we are working regionally to pursue a California Volunteers grant to expand workforce development to support our regional food donation/recovery programs.

Procurement: All certified organic compost produced at the City's MDF is already 100% successfully marketed. Thus, we will need more time to work with City staff to determine costs, land application needs and material sources. We are currently looking into the possibility of expanding the composting facility to include producing mulch, however this may be dependent on additional/improved processing equipment and capabilities at the City's MDF. Discussions have already begun with the Napa County Resource Conservation District for possible new application of coarse mulch product for local erosion control (such as Napa wineries). Additionally, the City of Napa issued a Request for Qualifications (RFQ) in November of 2021 for a potential wood waste gasification system to be located at the City's MDF. Four companies responded with a Statement of Qualifications (SOQ) in January 2022 and the City and NRWS have a selection committee currently reviewing and evaluating the SOQs to see which responders might be shortlisted for a more formal Request for Proposals (RFP) in 2022. The City sees both a need and benefit to investing in this technology as the markets and options for wood waste become more and more limited and expensive. If the project economics are favorable and approved by the Napa City Council, the hope is that a 3 megawatt (MW) wood waste gasification system would be in place and operating in the next 2-4 years. Among other potential benefits, having such a system in place would satisfy the City's SB 1383 procurement requirements by utilizing local organic-derived feedstock for renewable power generation and creation of a new "biochar" finished product for agricultural and/or water-filtering applications.

A description of the impacts of the COVID-19 pandemic on compliance.

COVID has had a significant impact on the City and NRWS's ability to set up new commercial accounts with the needed 6-week onboarding process. It is imperative to the City and our dedicated staff that we do not provide half-education and/or provide services without the needed training and support, thus we have not been able to provide our normal onsite services and have been limited in our ability to expand our program. While we have done our best, including development of a training video for commercial accounts, there is no substitute for in-person training and follow-up with the training. This is another reason we plan to use 2022 to focus on getting the easier residential accounts in compliance. In addition, COVID has resulted in ongoing processing and shipping delays for manufacturers, current quotes have resulted in new cart orders with a 19-week lead time. Our current orders continue to be delayed, with a current projected delivery time frame is April or May 2022. To support new organics routes, we need to purchase an additional collection truck, which has a current 10–14-month lead time. However, before we can place an order we still need to review and determine a new Council-approved financial plan and rate structure, which will occur in late 2022/early 2023, putting the delivery of the first new collection vehicle out into 2023. There may or may not be a need for a second collection vehicle as the city approaches full compliance for all generators in the future, but this will need to be assessed in 2024 or later.

ATTACHMENT 1

EXHIBIT A

3. Provide a description of the proposed actions the jurisdiction will take to remedy the violations with a proposed schedule for completing each action. The proposed actions shall be tailored to remedy the violations in a timely manner. See optional format below.

Regulatory Requirement: (B.i.) 14 CCR section 18984.1 Three-Container Organic Waste Collection Services Description: Not implementing mandatory residential food waste collection for all residents. Note: City already provides organics collection services to 94% of residential accounts.	
Action	Proposed Schedule
TASK 1: Hire additional staff for both the city and our authorized waste/recycling hauler (currently Napa Recycling & Waste Services or NRWS), including a new City Waste Prevention Representative, hauler Recycling Specialist, hauler Customer Service Representative, and Driver(s).	Date to be completed: 12/31/2023 NRWS new Recycling Specialist: 3/31/2022 NRWS new Customer Service Representative (75% allocated to City): 3/31/2022 City Waste Prevention Rep: 10/31/2022 NRWS new commercial/multi-family driver: 1/31/2023 Other potential future positions will be evaluated and determined during City budget and rate review processes.
TASK 2: Contact all residential customers not receiving organic and recycling waste services and determine service level needs. Work with hauler to distribute appropriate containers to all residential accounts. The city will obtain monthly reports from the hauler to monitor full distribution of carts.	Date to be completed: 12/31/2023 Schedule: 40-60 accounts per month (10-15 per week) once new NRWS staff is hired starting in March 2022 until we reach full compliance.

Regulatory Requirement: (B.ii.) 14 CCR section 18984.1 Three-Container Organic Waste Collection Services Description: Not implementing mandatory commercial organics collection for all businesses under 2 cubic yards. Note: City does have an established 3 cart organic waste collection service in place. City already provides organics collection to 55-60% of food-generating commercial accounts.	
Action	Proposed Schedule
TASK 1: Hire additional staff for both the city and our authorized waste/recycling hauler (currently Napa Recycling & Waste Services or NRWS), including a new City Waste Prevention Representative, hauler Recycling Specialist, hauler Customer Service Representative, and Driver(s).	Date to be completed: 12/31/2023 NRWS new Recycling Specialist: 3/31/2022 NRWS new Customer Service Representative (75% allocated to City): 3/31/2022 City Waste Prevention Rep: 10/31/2022 NRWS new commercial/multi-family driver: 1/31/2023

ATTACHMENT 1

EXHIBIT A

	Other potential future positions will be evaluated and determined during City budget and rate review processes.
TASK 2: Perform site assessment to each business and Multi-Family (MF) accounts not receiving compostable organic waste services to determine service level needs and provide them with the proper carts/bins, training and education needed to begin service. Work with hauler to distribute appropriate containers to all commercial and MF accounts. The City will obtain monthly reports from the hauler to monitor full distribution of carts.	Date to be completed: Commercial & MF accounts: 12/31/2025 Schedule: Once new staff is hired, we anticipate onboarding about 10 large generator accounts per month and then up to 25 per month once we move on to smaller generators.
TASK 3: Finalize rate review and confirm new rate adjustments with contracted waste hauler and facility operator (NRWS). Develop a new budget plan and a modified rate structure for all customers, particularly for compostable organics service to commercial and multi-family customers	Date to be completed: 6/31/2023 Schedule: New rate study beginning in late 2022 and anticipate take 4-6 months after to complete rate-setting process with new rates being adopted by June 2023.
TASK 4: Purchase additional equipment including carts and new collection trucks	Date to be completed 12/31/2023 Schedule: first new shipment of carts has been ordered and is anticipated to be delivered March or April 2022. New commercial organics collection truck anticipated to be delivered by first quarter of 2023. Once rate review is completed, we may determine the need for additional trucks that would be pushed out to 2024 or later.
TASK 5: Establish new collection routes: As new accounts are onboarded to the collection route NRWS will work to establish efficiency and determine needed changes and/or additions to the routes depending on locations and collection volumes etc.	12/31/2024; Schedule: ongoing adjustments until all accounts are added.
Regulatory Requirement: (B.iii.) 14 CCR section 18992.2 Edible Food Recovery Capacity	
Description: Have not completed food recovery capacity planning. City has identified all Tier one and Tier Two generators in the city limits.	
Action	Proposed Schedule
TASK 1: Work with Napa County to identify all Tier One and Tier Two generators and assess food recovery capacity. City will confirm collection amounts from generators and confirm capacity of established donation programs.	Date to be completed: 12/31/2022 Schedule: All Tier 1&2 generators identified, and donation facilities vetted starting 4/30/22 with Countywide edible food capacity study to be submitted to CalRecycle by August 1, 2022.

ATTACHMENT 1

Regulatory Requirement: (B.iv.) 14 CCR section 18993.1 Recovered Organic Waste Product Procurement Target	
Description: We have not determined the costs of procuring the needed compost and / or mulch and have not yet determine use and/or application methods.	
Action	Proposed Schedule
TASK 1: Work with City staff to determine costs, land application needs and material sources. May be dependent on additional/improved processing equipment and capabilities at City MDF. Discussions have already begun with the Napa County Resource Conservation District for possible new application of coarse mulch product for local erosion control (such as Napa wineries).	Date to be completed: 6/31/2023

I hereby certify under penalty of perjury that the information provided herein is true and correct to the best of my knowledge.

	Phil Brun	Utilities Director	February 18, 2022
Signature	Printed Name	Title	Date

APPENDIX N: STAFF REPORT FOR 2022 NRWS Contract Amendment



CITY OF NAPA

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Staff Reports

File #: 170-2022, **Version:** 1

To: Honorable Mayor and Members of City Council

From: Phil Brun, Utilities Director

Prepared By: Kevin Miller, Materials Diversion Administrator

TITLE:

Napa Recycling & Waste Services 2022 Contract Amendment

RECOMMENDED ACTION:

Adopt a resolution authorizing the Utilities Director to execute the 2022 Contract Amendment to City Agreement No. 8687 with Napa Recycling & Waste Services, LLC ("NRWS") for a term through December 31, 2031, for the collection and transportation of Municipal Solid Waste, Recyclable Materials, and Compostables, and operation of the Napa Materials Diversion Facility, and determining that the actions authorized by this resolution are exempt from CEQA.

DISCUSSION:

The original and existing contract between the City and NRWS labeled the "Contract for the Collection and Transportation of Municipal Solid Waste, Recyclable Materials, and Yardwaste and the Operation of the Napa Materials Diversion Facility" (City Agreement No. 8687) provided for a 10-year base term, from January 14, 2005 through December 31, 2015, with options to extend the term for up to four additional one-year terms. Council authorized three one-year extensions for calendar years (CY) 2016, 2017 and 2018. As used in this report, the term "NRWS Agreement" refers to City-NRWS contract (City Agreement No. 8687), as amended on March 1, 2005, July 6, 2010, and July 30, 2014.

On April 17, 2018, the 2018 Contract Amendment to NRWS was approved by Council (Council R2018-043). The 2018 Contract Amendment reset the compensation "base" of the NRWS Agreement extended the agreement for services 14 years through December 31, 2031.

Because many the costs of compliance with some regulations and permits were as yet unknown/undetermined at time of the 2018 Contract Amendment, some items were essentially placeholders until those costs were known and identified. This was particularly true for installation, operating and maintenance costs for the Covered Aerated Static Pile (CASP) composting and upgraded stormwater management systems at the MDF (both of which became operational in early 2020). It was also true for a few key compensation items such as the "Reconciliation Review" process to measure and compensate NRWS for growth (or decline) in services over remainder of the contract term. As such, the proposed 2022 Contract is necessary. The proposed 2022 Contract Amendment is attached to this staff report as Exhibit A to the authorizing resolution (Attachment 1).

HIGHLIGHTS OF PROPOSED 2022 CONTRACT AMENDMENT

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As noted above, the underlying major drivers of the proposed 2022 Contract Amendment are (1) costs of CASP composting system, (2) costs of upgraded stormwater management system and (3) costs of results of Reconciliation Review process to account for growth (or decline) in collection service provided by NRWS each year. City staff and NRWS have also arrived at several other mutually agreed "deal points" during contract negotiations that are reflected in the proposed 2022 Contract Amendment. The highlights are summarized below:

1. Fixed Annual Adjustments: The 2018 Contract Amendment extended the term of the contract by 14 years beginning with contract year (CY) 2018. The first 5 contract extension years (CY2018 through CY2022) had a fixed annual adjustment of 3.5 percent per year for NRWS labor costs and 2.5 percent per year for non-labor costs and then various published indexes that would apply starting with year six of the extension (CY2023). The proposed 2022 Contract Amendment would continue the fixed 3.5 percent per year for labor through the end of the contract term (CY2031). It would also continue the fixed 2.5 percent per year non-labor costs for the remainder of the contract (CY2023 through CY2031) with a limited reopener. The limited reopener would apply if non-labor costs increased by more than 5 percent in a given year from CY2023 through CY2031. If non-labor costs exceed 5 percent, then the City and NRWS would equally share these increased costs above 5 percent. For example, if non-labor inflation cost were 8 percent in a given year, then the City and NRWS would split the increase above 5 percent being 3 percent. In this example, the City would pay an additional 1.5 percent (half of 3 percent above 5 percent) and NRWS would absorb the other 1.5 percent. City staff feels this agreement is fair to both parties and gives both the City and NRWS long-term predictability for cost and compensation while providing a shared "safety-valve" when there are extraordinary increases in costs.
2. Increased Operating and Capital Costs: As noted above, two of the main drivers of the proposed 2022 Contract Amendment are increased capital and operating costs associated with the new CASP composting system and upgraded stormwater management system. The MDF operates under several permits including a Solid Waste Facility permit, an air permit and a stormwater permit. The regulations and permits for the facility have all become much more stringent (and expensive) for the City and NRWS as its facility operator to remain in good standing and in full compliance. While the 2018 Contract Amendment had some placeholder anticipated costs for operation of the CASP composting and upgraded stormwater management systems at the MDF, the proposed 2022 Contract Amendment has the benefit of adjusting to known, real-world permit and regulatory conditions. These costs include a new lab technician position (primarily for the extensive emissions testing and record keeping required by the Bay Area Quality Management Board's permit for the facility) and an additional compost/stormwater operator position (NRWS originally requested 1.5 such positions but ultimately agreed to one additional operator). A new water truck (\$208,000) is included in the 2022 Contract Amendment as well as a new grinder (\$950,000). The water truck applies "contact water" (meaning high solid runoff that has come into contact with organic materials) back to the active compost material as no discharge of contact water is allowed from the MDF under the stormwater permit for compost operations. The grinder was anticipated to be replaced in 2024 in the 2018 Contract Amendment, but repairs on the original grinder were estimated to cost the City approximately \$260,000 and not deliver the same performance as purchasing a new grinder would afford the MDF operations for the balance of the contract term.

The extensive emissions testing required by the air district also required a new lab office and equipment. The 2018 Contract Amendment anticipated that this would be subcontractor service to NRWS but it was determined that purchasing the lab testing equipment and hiring of a lab technician as an NRWS employee would be more cost effective for both the City and NRWS over course of the contract and help assure that the MDF would remain in full compliance with air permit conditions and reporting requirements. Additional capital improvements were made by NRWS to the MDF including concrete work, installation of fencing and other permanent improvements to the MDF as necessary for successful operation of the upgraded stormwater system.

3. Reconciliation Review Process: The 2018 Contract Amendment anticipated a new "Reconciliation Review" process that would replace the previous "Cost Review" process. The previous Cost Review process was conducted every three years and attempted to predict future growth. While needed and well-intentioned, the process proved to be inherently flawed. Either the City would pay NRWS for growth that never occurred (unfair to the City and City rate payers) or NRWS would not be adequately compensated for services and equipment provided to customers for growth that occurred but was not predicted by the City in the three-year projections. The new Reconciliation Review process attempts to solve the issue of growth by conducting the process more frequently (every other year for residential and commercial customers and every year for roll-off box customers). It also looks "backwards" for actual collection service data and measurements to establish whether service levels have increased or declined over time. As noted above, the metrics and process for the Reconciliation Review process were not fully developed nor finalized at the time of the 2018 contract amendment. While the 2018 Contract Amendment anticipated the first Reconciliation Review process for both residential and commercial service to begin in year three (CY2020) of the fourteen year extension, NRWS agreed to forego the first Reconciliation Review year in light of the impacts of COVID-19, particularly in the spring of 2020 when shutdown orders were in place.

The proposed 2022 Contract Amendment has resolved which metrics will be used and over what comparison time periods. The Reconciliation Review metrics derive from the original competitively bid NRWS proposal costs (as escalated by inflation). For residential service, this is based on a per household cost. For commercial service, this is based on a per "lift" (meaning lifting and emptying commercial carts or bins for landfill, recycling and composting collection service). For roll-off (debris box) services, the metric is the number of "services" as compared to what NRWS can deliver with four roll-off trucks and drivers (with the City having the option to direct NRWS to add a fifth roll-off truck and driver if growth levels are sustained and that becomes a more cost effective option for the City and City rate payers). Because roll-off service is compared against the base service capacity (i.e., service level that four trucks and drivers can provide), the revenue reconciliation will occur every year. Because collection service revenue is City revenue at City-set rates, revenue covers the additional compensation to NRWS in busy, high growth years.

Finally, the 2018 Contract Amendment had language that a mechanism for the unique growth impacts of the Napa Pipe development would need to be addressed in the Reconciliation Review process. The City and NRWS have arrived at a mutually agreeable method that would provide NRWS additional compensation when Napa Pipe residential customers occupy Napa Pipe development properties and become new City/NRWS customers.

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FINANCIAL IMPACTS:

The cost of the proposed 2022 Contract Amendment is fully budgeted in the City's FY2022/23 Solid Waste and Recycling (SWR) Enterprise Fund. This includes a \$3.5M carryforward from the FY2021/22 budget for one-time supplemental payments for both operating and capital expenses as well as compensation to NRWS for previous growth as determined by the Reconciliation Review process described in the above staff report.

The total additional compensation owed by the City to NRWS from the proposed 2022 Contract Amendment is as follows:

One-Time Supplemental Payment for Contract Year (CY) 2020: \$944,338.90. This includes \$888,060.71 for difference between what was paid to NRWS under the 2018 Contract Amendment terms, \$26,641.82 for the 3% base profit margin and \$29,636.36 for interest as negotiated by the parties (based on City's LAIF interest rate for FY2019/20 of 3.24%)

One-Time Supplemental Payment for CY 2021: \$935,356.55. This includes \$908,113.15 for difference between what was paid to NRWS under the 2018 Contract Amendment terms and \$27,243.39 for the 3% base profit margin.

One-Time Supplemental Payment for January 2022 through September 2022: \$674,970.16 which \$74,996.68 per month times nine months. This includes \$72,812 for difference between what was paid to NRWS under the 2018 Contract Amendment terms and \$2,184.37 per month for the 3% base profit margin.

The additional compensation for October 2022 through remainder of City FY2022/23 based on the Proposed 2022 Contract Amendment has been budgeted in the SWR Fund (City expenditure account number 51060514-53724).

Residential Reconciliation Review compensation to NRWS for growth in CY2021 (based on contract terms and calculations described in Attachment U and U-1 of proposed 2022 Contract Amendment) is a lump sum of \$59,878.06.

Residential Reconciliation Review compensation to NRWS for growth in CY2022 (based on contract terms and calculations described in Attachment U and U-1 of proposed 2022 Contract Amendment) is \$14,196.33 per month with a one-time supplemental payment of \$127,766.93 for January 2022 through September 2022 (\$14,196.33 per month times 9 months).

The additional compensation to NRWS for results of Residential Reconciliation Review process for October 2022 through remainder of City FY2022/23 based on the Proposed 2022 Contract Amendment has been budgeted in the SWR Fund (City expenditure account number 51060514-53729).

Commercial Reconciliation Review compensation to NRWS for growth in CY2021 (based on contract terms and calculations described in Attachment U and U-1 of proposed 2022 Contract Amendment) is a lump sum of \$412,355.10.

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Commercial Reconciliation Review compensation to NRWS for growth in CY2022 (based on contract terms and calculations described in Attachment U and U-1 of proposed 2022 Contract Amendment) is \$45,037.67 per month with a one-time supplemental payment of \$405,338.99 for January 2022 through September 2022 (\$45,037.67 per month times 9 months).

The additional compensation to NRWS for results of Commercial Reconciliation Review process for October 2022 through remainder of City FY2022/23 based on the Proposed 2022 Contract Amendment has been budgeted in the SWR Fund (City expenditure account number 51060514-53729).

Roll-off (debris box) service Reconciliation Review compensation to NRWS for growth in CY2019 (based on contract terms and calculations described in Attachment U and U-1 of proposed 2022 Contract Amendment) is a lump sum of \$74,327.92.

Roll-off (debris box) service Reconciliation Review compensation to NRWS for growth in CY2020 (based on contract terms and calculations described in Attachment U and U-1 of proposed 2022 Contract Amendment) is a lump sum of \$306,042.50.

Roll-off (debris box) service Reconciliation Review compensation to NRWS for growth in CY2021 (based on contract terms and calculations described in Attachment U and U-1 of proposed 2022 Contract Amendment) is a lump sum of \$104,426.65

Roll-off (debris box) service Reconciliation Review compensation to NRWS for growth in CY2022 (based on contract terms and calculations described in Attachment U and U-1 of proposed 2022 Contract Amendment) is a lump sum of \$7,840.56.

The additional compensation to NRWS for results of roll-off (debris box) service Reconciliation Review process for CY2023 will be based on CY2022 service measurement for CY2022 and will be paid as a lump sum in City FY2022/23. This cost element of the Proposed 2022 Contract Amendment has been budgeted in the SWR Fund (City expenditure account number 51060514-53729).

The SWR Enterprise Fund draws on three major revenue sources being collection service rate revenue, materials sales revenue and City MDF gate fee revenue. Collection service rates were adjusted as of January 2022 based on City Council action in 2019 and (along with materials sales and gate fee revenue) are adequate to fully cover the additional compensation to NRWS of the proposed 2022 Contract Amendment in current approved SWR Fund budget for FY2022/23. The impacts of the proposed 2022 Contract Amendment, along with additional costs of compliance with state law (SB 1383), will be factored into the next multi-year rate study and rate setting process which will be conducted next calendar year (2023).

CEQA:

City staff recommends that the City Council determine that the Recommended Action is exempt under CEQA Guidelines Sections 15301 and 15302 since it (1) involves the operation of an existing facility involving negligible or no expansion of use and (2) consists of replacing or reconstructing existing structures located on the same site and will have substantially the same purpose and capacity as the structure replaced. In addition, City staff recommends that the City Council determine that the potential environmental effects of portions of the Recommended Action were adequately analyzed by an Initial Study and Mitigated Negative Declaration adopted on November 7, 2013 (Resolution No. PC2013-15) that was prepared for the Napa Renewables Resources Project (File No. PL 12-0022); Technical Addendum dated June 23, 2014; Technical Addendum

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dated January 17, 2017; and the Notice of Determination for the Covered Aerated Static Pile system dated March 5, 2018 (issued in accordance with Resolution No. 2018-013). Based upon this prior review, subsequent environmental review pursuant to CEQA Guidelines Section 15162 is not required.

DOCUMENTS ATTACHED:

ATCH 1 - Resolution

EX A - Amended and restated City-NRWS contract incorporating the Proposed 2022 Amendment to Agreement No. 8687 with Term through 2031

NOTIFICATION:

Greg Kelley, General Manager/Managing Member, Napa Recycling & Waste Services (courtesy copy)

Mike Murray, Chief Financial Officer, Napa Recycling & Waste Services (courtesy copy)

ATTACHMENT 1

APPENDIX O: STAFF REPORT FOR SB 1383 NRWS Contract Amendment



CITY OF NAPA

955 School Street
Napa, CA 94559
www.cityofnapa.org

Staff Reports

File #: 034-2023, **Version:** 1

To: Honorable Mayor and Members of City Council

From: Phil Brun, Utilities Director

Prepared By: Kevin Miller, Materials Diversion Administrator

TITLE:

Napa Recycling & Waste Services SB 1383 Contract Amendment

RECOMMENDED ACTION:

Adopt a resolution authorizing the Utilities Director to execute the SB 1383 Contract Amendment to City Agreement No. 8687 with Napa Recycling & Waste Services, LLC ("NRWS") for a term through December 31, 2031, for the collection and transportation of Municipal Solid Waste, Recyclable Materials, and Compostables, and operation of the Napa Materials Diversion Facility, and determining that the actions authorized by this resolution are exempt from CEQA.

DISCUSSION:

The original contract between the City and NRWS labeled the "Contract for the Collection and Transportation of Municipal Solid Waste, Recyclable Materials, and Yardwaste and the Operation of the Napa Materials Diversion Facility" (City Agreement No. 8687) provided for a 10-year base term, from January 14, 2005 through December 31, 2015, with options to extend the term for up to four additional one-year terms. Council authorized three one-year extensions for calendar years (CY) 2016, 2017 and 2018.

On April 17, 2018, the 2018 Contract Amendment to the City-NRWS amendment was approved by Council (Council R2018-043). The 2018 Contract Amendment reset the compensation "base" of the NRWS Agreement extended the agreement for services 14 years through December 31, 2031.

On October 18, 2022, the 2022 Contract Amendment to the City-NRWS amendment was approved by Council (Council R2022-095). The 2022 Contract Amendment reset the compensation "base" of the NRWS Agreement to address operation operating and maintenance costs for the Covered Aerated Static Pile (CASP) composting and upgraded stormwater management systems at the MDF (both of which became operational in early 2020). The 2022 Contract Amendment is a full amended and restated version of City Agreement No. 8687 and clarified other key compensation items to NRWS such as the "Reconciliation Review" process to measure and compensate NRWS for growth (or decline) in services over remainder of the contract term.

ATTACHMENT 1

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As used in this report, the term “NRWS Agreement” refers to City-NRWS contract (City Agreement No. 8687), as amended in the amendments summarized above.

The proposed SB 1383 Contract Amendment, if approved by Council, will be a significant and far-reaching amendment to, and a full amended and restated version of, the NRWS Agreement. The “Proposed SB 1383 Contract Amendment” is attached to this staff report as Exhibit A to the authorizing resolution (Attachment 1 to this staff report). The “red-lined” version of the Proposed SB 1383 Contract Amendment showing section of contract with relevant changes to the 2022 Contract Amendment are shown in Attachment 2 to this staff report.

The major driver of the Proposed SB 1383 Contract Amendment is expanded and enhanced collection and processing of recyclable and compostable materials as demanded by state law, namely SB 1383. SB 1383 (Senate Bill 1383, Chapter 395, Statutes of 2016) establishes methane emissions reduction goals of 75 percent landfill disposal of organic waste from the 2014 level and increase of edible food recovery by 20 percent by the year 2025. While SB 1383 took effect on January 1, 2022, state law (SB 619) authorized the City to submit a Notification of Intent to Comply (NOIC) to CalRecycle by March 1, 2022 for an alternate SB 1383 implementation schedule. The NOIC was approved by Council on February 15, 2022 (R2022-008) and was subsequently accepted by CalRecycle in April of 2022. CalRecycle has since issued a “Corrective Action Plan” or CAP for the City of Napa largely based on the NOIC. The new and/or enhanced programs detailed below support fulfillment of the City’s SB 1383 compliance requirements detailed in the approved CAP and accepted NOIC.

HIGHLIGHTS OF PROPOSED SB 1383 CONTRACT AMENDMENT

The two major components of the proposed SB 1383 Contract Amendment are: (1) expanded organics collection from all “generators” (i.e., commercial, residential, school and multi-family customers) and (2) upgraded and enhanced processing of compostable and recyclable materials at City’s Materials Diversion Facility (MDF). City staff and NRWS have arrived at several other mutually agreed “deal points” during contract negotiations that are reflected in the proposed SB 1383 Contract Amendment. The highlights are summarized below:

1. EXPANDED SB 1383 ORGANICS COLLECTION SERVICE:

While SB 1383 is far reaching and impacts all three waste streams (i.e., recycling, compostable organics and landfill/trash) from all generators, the focus of the law is truly to capture and divert organics away from landfill disposal. As noted in the NOIC filed with CalRecycle, the City is ahead of most jurisdictions since it has had “full spectrum”

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the Proposed SB 1383 Contract Amendment provides for two full-time NRWS Recycling Specialists and 1 ½ NRWS CSRs (with 0.50 of a full time CSR being funded/shared with NCRWS). The Proposed SB 1383 Contract Amendment also provides for electric vehicles and charging stations for the vehicles for the NRWS Recycling Outreach Specialists as well as computers, phones, public education materials and other equipment necessary for the NRWS Specialists and CSRs to perform their duties. It should be noted that, to implement the goals of the NRWS Agreement, the two NRWS Recycling Outreach Specialists will work closely with two City Waste Prevention Specialists that will be dealing with additional aspects of SB 1383 implementation including edible food recovery, school programs, special events and other solid waste and recycling programs that are reported annually to the State of California.

2. ENHANCED SB 1383-DRIVEN PROCESSING COSTS:

The City of Napa is in much better shape than most jurisdictions for the processing side of SB 1383 in that it owns a fully-permitted, award winning compost and recycling facility, namely the Materials Diversion Facility (MDF) operated by NRWS under the terms of the NRWS Agreement. But the demands of SB 1383 also compel jurisdictions to not only collect previously landfilled organics and recyclables but also keep the three streams as “clean” and uncontaminated as possible. This is accomplished “upstream” on the collection and education side described above but also necessitates constant innovation and upgraded equipment to produce high quality recyclable materials and finished composts for sale from the MDF. SB 1383 also requires very prescriptive (and expensive) quarterly facility audits and sampling that is provided for in the Proposed SB 1383 Contract Amendment. Two quarterly audits have already been completed with some very interesting data that demonstrates that there is still much room for improvement to reduce contamination of the recycling and composting streams as well as uncaptured materials currently headed to landfill disposal. Among the findings from the first two quarterly facility audits: uncaptured organics represent between 48% to 56% of materials collected as landfill (trash) waste; organics (mostly smaller paper fiber) represents between 25% to 37% of MDF residue sent for disposal to the Devlin Road Transfer Station.

In order to address the goals of SB 1383 and come into full compliance with the law, the Proposed SB 1383 Contract Amendment compensates NRWS for the following enhanced processing of recyclable and organics at the City's MDF:

- **New \$1.45M Optical Sorter for Recyclables at MDF.**

An innovative part of the Proposed SB 1383 Contract Amendment is the purchase and installation of a \$1.45 million “optical sorter” at the Materials Recovery Facility (MRF) at the City's MDF. NRWS has spearheaded other successful innovations at the MRF in recent years including a cardboard screen, glass cleaner, a small optical sorter, three “sorting robots” and an eddy current for greatly improved capture of high value recyclable materials. In this same spirit and based on its success with a small optical sorter, installation of new larger optical

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sorter has been recommended by NRWS and City staff support this investment.

The optical sorter is projected to reduce MRF residue by 25% and thus capture it for sale as mixed paper. 25% of residue is approximately 2,700 tons per year and would have a two-fold benefit. First, it would avoid landfill disposal fees (the City currently pays \$71 per ton at the Devlin Road Transfer Station). Second, the 2,700 tons of paper fiber now captured by the equipment become available for sale (current pricing is between \$80 and \$100 per ton). The new optical sorter would be a shared investment with the City paying for 85% of the costs and NRWS paying 15% of the costs. Based on the two-fold benefits, the City would have a 3 ½ year return on investment payback period (the year-by-year ongoing projected benefit is further detailed in the financial impacts section of this staff report). This additional capture of paper fiber is also consistent and compliant with the goals and requirements of SB 1383 for sorting facilities like the MDF. If the Proposed SB 1383 Contract Amendment is approved, the optical sorter would be ordered and installed in the summer of 2023. The City 85% share of the capital cost of the optical sorter would be amortized over an eight year period from CY2024 through CY2031.

- **\$2.6M in Additional Organics Processing Equipment at MDF and Two New NRWS Compost Equipment Operators**

Another important aspect of SB 1383 Compliance is the ability for the City and NRWS to make upgrades and improvements to the organics processing capabilities of the MDF. To this end, the proposed SB 1383 Contract Amendment includes approximately \$2.6M in new organics processing equipment and two new NRWS compost equipment operators that would be employed to operate the new equipment. The City applied for, and was awarded, a \$1.5M CalRecycle Organics grant that will fund a \$920,000 slow-speed shredder, a \$392,000 density separator (that would remove heavy rocks/ceramics and lightweight inorganic plastics from the compostable organic materials) and two \$109,000 mobile stacking conveyors that would feed the density separator and other equipment at different stages of the organics processing system at the MDF. The Proposed SB 1383 Contract Amendment supplements the \$1.5 million grant-funded equipment with an additional \$1.1 million for a new \$322,000 wheel loader, a \$333,000 excavator and a \$460,000 new trommel screen. Like the optical sorter, the capital costs of the \$1.1 million in non-grant funded organics processing equipment would be amortized over an eight-year period from CY2024 through CY2031.

The combined impact of the new organics processing equipment (both grant-funded and locally funded) would allow for more efficient and effective organics processing at the MDF. The efficiency of organics processing is projected to improve overall efficiency by up to 25% as far as facility throughput capabilities. It would also produce a cleaner, richer finished compost (with less plastics and inert, non-organic materials) and allow a higher end-use for so-called "compost overs" which currently must be sent offsite as alternative daily cover or "ADC" at landfills (which no longer can be credited as "diversion" under SB 1383 regulations). The current ADC materials would be upgraded to qualify as "beneficial reuse" at landfills which

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typically do not charge a disposal tip fee for this higher value material vs. ADC disposal tip fees (approximately \$17 per ton currently). The enhanced and improved "compost overs" organics-derived products may also qualify for erosion control purposes and/or use as biofilter media (as is used at the MDF's "Covered Aerated Static Pile" or CASP system). If and when a biomass (woody waste) gasification system is installed at the MDF in the future, the new and improved organics processing equipment will allow for a cleaner feedstock for renewable energy and avoid having to truck processed wood waste and compost overs offsite (approximately 31,000 to 36,000 tons per year currently). Finally, the upgraded organics processing equipment would allow for more efficient space utilization at the MDF for organic materials allowing for more onsite composting capacity. The avoided cost savings and ongoing economic benefits are detailed further detailed in the financial impacts section of this staff report.

FINANCIAL IMPACTS:

The cost of the proposed SB 1383 Contract Amendment is fully budgeted for FY2022/23 in the City's Solid Waste and Recycling (SWR) Enterprise Fund. This includes: (1) \$323,665 for expansion of commercial organics collection, (2) \$46,255 for capital cost related to expansion of commercial organics collection, (3) \$395,263 for enhanced processing costs at City's MDF and (4) \$95,000 for SB 1383 required quarterly sampling audit at MDF (for three quarters) for a total of \$859,182 in increased expenditures to be paid to NRWS in FY2022/23. The increase in expenditures in FY2022/23 will be reduced by credits for labor costs from NRWS for hiring of a second recycling outreach specialist position and two compost equipment operator positions which were vacant for the first three months of CY2023. The net costs for the Proposed SB 1383 Contract Amendment will also be offset by avoidance of disposal tip fees currently charged for organic materials (compost overs) currently charged as alternative daily cover at landfills (described in more detail in staff report above and estimated in proposed SWR budgets for City FY2023/24 and FY2024/25 detailed below).

Estimated FY2023/24 Impacts of Proposed SB 1383 Contract Amendment: These include (1) \$658,150 for expansion of commercial organics collection, (2) \$91,484 for capital cost related to expansion of commercial organics collection, (3) \$800,777 for enhanced processing costs at City's MDF, (4) \$188,684 for processing capital costs and (5) \$126,000 for SB 1383 required quarterly sampling audit at MDF for a total of \$1,865,095 in increased contract related expenditures to be paid to NRWS in FY2023/24. However, there are some significant additional savings and/or new revenue from the Proposed SB 1383 Contract Amendment. These include the following:

- 2,700 tons per year of additional mixed paper to be recovered from the new optical sorter to be installed at the MDF. At a projected sale price of \$80 per ton, this impact is projected at \$216,000 of additional material sales revenue for FY2023/24 (2700 tons per year X \$80 per ton sale price).
- The 2,700 tons of recovered paper from the optical sorter also translates into reduced disposal cost of \$192,000 in FY2023/24 (2,700 tons X \$71 per ton of disposal costs at the Devlin Road Transfer Station).

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- The enhanced organics processing equipment from the \$1.5 million CalRecycle organics grant combined with additional upgraded organic processing equipment at the MDF from the Proposed SB 1383 Contract Amendment are also projected to have significant additional saving for the City in FY2023/24. More specifically, \$252,000 in avoided disposal cost savings for organics materials previously charged as alternative daily cover (ADC) at landfill (14,000 tons X \$18/ton ADC disposal charge = \$252,000).
- The upgraded organics processing equipment will also allow for estimated additional 7,000 tons of organic material to composted and/or utilized on site at the MDF and not have to be shipped out to a third-party compost facility (which currently costs the City approximately \$21 per ton in transportation expenses). This means an estimated savings of \$147,000 per year (7,000 tons X \$21 per ton in avoided transportation expenses).

Taken together, the impact of the enhanced processing equipment at the MDF result in a \$807,000 in combined additional revenue and/or avoided expenses for a full twelve-month period meaning the estimated net impact of the Proposed SB 1383 Contract Amendment is \$1,058,095 for City FY2023/24 (\$1,865,095 minus \$807,000). The proposed SWR budget for FY2023/24 estimates collection service revenue at \$30,275,000 meaning that roughly every \$303,000 equates to 1% of collection rate revenue. Taken alone (with no other factors considered including potential future collection rate adjustments), the estimated net impact of the Proposed SB 1383 Contract Amendment for FY2023/24 is approximately 3.5 percent of collection service charges (\$1,058,095 divided by \$303,000).

Estimated FY2024/25 Impacts of Proposed SB 1383 Contract Amendment: These include (1) \$679,125 for expansion of commercial organics collection, (2) \$89,396 for capital costs related to expansion of commercial organics collection, (3) \$822,608 for enhanced processing costs at City's MDF and (4) \$372,663 for processing capital costs and (5) \$80,000 for SB 1383 required quarterly sampling audit at MDF (it is assumed that a more cost effective alternative methodology will be approved by CalRecycle/Napa County LEA) for a total of \$2,043,792 in increased contract related expenditures to be paid to NRWS in FY2024/25. Again, as was the case for City in FY2023/24, there are some significant additional savings and/or new revenue from the Proposed SB 1383 Contract Amendment that will continue in FY2024/25. These include the following:

- 2,700 tons per year of additional mixed paper to be recovered from the new optical sorter to be installed at the MDF. At a projected sale price of \$80 per ton, this impact is projected at \$216,000 of additional material sales revenue for FY2024/25 (2700 tons per year X \$80 per ton sale price).
- The 2,700 tons of recovered paper from the new optical sorter also translates into reduced disposal cost of \$194,000 in FY2023/24 (2,700 tons X \$72 per ton of disposal costs at Devlin Road Transfer Station).
- The enhanced organics processing equipment will continue to have ongoing benefits and significant additional saving projected for the City in FY2024/25. More specifically, \$266,000 in avoided disposal cost savings for organics materials previously charged as alternative daily cover (ADC) at landfill (14,000 tons X \$19/ton ADC disposal charge = \$266,000).

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- The upgraded organics processing equipment will allow for an estimated additional 7,000 tons of organic material to be composted and/or utilized on site at the MDF and not have to be shipped out to a third-party compost facility or disposal facility. This means an estimated savings of \$154,000 per year (7,000 tons X \$22 per ton in avoided transportation expenses).

Taken together, the impact of the enhanced processing equipment at the MDF result in a \$830,000 in combined additional revenue and/or avoided expenses for a full twelve-month period meaning the estimated net impact of the Proposed SB 1383 Contract Amendment is \$1,213,792 for City FY2024/25 (\$2,043,792 minus \$830,000). The proposed SWR budget for FY2024/25 estimates collection service revenue at \$30,275,000 meaning that roughly every \$303,000 equates to 1% of collection rate revenue. Taken alone (with no other factor considered including potential future collection rate adjustments), the estimated net impact of the proposed SB 1383 Contract Amendment for FY2024/25 is approximately 4.0 percent of collection service charges (\$1,213,792 divided by \$303,000).

The SWR Enterprise Fund draws on three major revenue sources being collection service rate revenue, materials sales revenue, and City MDF gate fee revenue. Collection service rates were adjusted as of January 2022 based on City Council action in 2019 and (along with materials sales and gate fee revenue) are adequate to fully cover the additional compensation to NRWS of the Proposed SB 1383 Contract Amendment in current approved SWR Fund budget for current FY2022/23. The impacts of the 2022 Contract Amendment and the Proposed SB 1383 Contract Amendment, along with additional costs to the City of compliance with state law (SB 1383), will be factored into the next multi-year rate study and rate setting process which will be conducted later this calendar year (2023) for new rates expected to become effective January 2024.

CEQA:

City staff recommends that the City Council determine that the Recommended Action is exempt under CEQA Guidelines Sections 15301 and 15302 since it (1) involves the operation of an existing facility involving negligible or no expansion of use and (2) consists of replacing or reconstructing existing structures located on the same site and will have substantially the same purpose and capacity as the structure replaced. In addition, City staff recommends that the City Council determine that the potential environmental effects of portions of the Recommended Action were adequately analyzed by an Initial Study and Mitigated Negative Declaration adopted on November 7, 2013 (Resolution No. PC2013-15) that was prepared for the Napa Renewables Resources Project (File No. PL 12-0022); Technical Addendum dated June 23, 2014; Technical Addendum dated January 17, 2017; and the Notice of Determination for the Covered Aerated Static Pile system dated March 5, 2018 (issued in accordance with Resolution No. 2018-013). Based upon this prior review, subsequent environmental review pursuant to CEQA Guidelines Section 15162 is not required.

DOCUMENTS ATTACHED:

ATCH 1 - Resolution

EXH A - Proposed SB1383 Contract Amendment: Amending and restating the City-NRWS contract incorporating the Proposed 2022 Amendment to Agreement No. 8687 with Term through 2031

ATTACHMENT 1

RESOLUTION R2023-038

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NAPA, STATE OF CALIFORNIA, AUTHORIZING THE UTILITIES DIRECTOR TO EXECUTE THE SB 1383 CONTRACT AMENDMENT TO CITY AGREEMENT NO. 8687 WITH NAPA RECYCLING & WASTE SERVICES, LLC ("NRWS") FOR A TERM THROUGH DECEMBER 31, 2031, FOR THE COLLECTION AND TRANSPORTATION OF MUNICIPAL SOLID WASTE, RECYCLABLE MATERIALS, AND COMPOSTABLES, AND OPERATION OF THE NAPA MATERIALS DIVERSION FACILITY, AND DETERMINING THAT THE ACTIONS AUTHORIZED BY THIS RESOLUTION ARE EXEMPT FROM CEQA

WHEREAS, the City of Napa (hereinafter referred to as "the City") and Napa Recycling and Waste Services, LLC, a California limited liability company (hereinafter referred to as "NRWS") entered into an agreement for the collection and transportation of Municipal Solid Waste, Recyclable Materials and Compostables and the operation of the Napa Materials Diversion Facility ("MDF") on December 7, 2004 (City Agreement No. 8687, hereinafter referred to as "Agreement"); and

WHEREAS, the parties executed the First Amendment to the Agreement on March 1, 2005 to replace seven conventional diesel fuel collection vehicles in the Agreement with seven collection vehicles powered by engines using compressed natural gas ("CNG"); and

WHEREAS, the parties executed the Second Amendment to the Agreement on July 6, 2010 to (a) formalize agreements made among the parties and an Affiliate of NRWS that had been reflected in a signed "Joint Summary Report," dated April 9, 2007, (b) to delete the diversion incentive described in Section 12.04 of the Agreement, and (c) document the parties' agreements on operational changes that evolved since NRWS commenced City collection and processing at the MDF on October 1, 2005, and

WHEREAS, the City exercised its right under Section 3.03 of the Agreement on April 16, 2014, to unilaterally extend the Term under the same terms and conditions for one (1) year to December 31, 2016; and

WHEREAS, the parties executed the Third Amendment to the Agreement on July 30, 2014 to (a) create incentives to financially compensate NRWS when diversion specific materials from landfill disposal are achieved, and (b) to document changes in operational procedures that have been put in place since the Second Amendment to Agreement was signed; and

WHEREAS, the City exercised its right under Section 3.03 of the Agreement on October 18, 2016, to unilaterally extend the Term under the same terms and conditions for one (1) year to December 31, 2017; and

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WHEREAS, the City exercised its right under Section 3.03 of the Agreement on November 7, 2017, to unilaterally extend the Term under the same terms and conditions for one (1) year to December 31, 2018; and

WHEREAS, the City Council approved the 2018 Contract Amendment on April 17, 2018 (Council resolution R2018-043) extending the term through December 31, 2031. The 2018 Contract amendment included several major agreement changes and updates including: (a) purchase of new heavy refuse and recycling collection by the end of calendar year (CY) 2020 that was 100 percent powered by clean air compressed natural gas; (b) fixed annual increases for first five years of fourteen year extension at 3.5 percent for labor and 2.5 percent for non-labor operating expenses; (c) requirement for NRWS to bring in an additional flow of 30,000 tons per year of additional organic materials to City MDF (as allowed by MDF permits); (d) a full NRWS customer service center within City limits and use of NRWS-owned property at 600 Tower Road for MDF support purposes at no additional cost to the City; (e) approximately \$4 million in upgraded and/or new equipment for materials recovery sorting facility at City MDF; and (f) enhanced incentive and performance-based compensation to NRWS to maximize volumes and efficiency of Recyclable Materials and Compostable by NRWS within the City or received and processed at City MDF. Additionally, the 2018 Contract Amendment provided "placeholder" language for potential future operation of an anaerobic digestion to biofuel system and/or biomass gasification plant at the City MDF. Finally, the 2018 Contract Amendment identified certain contract provisions that required additional discussions and negotiations, particularly with regard to development of a new Reconciliation Review process to measure and compensate NRWS for growth (or decline) in services as well as the installation, operation and maintenance of a new covered aerated static pile (CASP) composting system and upgraded stormwater management system at the City's MDF; and

WHEREAS, the City Council approved the amendment of the Agreement in accordance with the terms of the "Proposed 2022 Contract Amendment (10/18/2022 version)" to add the Reconciliation Review Process, fix the annual inflation adjusted compensation for remainder of contract term, and to compensate NRWS for the installation, operation and maintenance of the new CASP composting system and upgraded stormwater management system at the City's MDF, which was presented to the City Council at its meeting of October 18, 2022 ("2022 Contract Amendment"); and

WHEREAS, while negotiating the 2022 Contract Amendment, the City adopted Ordinance No. O2022-001, which amended Napa Municipal Code Chapter 5.60 and Title 5 to add Chapter 5.61 "Mandatory Municipal Solid Waste, Recyclable Material, and Compostables Disposal Reduction" to comply with the requirements of SB 1383 (Lara, Chapter 395, Statutes of 2016) ("SB 1383"); and

WHEREAS, SB 1383 represents the state's most aggressive waste reduction law in the last 30 years and enacted mandated targets to reduce organic waste in landfills as well as significant regulatory requirements imposed on the City to meet those requirements, including required residential and commercial organic waste collection

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services, collection route reviews and sampling, reporting to the state, and mandatory enforcement and penalties starting in 2024; and

WHEREAS, given the aggressive timelines and comprehensive regulatory requirements, the City Council approved the submittal of a Notification of Intent to Comply with CalRecycle (R2022-008), which contained the City's detailed schedule and plan for full compliance with SB 1383. The City's Notification of Intent to Comply was approved by CalRecycle on April 5, 2022; and

WHEREAS, during the 2022 Contract Amendment negotiations, the City and NRWS agreed to address specific SB 1383 requirements with a separate amendment; and

WHEREAS, the parties now wish to amend the Agreement to address SB 1383 related requirements, including processing upgrades to the City's Materials Recovery Facility ("MRF") and organics processing at the City's MDF; quarterly MRF facility audits; expanded SB 1383 organics collection service and corresponding increases to staffing and rolling stock; and staffing for new monitoring and public education requirements; and

WHEREAS, City Council has considered all information related to this matter, as presented at the public meetings of the City Council identified herein, including any supporting reports by City Staff, and any information provided during public meetings.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Napa, as follows:

1. The City Council hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the City Council's adoption of this Resolution.

2. The City Council hereby determines that the action authorized by this resolution is exempt under CEQA Guidelines Sections 15301 and 15302 since it (a) involves the operation of an existing facility involving negligible or no expansion of use and (b) consists of replacing or reconstructing existing structures located on the same site and will have substantially the same purpose and capacity as the structure replaced. In addition, the City Council hereby determines that the potential environmental effects of portions of the actions authorized by this resolution were adequately analyzed by an Initial Study and Mitigated Negative Declaration adopted on November 7, 2013 (Resolution No. PC2013-15) that was prepared for the Napa Renewables Resources Project (File No. PL 12-0022); Technical Addendum dated June 23, 2014; Technical Addendum dated January 17, 2017; and the Notice of Determination for the Covered Aerated Static Pile system dated March 5, 2018 (issued in accordance with Resolution No. 2018-013). Based upon this prior review, subsequent environmental review pursuant to CEQA Guidelines Section 15162 is not required.

**APPENDIX P: SB 1383 MANDATORY COMMERCIAL ORGANICS
5-YEAR COLLECTION RATE AND MIGRATION STUDY**

Development of a Phased 5-Year Organics Rate Structure, Service Migration Predictions, and Revenue Impacts of a Fully Implemented SB 1383 Organics Program

Submitted on April 4, 2025, by EcoNomics, Inc.



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Appendix 3 - MF Rate Tables – Yard Trimmings and Food Scraps

Appendix 4 - Packaged Organics Rate Tables – Commercial and Multifamily

Appendix 5 - Current and Predicted Services – Current Food Scraps and Onboarding Accounts

Appendix 6 – Potential Migrators – Current and Migration Service Information

Appendix 7 - Constants

1 Project Background and Objectives

1.1 General Overview of Senate Bill 1383

In 2016, the California state legislature passed Senate Bill 1383 (SB 1383): California's Short-Lived Climate Pollutants Reduction Law. This legislation is intended to reduce greenhouse gas emissions in California through diversion of organic waste materials from landfills. Definitions of organics were finalized by CalRecycle in November 2020 and included: yard trimmings, food scraps, food-soiled paper and fibers. SB 1383 requires all commercial businesses, multi-family and single-family residences to separate their waste into 3 streams: municipal solid waste (MSW), organics, and recyclables on or before January 2022. Jurisdictions that do not comply with these organic waste diversion requirements may face fines of up to \$10,000 per day. SB 1383 also requires all jurisdictions to adopt a local ordinance that mandates businesses, multi-family properties, and residents to implement a 3-container collection program or face administrative penalties. The City incorporated these mandatory recycling requirements into Section 5.61 of its municipal code in January 2022.

1.2 City's SB 1383 Implementation Progress

The City recently amended its contract agreement with Napa Recycling and Waste Services (NRWS) to incorporate the programmatic and reporting requirements of SB 1383. Following a 5-year pilot commercial collection program, in 2015 the City of Napa began offering source-separated food scrap collection to businesses at a cost of 75% the cost of equivalent MSW service. This rate for food scraps, when compared to equivalent MSW service, offers businesses a rate incentive to comply with the organic-waste diversion mandates. The food scrap rate incentivization level was the result of extensive analysis conducted by Economics, Inc. in 2014 and presented to the City Council in March 2015. The rate incentive was developed to ensure the program was financially sustainable and that the food scrap rate generated sufficient revenue to cover the collection and processing costs of the program. As of Jan 1, 2025, there are approximately 292 commercial accounts that subscribe to commercial food scrap collection service. The City's contract hauler, NRWS has provided businesses and multi-family properties yard trimming recycling programs at no charge since the current collection contract has been effective. To become fully compliant with SB 1383, a total of 60 commercial and multi-family accounts need to implement food scraps; an additional 88 multi-family accounts that currently have yard waste service will need to also implement a food scrap recycling program. Multi-family customers that subscribe to commercial collection service (i.e. have a centralized collection area for MSW, recycling, and/or organics as opposed to individual carts for each housing unit) must also have organics recycling service per SB 1383. Of the 123 multi-family properties in the City with commercial collection service, 109 have organics recycling service (88.6%), which includes food scraps and/or yard trimmings. SB 1383 requires all commercial and multi-family properties to have 3-container collection service, therefore the City needs to implement additional organics recycling programs at both commercial and multi-family properties to attain full compliance with SB 1383.

1.3 SB 619 Notice of Intent to Comply

In February of 2022 the City of Napa submitted a Notification of Intent to Comply (NOIC) to CalRecycle. The NOIC process, which was authorized by Senate Bill 619, allows jurisdictions to seek delays in enforcement of elements of SB 1383. Via the SB 619 NOIC process, the City requested, and was granted, conditional relief from CalRecycle enforcement surrounding the requirement that all multi-family properties have organics recycling collection service (including food scraps, fiber materials, and yard trimmings) by January 1, 2022. As part of the NOIC process, CalRecycle, in close coordination with the City, developed a Corrective Action Plan (CAP) that provided a pathway for the City to attain full multi-family organics recycling compliance by 2026. The CAP provided the City additional time for multi-family and commercial generators to successfully participate in the expanded and enhanced collection programs that comply with SB 1383. Implementing organics recycling at multi-family properties presents a unique set of challenges, including limitations on space in existing trash enclosures needed to house additional containers to collect food scraps and yard trimmings, high turnover among residents, multiple languages being spoken by residents, frequent trash overages during move-in and move-out periods due to the disposal of unwanted bulky items by outgoing tenants, and property managers that are wary of adjusting service levels to incorporate organics recycling service. In recognition of these challenges, the execution of the CAP focused on providing extensive technical assistance to the waste generators to capture and recover the maximum amount of organic materials targeted by SB 1383 while also minimizing contamination.

1.4 2023-2024 Commercial Co-collected Compostable Rate Study

In 2023, the City of Napa commissioned a rate study to identify the optimal rate to charge for co-collected commercial compostables collection service (including yard trimmings and food scraps). The City retained EcoNomics, Inc. to review the current SB 1383 compliance status of all commercial accounts, determine the costs and operational effects of full compliance, develop pricing scenarios as any businesses moved towards the necessary food scraps and yard trimmings collection scenarios to comply with SB 1383 over time, and provide a cost impact analysis to develop a rate for commercial co-collected compostables collection (food scraps and yard trimmings). As compliance with SB 1383 is attained and all businesses and multi-family properties implement the requisite compostable programs, EcoNomics projected adjustments to the volume of total materials collected, as well as needed operational and capital cost changes needed to accommodate an expanded commercial compostable route, to create a preliminary cost recovery rate. EcoNomics also modeled scenarios to develop a rate for highly contaminated commercial and multi-family food scraps collection by processing these materials through the City's depackaging equipment. This report was submitted to the City on January 26, 2024, and is titled: Projecting Collection Cost Impacts for Full SB 1383 Implementation: A Rate Study to Develop Revenue and Cost Impacts of a Clean Compostables and Packaged Organics Route. The complete report is included as Appendix 1. The results of the study were

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reviewed by City staff and it was determined that the recommended cost-recovery rate for commercial yard trimmings be ‘phased-in’ over a five-year period to reduce financial impacts on current customers that have been receiving yard trimmings service at no charge since the contract became effective. The rate study found that a cost-recovery rate could be offered to commercial food scrap customers at a lower cost than the current rate of 75% of equivalent MSW service. To ensure stability in rate revenue receipts from current commercial food scrap customers, the City directed EcoNomics to study the rate impacts of the cost recovery rate for food scraps over a 5-year period. The City also requested that EcoNomics determine the operational, capital, and rate impacts of container migration for customers with large numbers of yard trimmings and food scrap carts who may benefit from the use of a single 1 or 2-yard bin to collect these materials, provided it is operationally feasible to do so. The 2025 study builds off of the findings of the 2024 report, including the projected revenue and cost impacts of projected full SB 1383 compliance levels, and includes recommendations from the original 2024 rate study.

In summary, the following key factors influenced the development of the new rate model and were included in the 2025 study:

- Updating the calculation of collection cost payments to identify the cost per lift value and distribute this value across all generators for cost recovery
- The exclusion of the packaged organics route until the program is refined at a later date.
- Modeling the migration of service levels from multiple carts to fewer bins because of increased costs per service as the rate becomes implemented over a 5-year period.
- Direct field research analysis of cart weights used to improve the accuracy of specific density values.
- Maintaining separate routes for yard trimmings and food scraps until year 5.

Incorporating the above elements into the 2025 rate study required extensive additional analysis of the commercial customer base to develop service projections and model cart-to-bin migration scenarios. This analysis was coupled with field data collection to refine key assumptions, including density, and to refine service projections based on actual customer volume allocations.

1.5 2025 Rate Study Objectives

The objective of 2025 rate study is to identify the optimal, cost-recovery rate to charge for commercial and multi-family food scraps and yard trimmings collection service and to determine the impact of charging these rates on the City’s overall solid waste fund. The commercial rates were developed in alignment with the following criteria:

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- Develop a financially sustainable rate that generates sufficient rate revenue to cover the collection and processing costs of the commercial and multifamily food scraps and yard trimmings programs
- Continue to provide a rate incentive (i.e. the rate for compostable collection is less than equivalent MSW collection rate) to businesses and multi-family properties that incentivizes them to incorporate new compostable collection service that is required to comply with SB 1383 without increasing overall trash bills
- Provide a cost-recovery rate for existing yard trimmings customers (that have historically received this service at no charge) whose yard trimmings collection costs will **increase** when it is provided at a charge
- Provide a cost recovery rate for existing commercial food scrap customers (that have received this service at 75% the charge of equivalent MSW service since 2015 before SB 1383 regulations became effective) whose food scrap collection costs may **decrease** when it is provided at the optimally incentivized level
- Provide a clear nexus between the cost of providing the service and the rate charged to the customers

Per the City's direction, EcoNomics has developed a revised commercial compostable rate model that aligns with the above criteria that includes a five-year period for implementation. During this five-year period, commercial yard trimmings and food scraps will be provided at different rates until the rates converge at the end of the five-year period. At this point, customers will be able to co-collect their food scraps and yard trimmings into the same container, if desired. The rate was developed to ensure cost recovery by the City (i.e. the cost of providing the service to the customers is equivalent to the rate) and is designed to provide adequate compensation to NRWS for the operational impacts and equipment capitalization required to expand the food scraps and yard trimmings routes to attain full SB 1383 compliance, while providing the most economical container sizes and collection services for commercial food scraps and yard trimmings customers. The 5-year timeline of the rate structure developed in this report allows for a rate which is:

- a) matched against the needed capital expenditures to acquire all the bins needed to "right-size" the collection of compostables;
- b) matched to expenditures for the acquisition of bin liners that will be paired with the replacement of carts with bins;
- c) matches the timing of rate increases to the actual 5-year deployment schedule of the identified bins and carts and;
- d) structured to optimize scenarios on the overall impact on rate revenues due to charging for Yard Trimmings and the reduction of Food Scrap rate revenue.

2 Findings

2.1 Summary of Key Findings

EcoNomics, Inc. has completed the analysis for the City of Napa's phased 5-year commercial compostable rate structure. This report presents the detailed findings, which are aligned with the objectives of balancing capital expenditures, operational costs, and compliance with SB 1383 requirements while providing a cost-recovery rate. In addition, recommendations for balancing the City's Materials Diversion fund can be found in the conclusion and recommendations section. The analyses validate the assumptions, quantify impacts on rates and revenues, and propose actionable recommendations for phased implementation.

Key findings of the study include:

- 5-year commercial rates for commercial and multifamily yard trimmings and commercial and multifamily food scraps:** Recommended rate tables for commercial and multifamily food scraps and commercial yard trimmings for rate years 1 (effective July 1, 2025) through 5 (effective January 1, 2029). The rates for the commercial food scraps and yard trimmings service were developed to ensure full cost recovery for the City and factor in projected cart-to-bin migration costs for properties where such a migration was operationally feasible and where an economic rate incentive exists to switch from many carts to a single bin. Projected rates also include full SB 1383 compliance by 2026. Changes in collection cost payments to NRWS, rate revenue, capital costs, operational costs and processing costs for the most likely migration scenario are included in the cost-recovery rate.
- Net cost and revenue impacts to City's solid waste fund:** A summary table showing the total net financial impact on the City's solid waste fund that includes projected changes in rate revenue based on full SB 1383 compliance and projected cart-to-bin migration, changes in processing costs based on an expanded compostable collection route, reductions in disposal costs based on landfill diversion from expanded commercial compostables, increases in capital costs for the deployment of lined bins for food scraps, changes in collection costs paid to NRWS based on adjustments to services, and increased labor costs for expanded routes.
- An optimized cart-to-bin migration plan.** The study includes a listing of customers that currently have high volumes of cart service that may benefit financially from implementing bin service. The City and NRWS can target these accounts to assist in implementing bin service and, where operationally feasible, may be able to reduce collection costs to the City and disposal costs to the generator.
- Capital cost projections for container and vehicle acquisition and deployment.** The study includes a schedule of when capital acquisition of bins is likely to occur based on projected migration from carts to bins. The City can use this to plan for capital expenditures and include in future budgets. It also includes the addition of a side loader vehicle, its driver, and associated operational costs.

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- **Right Sizing of Yard Trimmings Service** The offering of yard trimmings collection service at no charge likely led to the acquisition of more cubic yards of yard trimmings service than likely is needed by the customers. This study estimates a reduction of yard trimmings service at 10% of their total cubic yardage each year to reflect 1) customers ‘right-sizing’ their service to match actual yard trimmings generation volume and 2) a portion of customers arranging with their landscaping contractor to haul-away yard trimmings instead of making use of onsite disposal through NRWS.
- **Packaged food scrap rates** The report includes cost-recovery rates for packaged organics collection service for generators who have high levels of cross-contaminants (i.e. non-compostable materials such as plastic) in their food scrap streams.

2.2 5-year Rates for Commercial and Multifamily Yard Trimmings Service

Effective July 1, 2025, yard trimmings will no longer be offered at no charge to commercial and multifamily customers. To develop a cost-recovery rate for yard trimmings, EcoNomics examined:

- The level of current diversion of yard trimmings from participating yard trimmings customers;
- Adjustments to collection and processing costs as a result of customers migrating from large volumes of yard trimmings carts to bins;
- Reductions in service levels as a result of being charged for the service
- The proposed cost recovery yard trimmings rate will be phased in over a 5-year period to minimize the potential for ‘rate shock’ to existing yard trimmings customers who have been receiving this service at no charge for over 20 years.

2.2.1 5-year Rates for Commercial Yard Trimmings Service

EcoNomics is recommending the rates shown in Table 1 below be charged to customers on the City’s commercial yard trimmings route beginning July 1, 2025. The rates effective for January 1, 2026, and each January 1 thereafter until 2029 are also included. The rates shown in Table 1 are for five years. More information on the costs that are included in these rates can be found in Sections 2.5.1 and 3.8.1.

As shown in Table 1, the recommended rates for this service provide a rate incentive, i.e. reduction, ranging from 12 - 45% of equivalent MSW service. There is no current service for 1 cubic yard MSW, so this value was created by taking the MSW rate for a 2 cubic yard container and dividing by two in the following rate comparisons. The entire recommended commercial compostable rate schedule, which includes collection frequencies of 1-7 days per week for up to 10 containers, is included in Appendix 2.

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Table 1: Commercial Yard Trimmings Rates and MSW Rate Comparison

Size	2025	2026	2027	2028	2029	MSW Rate (2029)	Comparison (%)
35-gal	\$2.25	\$4.84	\$12.19	\$17.11	\$21.71	\$48.01	45.21%
64-gal	\$3.13	\$6.68	\$15.07	\$21.13	\$26.94	\$96.22	28.00%
90-gal	\$4.01	\$8.52	\$17.96	\$25.14	\$32.18	\$144.09	22.34%
1 CY	\$7.10	\$14.97	\$20.63	\$28.66	\$35.68	\$298.55	11.95%
2 CY	\$12.98	\$27.24	\$39.86	\$55.39	\$70.60	\$597.10	11.82%
3 CY	\$18.86	\$39.52	\$59.08	\$82.15	\$105.52	\$875.54	12.05%
4 CY	\$24.74	\$51.79	\$78.30	\$108.91	\$140.45	\$1,136.75	12.36%
6 CY	\$36.50	\$76.35	\$116.75	\$162.43	\$210.29	\$1,691.89	12.43%

Comparison is shown as a percentage of 2029 rates relative to 2029 MSW rate.

2.2.2 5-year Rates for Multifamily Yard Trimmings Service

Due to the additional labor needed for navigating the operational complexities at multifamily properties, including staging containers at the curb for collection in properties where there is inadequate access for heavy-duty collection vehicle, EcoNomics is recommending a separate set of rates for multifamily properties to distribute these sector-specific costs. The rates for multifamily properties in Table 2 below should be charged to customers on the City's multifamily yard trimmings route beginning July 1, 2025. The rates effective for January 1, 2026, and each January 1 thereafter until 2029 are also included in the table below. The rates shown in Table 2 are phased in over the course of five-years and based on the actual costs for multifamily yard trimmings collection service.

As shown in Table 2, the recommended rates for this service provide a rate incentive, i.e. reduction, ranging from 13 - 76% of equivalent MSW service. The entire recommended multifamily yard trimmings rate schedule, which includes collection frequencies of 1-7 days per week for up to 10 containers, is included in Appendix 3.

Table 2: Multifamily Yard Trimmings Rates and MSW Rate Comparison

Size	2025	2026	2027	2028	2029	MSW Rate (2029)	Comparison (%)
35-gal	\$4.83	\$10.19	\$20.49	\$28.57	\$36.53	\$48.01	76.08%
64-gal	\$5.71	\$12.03	\$23.38	\$32.58	\$41.77	\$96.22	43.41%
90-gal	\$6.60	\$13.87	\$26.26	\$36.60	\$47.00	\$144.09	32.62%
1 CY	\$9.68	\$20.31	\$28.93	\$40.09	\$50.50	\$298.55	16.92%
2 CY	\$15.56	\$32.59	\$48.16	\$66.85	\$85.42	\$597.10	14.31%
3 CY	\$21.44	\$44.87	\$67.38	\$93.61	\$120.35	\$875.54	13.75%
4 CY	\$27.32	\$57.14	\$86.61	\$120.37	\$155.27	\$1,136.75	13.66%
6 CY	\$39.08	\$81.69	\$125.05	\$173.89	\$225.11	\$1,691.89	13.31%

Comparison is shown as a percentage of 2029 rates relative to 2029 MSW rate.

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2.3 5-year Rates for Commercial Food Scrap Service

Currently, commercial food scrap recycling rates are offered at 75% the cost of equivalent MSW service. Effective July 1, 2025, food scrap rates will be reduced to a cost-recovery rate over a 5-year phase-in period. To develop a cost-recovery rate for commercial food scraps service, EcoNomics examined:

- The level of current diversion of food scraps from participating food scrap customers;
- The projected quantity of food scraps from currently non-compliant commercial and multi-family customers that will need food scrap service to become compliant with SB 1383;
- The projected reduction in MSW cart and bin revenue associated with expanded food scrap recycling collection programs;
- Adjustments to collection and processing costs due to customers migrating from large volumes of food scraps carts to bins;

EcoNomics is recommending the rates shown in Table 3 below be charged to customers on the City's commercial food scrap route beginning July 1, 2025. The rates effective for January 1, 2026 and each January 1 thereafter until 2029 are also included in the table below. The rates shown in Table 3 are based on the actual costs for commercial food scrap collection service and will decrease from current pricing levels over the five-year period.

As shown in Table 3, the recommended rates for this service provide a rate incentive, i.e. reduction, ranging from 11- 32% of equivalent MSW service. The entire recommended commercial compostable rate schedule, which includes collection frequencies of 1-7 days per week for up to 10 containers, is included in Appendix 2.

Table 3: Commercial Food Scraps Rates and MSW Rate Comparison

Size	2025	2026	2027	2028	2029	MSW Rate (2029)	Comparison (%)
35-gal	\$31.69	\$27.76	\$28.64	\$27.14	\$25.36	\$73.13	32.27%
64-gal	\$61.50	\$51.30	\$45.99	\$38.39	\$30.60	\$146.56	19.68%
90-gal	\$91.10	\$74.68	\$63.23	\$49.58	\$35.84	\$219.48	15.53%
1 CY	\$189.99	\$157.24	\$122.73	\$91.02	\$58.86	\$454.76	13.30%
2 CY	\$375.65	\$305.23	\$233.68	\$165.60	\$97.78	\$909.52	10.93%

Comparison is shown as a percentage of 2029 rates relative to 2029 MSW rate.

2.4 5-year Phased-in Rate for Multifamily Food Scrap Service

EcoNomics is recommending the rates shown in Table 4 below be charged to customers on the City's commercial food scrap route beginning July 1, 2025. The rates effective for January 1, 2026, and each January 1 thereafter until 2029 are also included in the table below. The rates shown in Table 4 are based on the actual costs for multi-family food scrap collection service. These rates will 'ramp down' from current pricing levels over the five-year period.

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As shown in Table 4, the recommended rates for this service provide a rate incentive, i.e. reduction, ranging from 12- 55% of equivalent MSW service. The entire recommended commercial compostable rate schedule, which includes collection frequencies of 1-7 days per week for up to 10 containers, is included in Appendix 3.

Table 4: Multifamily Food Scraps Rates and MSW Rate Comparison

Size	2025	2026	2027	2028	2029	MSW Rate (2029)	Comparison (%)
35-gal	\$34.26	\$33.11	\$36.94	\$38.60	\$40.19	\$73.13	54.95%
64-gal	\$64.08	\$56.65	\$54.29	\$49.84	\$45.42	\$146.56	30.99%
90-gal	\$93.69	\$80.03	\$71.53	\$61.04	\$50.66	\$219.48	23.08%
1 CY	\$192.56	\$162.59	\$131.03	\$102.47	\$73.68	\$454.76	16.20%
2 CY	\$378.23	\$310.58	\$241.98	\$177.05	\$112.60	\$909.52	12.38%

Comparison is shown as a percentage of 2029 rates relative to 2029 MSW rate.

2.4.1 5-year Rates for Packaged Organics Collection Service

In addition to the commercial and multi-family food scrap rates noted above, the study also examined the cost factors for a ‘packaged organics’ rate which could be used for convenience stores, multi-family properties, and other businesses that generate an organics stream that contains extensive contamination from packaged food items, including rigid plastics, food soiled paper, film plastics, expanded polystyrene, and other non-compostable materials that would need to be removed prior to composting. The rate for the packaged organics rates are slightly higher than the food scraps rates due to additional processing requirements of the packaged organics stream to remove contaminants. Tables 5 and 6 below show the rates for commercial and multifamily packaged organics service for one container and one pickup. A complete list of the rates can be found in Appendix 4. Expected revenue and cost values were not modeled for the packaged organics rate because of the unknown variables and unpredictable nature of forecasting packaged organics amounts.

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Table 5: Commercial Packaged Organics Rates and MSW Rate Comparison

Size	2025	2026	2027	2028	2029	MSW Rate (2029)	Comparison (%)
35-gal	\$32.02	\$28.44	\$29.74	\$28.65	\$27.34	\$73.13	37.38%
64-gal	\$62.11	\$52.57	\$48.02	\$41.20	\$34.27	\$146.56	23.38%
90-gal	\$92.00	\$76.55	\$66.19	\$53.69	\$41.20	\$219.48	18.77%
1 CY	\$191.88	\$161.19	\$128.91	\$99.67	\$70.13	\$454.76	15.42%
2 CY	\$379.44	\$313.12	\$246.07	\$182.89	\$120.33	\$909.52	13.23%

Comparison is shown as a percentage of 2029 rates relative to 2029 MSW rate.

Table 6: Multifamily Packaged Organics Rates and MSW Rate Comparison

Size	2025	2026	2027	2028	2029	MSW Rate (2029)	Comparison (%)
35-gal	\$34.60	\$33.79	\$38.04	\$40.11	\$42.16	\$73.13	57.65%
64-gal	\$64.69	\$57.92	\$56.32	\$52.65	\$49.09	\$146.56	33.49%
90-gal	\$94.58	\$81.89	\$74.49	\$65.14	\$56.02	\$219.48	25.52%
1 CY	\$194.46	\$166.54	\$137.22	\$111.13	\$84.95	\$454.76	18.68%
2 CY	\$382.02	\$318.49	\$254.37	\$194.35	\$135.15	\$909.52	14.86%

Comparison is shown as a percentage of 2029 rates relative to 2029 MSW rate.

2.5 Revenue Impacts of Proposed Rates

The recommended rates for commercial and multifamily yard trimmings and food scraps, shown in Tables 1-4 above, will have the revenue impacts on the City's rate revenue stream as shown in Table 7 below. An overview of each of the four revenue impact areas is included in this section. Note the impacts in year one are for a period of six months, as the rate changes will be effective between July 1 – December 31, 2025, while years 2-4 represent annual quantities. Negative values represent a reduction in revenue from current numbers while positive values represent an increase in revenue.

Detailed analyses supporting the revenue impacts are included in subsequent sections of this report and are referenced in Table 7 below. The revenue impact summary table assumes all customers with more than one cubic yard of cart service migrate to bin service if: 1) there is a lower cost of doing so; and 2) if it is operationally feasible to receive bin service at their property. Operational feasibility for bin service of a sample of potential migration sites was assessed with assistance from NRWS' Operations Manager in addition to site visits by EcoNomics staff. Using these criteria, EcoNomics projected 54 yard trimmings customers and 100 food scrap customers to migrate from carts to bins.

The overall net revenue impact in year 5 is a *reduction* in revenue of \$659,197.73, mostly driven by the reduction in food scrap revenue received by the City as food scrap rates decrease from the current rate (75% of equivalent MSW costs).

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Table 7: Predicted Yearly Revenue Impact of Most Likely Migration Scenario

Scenario 1 Migration, Full SB 1383 compliance

Description of Revenue Impact	Year 1 Revenue Impact	Year 2 Revenue Impact	Year 3 Revenue Impact	Year 4 Revenue Impact	Year 5 Revenue Impact	Report Section Describing Detailed Analysis
Revenue Impact 1: Increase in Rate Revenue from Current Commercial and Multi-family Yard Trimmings Customers Who Currently do not Pay for this Service	\$38,248	\$153,172	\$211,625	\$307,365	\$371,321	2.5.1, 3.1.1
Revenue Impact 2: Decrease in Rate Revenue from Current Commercial Food Scrap Recycling Customers Who Currently Pay 75% of the Equivalent MSW Rate for this Service	-\$154,883	-\$466,224	-\$607,988	-\$761,623	-\$947,647	2.5.2, 3.1.2
Revenue Impact 3: Increase in Rate Revenue from Currently Non-compliant Commercial Generators that Implement Food Scrap Recycling Programs between 2025 and 2029	\$86,818	\$141,769	\$111,810	\$81,899	\$51,232	2.5.3, 3.1.3
Revenue Impact 4: Decrease in MSW rate revenue from commercial and multi-family generators who 'right size' their MSW service levels as a result of incorporating commercial compostable service	-\$51,198	-\$112,636	-\$121,647	-\$128,946	-\$134,103	2.5.4, 3.1.4
Net Revenue Impact by Rate Year	-\$81,014	-\$283,918	-\$406,200	-\$501,305	-\$659,198	3.1.5

2.5.1 Overview of Revenue Impact 1: Increase in Rate Revenue from Current Yard Trimmings Customers Who Currently do not Pay for this Service

Currently, the City does not charge customers for yard trimmings collection service (i.e. this service is offered at no charge). As of October 1, 2024, there were 459 commercial yard trimmings customers and 90 multifamily customers receiving this service at no charge. EcoNomics recommends that a cost-recovery model covering the next 5 years, be implemented effective July 1, 2025. Using the commercial and multi-family yard trimming rates displayed in Tables 1 & 2, current yard trimmings customers will generate additional revenue of \$371,320.90 in year 5 or \$30,943.41 in monthly rate revenue. Additional analysis supporting this revenue projection is included in Sections 2.8.1 and 3.1.1.

2.5.2 Overview of Revenue Impact 2: Decrease in Rate Revenue from Current Commercial Food Scrap Recycling Customers Who Currently Pay 75% of the Equivalent MSW Rate for this Service

As of January 2025, there were 292 commercial customers that participated in the City's food scrap recycling program. This program is currently offered at 75% of equivalent MSW service to provide an incentive for participating in the program. This rate reduction from the 75% MSW-equivalent rate for commercial and multi-family food scraps to the cost-recovery rates shown in Tables 3 & 4 will result in a reduction in rate revenue of approximately \$947,646.97 per year or \$78,970.58 per month by year 5. The decrease in revenue each year is modeled in Tables 7 and 9 at the current (2025) food scrap rate. Additional analysis supporting this revenue projection is included in Sections 2.8.2 and 3.1.2.

2.5.3 Overview of Revenue Impact 3: Increase in Rate Revenue from Currently Non-compliant Commercial Generators that Implement Food Scrap Recycling Programs in 2025

There are 60 commercial and multi-family accounts that are non-compliant with SB 1383 and will need to implement a food scrap recycling program to comply. These non-compliant accounts were aggregated into a prioritized listing of accounts that need 'onboarding' onto the City's food scrap collection program and are referred to as 'onboarding' accounts throughout the study. To determine the revenue impacts on the City if these 'onboarding' accounts implement state-mandated organics recycling services, EcoNomics developed service projections for each of these accounts that incorporated food scrap recycling services. EcoNomics used its industry knowledge and experience implementing thousands of commercial and multi-family organics recycling programs to develop the organics service projections needed for the onboarding accounts to become compliant with SB 1383. Based on this analysis, when all non-compliant accounts are in compliance and have needed organics recycling services, using the food scrap recycling rates shown in Tables 3 & 4, these customers will generate \$51,231.74 per year or \$4,269.31 in rate revenue per month in rate year 5. Additional analysis supporting this revenue projection is included in Sections 2.8.3 and 3.1.3.

2.5.4 Overview of Revenue Impact 4: Decrease in MSW rate revenue from commercial customers who ‘right size’ their MSW service levels as a result of incorporating commercial compostable service

EcoNomics developed service projections to incorporate state-mandated organics services for all currently non-compliant ‘onboarding’ accounts. Wherever possible, these service projections assumed onboarding accounts would ‘right-size’ their MSW collection service (i.e. reduce MSW service levels by the equivalent volume of organic waste that was diverted) to reduce disposal costs. The current MSW revenue being generated from all the accounts targeted for SB 1383 organics implementation is \$617,149.44 yearly. The total expected revenue reduction from MSW after these targeted accounts incorporate food scrap collection service and implement ‘right-sizing’ adjustments to their MSW service will be \$134,103.40 per year or \$11,175.28 per month by rate year 5. The right-sizing of MSW service to account for volume of organics diverted through the compostable program represents a reduction in revenue to the City. Additional analysis supporting this revenue projection is included in Section 3.1.4.

2.6 Cost Impacts of Proposed Rates

In addition to impacts on the City’s rate revenue stream outlined above, the expansion of the commercial and multifamily food scrap and yard trimmings route to the additional customers, additional frequency of food scrap cart washing, as well as potential migration from carts to bins for some customers, will also have impacts on costs. These costs are outlined in Table 8 below. Note the cost impacts for year 1 include only six months of costs, while years 2-5 show yearly costs. Negative values in the table represent a reduction in costs while positive values represent an increase in costs.

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Table 8: Predicted Yearly Cost Impact of Most Likely Migration Scenario

Scenario 1 Migration, Full SB 1383 compliance

Description of cost Impact	Year 1 Cost Impact	Year 2 Cost Impact	Year 3 Cost Impact	Year 4 Cost Impact	Year 5 Cost Impact	Report Section Describing Detailed Analysis
Cost Impact 1: Increase in Costs due to Need for Additional Staff For Multifamily Properties	\$44,485	\$79,731	\$49,812	\$62,554	\$58,696	2.6.1, 2.8.6, 3.2.1
Cost Impact 2: Increase in Cost due to Capital Expenses Associated with Bins and Liners	\$3,962	\$11,522	\$5,633	\$27,796	\$69,739	2.6.2, 2.8.7, 3.2.2
Cost Impact 3: Change in Collection Cost Payments to NRWS due to Reduction in Lift Costs	\$55,927	\$98,406	-\$216,589	-\$245,640	-\$451,364	2.6.3, 2.8.8, 3.2.3
Cost Impact 4: Increase in Cost due to Capital Expenses Associated with New Collection Vehicle	\$0	\$0	\$163,274	\$163,274	\$163,274	2.6.4, 2.8.9, 3.2.4
Cost Impact 5: Increase in Cost due to Increased Frequency of Cart Washing	\$22,858	\$21,520	\$20,602	\$17,695	\$9,853	2.6.5, 2.8.10, 3.2.5
Cost Impact 6: Decrease in Cost from Avoided Disposal	-\$3,044	-\$3,061	-\$3,073	-\$3,078	-\$3,075	2.6.6, 3.2.6
Cost Impact 7: Increase in Costs due to Need for Additional Staff to Drive Vehicle	\$0	\$0	\$185,000	\$191,475	\$198,177	2.6.7, 2.8.11, 3.2.7
Cost Impact 8: Increase in Costs for Operating Additional Vehicle	\$0	\$0	\$35,000	\$36,225	\$37,493	2.6.8, 2.8.12, 3.2.8
Net Cost Impact per Rate Year	\$124,189	\$208,117	\$239,659	\$250,300	\$82,793	

2.6.1 Overview of Cost Impact 1: Increase in Costs due to Need for Additional Staff For Multi-family Properties

The additional food scraps and yard trimmings collection service at multifamily properties will require additional labor support. The expected increase in service will require an additional labor cost of \$10,333.33 per month starting in 2025. However, the costs represented in Table 8 are based on the estimated labor time needed for the helper to assist with the predicted number of multi-family containers in service during any given rate year. As customers migrate and the yard trimmings service is right sized, the total number of lifts for food scraps and yard trimmings changes over time. Additional information on this cost can be found in Section 3.2.1.

2.6.2 Overview of Cost Impact 2: Increase in Cost due to Capital Expenses Associated with Bins and Liners

Capital acquisition costs to the City were calculated each year for the bins and liners needed for food scraps service customers who were predicted to migrate from cart service to bin service in that year. In the current contract, bins for yard trimmings are included and any yard trimmings customers who migrate from carts to bin incurred no additional capital charge for this equipment. The total capital cost for bins and liners the City can be expected to pay over the five-years of migration for 100 food scraps customers is \$118,651.35. Additional information can be found in Section 3.2.2.

2.6.3 Overview of Cost Impact 3: Change in Collection Cost Payments to NRWS due to Reduction in Lift Costs

The City currently pays NRWS \$454.69 per lift over baseline per year for commercial collection service. The number of lifts is expected to increase as a result of non-compliant generators adding food scrap services, decrease as a result of MSW right sizing caused by the diversion of these materials, decrease as a result of yard trimmings right sizing once there is a charge for the service, and further decrease as a result of any migration of current food scraps and yard trimmings customers. More details on lift calculations and the costs per lift can be found in Section 3.2.3.

As noted in the Section 2.5.3 of this report, a portion of the current SB 1383 non-compliant accounts may be able to reduce their MSW service after they implement a food scrap recycling program reducing the total MSW lifts by 52 as a result of right sizing MSW. The number of additional lifts as a result of increased food scraps service is 177 for a net increase in lifts of 125. This leads to an overall increase in the collection payment in 2025, but as more customers migrate in years 2-5, the number of total lifts over baseline is reduced each year. By the time all predicted customers migrate in 2029, the reduction in lifts over baseline from the current values will be 882 lifts for a cost savings of \$451,363.50 per year or \$37,613.62 per month in year 5. Additional information can be found in Section 3.2.3.

2.6.4 Overview of Cost Impact 4: Increase in Cost due to Capital Expenses Associated with New Collection Vehicle

Due to the increase in compostable collection needed to comply with SB 1383, the City anticipates the purchase of an additional side loader to service the carts on the compostable route. The purchase of this vehicle will occur in 2027. The price of the vehicle plus a 3% capital acquisition rate will be funded through a loan with a term of 60 months with a 5% interest rate. Only payments for the first 3 years of this loan (2027-2029) are shown here as the last two years of payment are beyond the scope of this rate study. The total cost of this vehicle is estimated at \$721,000.00 in 2027. The yearly costs represented in Table 8 represent the sum of the monthly loan payments of \$13,606.16. Additional information can be found in Section 3.2.4.

2.6.5 Overview of Cost Impact 5: Increase in Cost due to Increased Frequency of Cart Washing

Currently, a third-party vendor provides cart washing services quarterly for food scrap containers at a cost of \$12.50 per cart. After the implementation of this program, it was decided to increase cart washing to once per month which will lead to an increase in costs for years 1-4. However, the reduction in food scraps carts caused by migration reduces the total number of food scraps carts by a significant amount in year 5 leading to a reduction in washing cost after migration is complete. The cost for cart washing is applied to each food scraps cart. After full SB 1383 implementation and migration the estimated number of food scraps carts in 2029 is 521. After increasing the frequency of food scraps cart washing, along with the reduction in carts as a result of migration, the difference in cost in 2029 is an increase of \$9,853.39 per year. Additional information can be found in Section 3.2.5.

2.6.6 Overview of Cost Impact 6: Decrease in Cost from Avoided Disposal

With the expansion of the commercial food scrap recycling route to all 60 currently SB 1383 non-compliant onboarding accounts, 974.48 additional tons of materials per year that are currently being disposed of as MSW will be diverted from the landfill and instead composted at the City's MDF facility. The cost per ton of disposal in 2025 is \$78, while the cost per ton of composting is \$40.52, a cost-saving of \$37.48 for every ton of additional materials diverted through either the commercial compostables or packaged organics routes. Right-sizing of MSW reduces the monthly tons of materials by 81.21 tons per month. Assuming full SB 1383 compliance, the City will reduce landfill disposal costs by \$36,523.37 per year or \$3,043.61 per month in year 5. Additional analysis supporting this cost reduction projection is included in Section 3.2.6.

2.6.7 Overview of Cost Impact 7: Increase in Costs due to Need for Additional Staff to Drive Vehicle

The cost of labor to drive the additional vehicle that will service food scraps and yard trimmings carts is estimated at \$185,000 per year in 2027. The cost is applied a labor inflation cost of 3.5% each year for a total cost in year 5 of \$198,176.62 or \$16,514.72 per month. Additional information on this cost can be found in Section 3.2.7.

2.6.8 Overview of Cost Impact 8: Increase in Costs for Operating Additional Vehicle

The operating costs of the new vehicle to service food scraps and yard trimmings carts excludes labor but includes insurance, office expenses, vehicle repair and maintenance. The expected cost in 2027 to operate the new vehicle is \$35,000 per year. An inflation rate of 3.5% is applied each year for a total cost in year 5 of \$37,492.88 or \$3,124.406 per month. Additional information on this cost can be found in Section 3.2.8.

2.7 Combined cost and revenue impacts of recommended rates

Table 9 below combines the aggregate rate revenue impacts from Table 7 in Section 2.5 and the cost impacts identified in Table 8 in Section 2.6 to show the overall expected impact of the service and rate changes on the City's fund.

All of the cost impacts directly apply to customer rates except for the avoided disposal costs of material that is currently being processed as MSW and will be diverted to food scraps or yard trimmings containers. The revenue impacts of the new yard trimmings revenue, the new predicted food scraps revenue from full SB 1383 compliance and the existing food scraps services cover all costs for food scraps and yard trimmings collection and processing, in addition to the interest charged in the future for any upfront capital costs. The change in revenue as a result of MSW right sizing is not directly related to the customer rates, nor is the difference between current food scrap revenue and the food scrap revenue calculated in the recommended rates.

The negative net fund impact values are driven by the reduction in food scrap revenue received by the City as food scrap rates are phased in from the current rate (75% of equivalent MSW costs) to the actual costs of the service (which is less than current, incentivized rate). As the MSW rate increases each year and the food scrap rate gets closer to a cost-recovery amount each year (which is lower than 75% the cost of MSW), the rate revenue reduction compared to the revenue amount that would have come in under a business-as-usual scenario gets more pronounced. Since this reduction in revenue impact cannot be considered a 'direct cost' of providing the service, it is not included in the cost recovery rates.

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Table 9: Predicted Yearly Impact of Most Likely Migration Scenario

Scenario 1 Migration, full SB 1383 compliance

Description of Impact	Year 1 Impact	Year 2 Impact	Year 3 Impact	Year 4 Impact	Year 5 Impact
Revenue Impact 1: Increase in Rate Revenue from Current Commercial and Multi-family Yard Trimmings Customers Who Currently do not Pay for this Service	\$38,248	\$153,172	\$211,625	\$307,365	\$371,321
Revenue Impact 2: Decrease in Rate Revenue from Current Commercial Food Scrap Recycling Customers Who Currently Pay 75% of the Equivalent MSW Rate for this Service	-\$154,883	-\$466,224	-\$607,988	-\$761,623	-\$947,647
Revenue Impact 3: Increase in Rate Revenue from Currently Non-compliant Commercial Generators that Implement Food Scrap Recycling Programs between 2025 and 2029	\$86,818	\$141,769	\$111,810	\$81,899	\$51,232
Revenue Impact 4: Decrease in MSW rate revenue from commercial and multi-family generators who 'right size' their MSW service levels as a result of incorporating commercial compostable service	-\$51,198	-\$112,636	-\$121,647	-\$128,946	-\$134,103
Cost Impact 1: Increase in Costs due to Need for Additional Staff For Multifamily Properties	-\$44,485	-\$79,731	-\$49,812	-\$62,554	-\$58,696
Cost Impact 2: Increase in Cost due to Capital Expenses Associated with Bins and Liners	-\$3,962	-\$11,522	-\$5,633	-\$27,796	-\$69,739
Cost Impact 3: Change in Collection Cost Payments to NRWS due to Reduction in Lift Costs	-\$55,927	-\$98,406	\$216,589	\$245,640	\$451,364
Cost Impact 4: Increase in Cost due to Capital Expenses Associated with New Collection Vehicle	\$0	\$0	-\$163,274	-\$163,274	-\$163,274
Cost Impact 5: Increase in Cost due to Increased Frequency of Cart Washing	-\$22,858	-\$21,520	-\$20,602	-\$17,695	-\$9,853
Cost Impact 6: Decrease in Cost from Avoided Disposal	\$3,044	\$3,061	\$3,073	\$3,078	\$3,075
Cost Impact 7: Increase in Costs due to Need for Additional Staff to Drive Vehicle	\$0	\$0	-\$185,000	-\$191,475	-\$198,177
Cost Impact 8: Increase in Costs for Operating Additional Vehicle	\$0	\$0	-\$35,000	-\$36,225	-\$37,493
Net Impact on Fund per Rate Year	-\$205,203	-\$492,035	-\$645,859	-\$751,606	-\$741,990
Estimated annual rate revenue by rate year	\$32.9M	\$36.2M	\$39M	\$42.2M	\$44.7M
Percent of total rate revenue represented by net impact on fund of recommended organics rates	0.62%	1.36%	1.65%	1.78%	1.66%
Budgeted Rate Stabilization Reserves	\$227,191	\$1,120,970	\$2,154,277	\$3,346,673	\$4,287,353
Remaining Rate Stabilization Fund Balance if Used to Offset Negative Fund Impact	\$21,988	\$628,935	\$1,508,418	\$2,595,067	\$3,545,363

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2.7.1 Analysis of Recommended Program Rates and Net Impact on the City's Solid Waste Enterprise Fund

As shown in Table 9, the total aggregate monthly revenue and cost impacts of the fully implemented commercial compostables and packaged organics route is a net fund impact of \$741,990 per year by Rate Year 5 when the fully phased in rates are charged. This represents approximately 1.66% of the City's total projected annual rate revenue of \$44.7M.

EcoNomics recommends the use of rate stabilization reserves to offset the potential negative impact on the fund from noncompliant accounts and a period of time necessary for customers to "right-size" their MSW service. The projected remaining rate stabilization fund balance after the cost of charging the recommended rates is included for each year in Table 9. The rate stabilization fund is projected to have a balance of \$3.6M by the end of year 5. These recommendations are outlined in Section 4.

2.7.1.1 *Difference in Expected Costs vs. Phased in Rates for years 1-4*

The recommended cost recovery rates cover the predicted direct costs for each compostable service. Because these rates are phased in over time in attempt to limit the impact of these rate changes on the customer, there is a difference in years 1-4 in the rate revenue received vs. the actual cost of providing the service. The expected costs of providing the service vs. actual revenue received by the programs for each rate year is examined in Table 10 below. This table shows the difference in revenue received vs. the costs associated with yard trimmings and food scraps service each year. Because current food scraps rates cover the costs of providing the program and also anticipate for higher level of compliance in future years, the projection leads to a net *surplus* in revenue for years 1-4 that will ensure the City is able to maintain sufficient reserves to address unforeseen variances in service levels.

Table 10: Expected Costs vs. Revenue 2025-2028

Description	Year 1	Year 2	Year 3	Year 4
Expected Costs	\$363,379.80	\$789,677.27	\$753,974.29	\$797,459.20
Revenue	\$583,709.57	\$1,055,768.50	\$942,497.70	\$854,690.95
Net Impact	\$220,329.77	\$266,091.22	\$188,523.40	\$57,231.75

2.8 Rate Impacts on Individual Customers

The following section examines the projected impact of the proposed rates on food scrap recycling and yard trimmings customers, both those who currently have service as well as the onboarding customers referred to in Section 2.5.3. The average rate across all customers within Scenario 1 decreased by \$43.42. The range of rate differences between these customers went from a cost savings of \$2470.6 for a food scraps customer who migrated to bins, to a cost increase of a yard trimmings customer who currently receives the service at no charge to a rate of \$621.07 per month.

2.8.1 Rate impact on current customers: Commercial and Multi-family Yard Trimmings Recycling Customers

Currently, yard trimmings collection service is offered at no charge to 549 customers. All current participants in the City's yard trimmings recycling program would see an increase in the costs they are paying for this service. Currently, these customers are paying \$0 per month. When the commercial yard trimmings rate becomes effective on July 1, 2025, the average cost for yard trimming collection service will be increased to \$11.49 per month and will gradually increase to \$55.16 per month by January 1, 2029 as shown in Table 7.

Customers can mitigate this rate impact by:

- **Right-sizing of MSW:** All of the current commercial yard trimmings customers that generate 1) food scraps and 2) only had yard trimmings collection service, will be required to place food scraps into a food scraps recycling container. By placing their food scraps into a newly established food scrap recycling program, the customers will divert all their food scraps from their existing MSW container. Depending on the volume of food scraps a customer can divert from their MSW containers they may be able to reduce the size and/or the service frequency of the MSW container, and reduce disposal costs.
- **Cart to Bin Migration:** Approximately 231 customers have more than one cubic yard of aggregate cart collection service for food scraps or yard trimmings. Based on the recommended rates for both yard trimmings and food scraps included in Appendix 2, some of these customers will see a financial incentive to consolidate their many carts into a single bin with a higher volume capacity (i.e. a cubic 2-yard bin has the volumetric equivalent to six 65-gallon carts). Based on migration projections, there are 154 customers with more than 1-cubic yard of cart service that will realize a rate reduction, provided that it is operationally feasible to provide bin service to the property.
- **Right-sizing yard trimmings container:** Yard trimmings service has been offered at no charge and customers had little incentive to modulate service based on actual yard trimmings generation levels, seasonal or otherwise. When this service is offered at a charge, customers will have an incentive to reduce service to match actual yard trimmings generation levels. The effects of right sizing are examined in Section 3.3 below.

2.8.2 Rate impact on current customers: Commercial and Multi-family Food Scrap Recycling Customers

The recommended cost-recovery commercial food scrap rate, that will be phased-in over 5-years, would be charged to 292 source-separated food scrap customers, who are currently paying 75% of the cost of equivalent MSW service. Currently customers are paying anywhere between \$36.01 - \$4,690.14 per month with an average rate of \$316.58 per month. All current participants in the City's food scrap recycling program would see a reduction in the costs they are paying for this service. With the implementation of the recommended commercial food scrap rates shown in Tables 3 & 4, these customers will be paying between \$24.18 and \$736.57 per month with an average rate of \$74.27 per month by rate-year 5. This represents a cost between 17 - 67% less for food scrap recycling service with a mean

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reduction in cost of 36%. As the food scrap rates decrease over five-year period, the reduction in revenue from the current rates increases over time as seen in Table 7. Appendix 5 shows current and predicted services for food scrap customers and includes the current food waste revenue for all accounts.

2.8.3 Rate impact on future customers: Non-compliant commercial and multi-family generators that will need to implement food scrap recycling service, yard trimmings service, or both

There are approximately 60 commercial customers that need to implement an organics recycling program. EcoNomics modeled the optimal commercial food scrap and/or yard trimmings service levels for all non-compliant accounts in the City. For these service projections, EcoNomics assumed a fully-compliant program would be implemented, which would include 3-containers (MSW, recycling, and compostables) in every enclosure to ensure convenient access to residents and businesses using the containers. An additional 220 cubic yards of weekly food scraps service was predicted for food scrap producing customers who do not currently have service. Once these customers add these food scraps services, the City can expect to see an increase in yearly revenue of \$51,231.74 or an increase of \$4,269.31 per month, for the additional cart and bin services. This represents an increase in revenue for the City that gets smaller each year as a result of the reduction in food scrap rate towards a cost recovery rate by Year 5. On average, the customers that are currently non-compliant for food scrap recycling are paying \$886.71 per month for MSW collection service. With the incorporation of commercial food scrap and/or yard trimmings service in a manner that is compliant with SB 1383, in July of 2025 these customers will be paying an average of \$755.35 for MSW service and \$241.16 for food scraps service, an increase of approximately \$109.8 per month (12.38%). The projected loss in MSW revenue for the City increases each year detailed in Table 5, due to the yearly increases in the MSW rate. MSW revenue is projected to increase by 12% in year 1, and by 10%, 8%, 8% and 6% in years 2-5 respectively.

2.8.4 Rate impact on migrating customers for both Food Scraps and Yard Trimmings

The following section reviews the potential cost savings Scenario 1 and Scenario 2 migrating customers as ‘rational actors’, where migration occurs only when the customer experiences cost savings. The 2029 revenue for Scenarios 1 & 2 was compared to the 2029 revenues where no migration takes place. All values are taken from the recommended rates for each scenario. The increase in costs for cart services caused by the increased frequency of food scrap cart washing, the additional side loader vehicle, its driver and operational costs, as well as the reduction in lift payments combined to reduce rates for all rational actors who switch to bin service.

2.8.4.1 Scenario 1 Migrants

The average rate across all migrating customers with more than 1 cubic yard of food scraps or yard trimmings service (Scenario 1) decreased by \$58.27. The range of rate differences

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between these customers went from a cost savings of \$258.70 to \$17.01 per month. All customers saw a reduction in rates as a result of migration.

Food Scraps

When broken down by food scraps and yard trimmings customers, the mean change in the rate after migration was a decrease of \$56.17 per month. There were 100 customers who experienced a cost savings ranging from \$215.95 to \$17.01.

Yard Trimmings

The mean change in the monthly rate when customers with yard trimmings service migrated to bins was a decrease of \$57.50. There were 51 customers who experienced a cost savings ranging from \$165.16 to \$22.40 per month.

2.8.4.2 Scenario 2 Migrators

Customers with more than 2 cubic yards of food scraps or yard trimmings service in Scenario 2 decreased their monthly rate by \$85.77 on average. The range of rate differences between these customers went from a cost savings of \$257.54 to \$48.23 per month. All customers saw a reduction in rate as a result of migration.

Food Scraps

When broken down by food scraps and yard trimmings customers, the mean change in the rate when the customers with food scraps carts migrated was a decrease of \$85.52 per month. There were 38 customers who experienced a cost savings ranging from \$213.63 to \$48.23 per month.

Yard Trimmings

The mean change in the monthly rate when customers with yard trimmings service migrated to bins was a decrease of \$78.49. There were 21 customers who experienced a cost savings ranging from \$165.16 to \$49.49 per month.

2.8.5 Rate impacts on individual customers as a result of the costs outlined in Table 7

The recommended rates directly reflects the cost of service. Applying these rates and expected service configurations to customers in 2029, the table and figures below show the approximate distribution of each of the identified costs and their contribution to the rate. Each of the available container sizes and their associated costs (rate) in year 2029 are shown for commercial (C) and multifamily (MF) rates for one container and one pickup. In Table 11, each of the collection costs are displayed for the available services. The values are the percentages of the total rate, with larger percentages colored in dark blue and lightening through the smaller percentages. The table indicates the majority of both commercial and multifamily rates are more greatly impacted by the processing cost, or the total cubic yards of material collected. In the case of the multifamily carts, it is the labor or the driver cost that makes up the majority of the rate. The high percentage of labor remained constant when pickups and the number of containers increased as well.

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Table 11: Percentage Breakdown of Cost Components

Waste Type	Rate	Container Size	Processing Cost	Collection Cost	Capital Cost	Labor Cost	Vehicle Cost	Driver Cost	Operating Cost	Washing Cost
FW	C	0.175	24	3	NA	NA	23	30	6	14
FW	C	0.325	37	2	NA	NA	19	25	5	12
FW	C	0.475	46	2	NA	NA	16	21	4	10
FW	C	2.000	71	1	28	NA	NA	NA	NA	NA
FW	MF	0.175	15	2	NA	37	15	19	4	9
FW	MF	0.325	25	2	NA	33	13	17	3	8
MSW	C	NA	NA	NA	NA	NA	NA	NA	NA	NA
MSW	MF	NA	NA	NA	NA	NA	NA	NA	NA	NA
YW	C	0.175	28	3	NA	NA	27	35	7	NA
YW	C	0.325	28	3	NA	NA	27	35	7	NA
YW	C	0.475	42	3	NA	NA	22	28	5	NA
YW	C	2.000	98	2	NA	NA	NA	NA	NA	NA
YW	C	3.000	99	1	NA	NA	NA	NA	NA	NA
YW	C	4.000	99	1	NA	NA	NA	NA	NA	NA
YW	C	6.000	99	1	NA	NA	NA	NA	NA	NA
YW	MF	0.175	17	2	NA	41	16	21	4	NA
YW	MF	0.475	27	2	NA	35	14	18	3	NA
YW	MF	4.000	87	1	NA	12	NA	NA	NA	NA

The impact on each of the individual service types are seen more clearly through the bar charts below and further explained in each of the cost sections. In each of the figures, values are shown in monthly costs.

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Commercial Food Scraps

Commercial food scraps carts incur a variety of costs from the additional side loader vehicle and cart washing. Commercial bin rates are driven primarily by the processing cost of the larger collection volume and the purchase of the new bin over time.

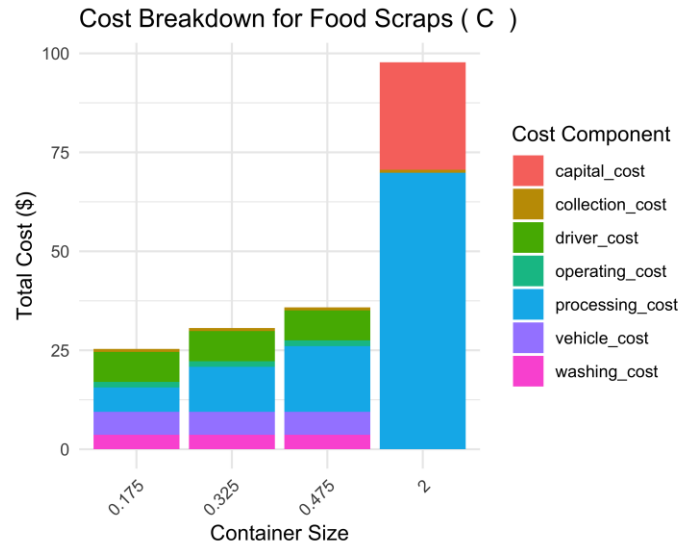


Figure 1. Cost of each of the 7 components in Commercial Food Scraps Rates

Multifamily Food Scraps

There are currently no multifamily customers with food scraps bin service. Food scraps carts incur a variety of costs from the additional side loader vehicle and cart washing, as well as an additional charge for labor to assist with collection.

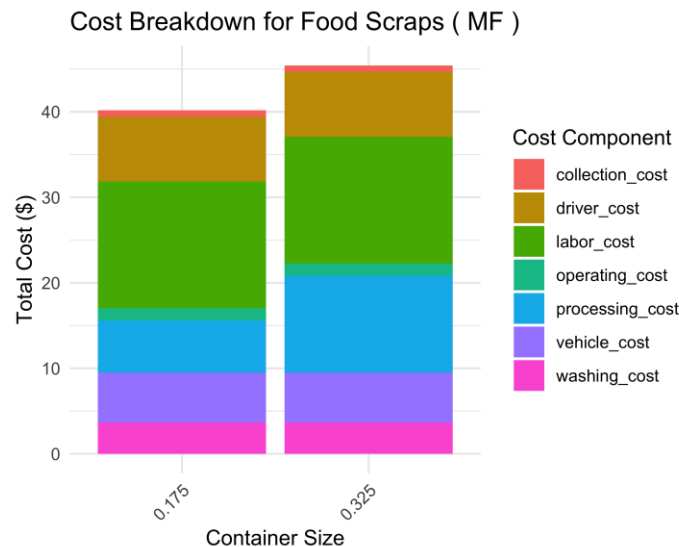


Figure 2. Cost of each of the 7 components in Multifamily Food Scraps Rates

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Commercial Yard Trimmings

Commercial yard trimmings bins are most entirely made up of processing cost, as these containers don't need additional equipment or labor. The cart rates are primarily driven by 3 somewhat evenly distributed costs: processing costs and the additional vehicle and its driver.

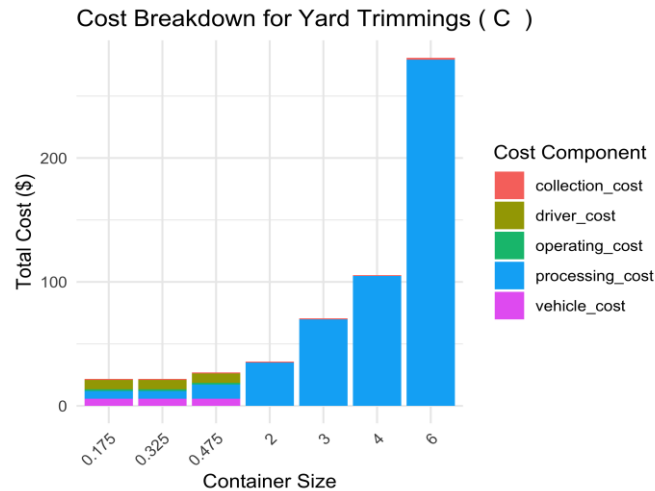


Figure 3. Cost of each of the 7 components in Commercial Yard Trimmings Rates

Multifamily Yard Trimmings

Multifamily customers with yard trimmings bin service have a rate driven by processing costs and the labor needed to assist in collection. Similar to the commercial yard trimmings carts, food scraps rates are most greatly affected by the labor to assist in collection followed by the cost of the additional side loader vehicle.

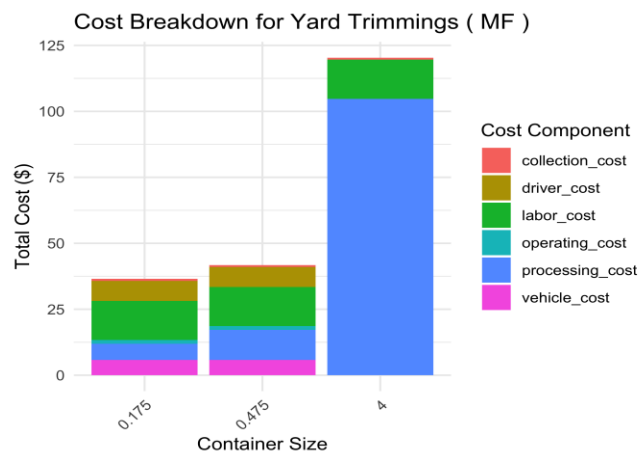


Figure 4. Cost of each of the 7 components in Multifamily Yard Trimmings Rates

2.8.6 Cost Impact 1: Labor Costs

Labor costs are applied to multifamily rates and refer to the additional help needed for collection at these properties. In the rates, it was applied as a monthly cost per lift to each multifamily customer, for both yard trimmings and food scraps. Currently, the total number of multifamily lifts is 678. The estimated time for assistance for each lift was three minutes with an approximate labor cost of \$12.92 per lift. When applied to 2029 service configurations, the average cost per customer for labor is \$40.59 per month. The labor costs range between \$14.82 for a customer with 1 container to \$237.15 for a customer with 4 containers.

2.8.7 Cost Impact 2: Bins and Liners

Any food scraps customers migrating from many carts to fewer bins will pay for the cost of new capital equipment. Customers can expect to pay between \$23.18 and \$81.53 per month with a mean of \$25.08 per customer to cover costs of the new bins and liners in the estimated migration services. Liners are needed for food scrap bins only to prevent rusting of the metal containers. This cost will apply for five-years, or the expected lifespan of the equipment.

2.8.8 Cost Impact 3: Collection Cost

The collection cost is calculated based on the number of lifts over baseline and distributed across all customers as a cost per lift. In the most likely scenario and the recommended rates presented within this study, the cost per lift charge is \$0.76 per month in 2029. This number is dependent on the total lifts over baseline and yearly cost per lift reconciliation payment made to NRWS.

2.8.9 Cost Impact 4: Purchase of a New Vehicle

The monthly loan payment at a 5% interest rate used to purchase the new vehicle will be passed on to any customer with cart service in the form of a vehicle cost to make up a portion of both commercial and multifamily food scraps and yard trimmings cart rates. The purchase of the new side loader vehicle will increase the monthly cost by an average of \$7.17 per customer. The monthly cost will range between \$5.83 for customers with 1 cart to \$58.27 for a customer with 10 carts.

2.8.10 Cost Impact 5: Increased Washing of Food Scraps Carts

The increase from quarterly to monthly washing for food scraps carts will be passed onto the customer at a monthly rate of \$3.66 per cart. The average cost for cart washing per customer is \$5.37, the highest cost is set at \$36.58 for customers with 10 food waste carts.

2.8.11 Cost Impact 7: Cost of Vehicle Driver

Similar to the cost of the vehicle to service food scraps and yard trimmings carts in Cost Impact 4, the cost for the vehicle driver will also be distributed across the total number of food scraps and yard trimmings carts. The cost of hiring an additional driver for the new vehicle will increase the customers cost by an average of \$9.32 per month. The customer with the lowest cost impact will pay \$7.58 for 1 container, and the customer with the highest cost impact will pay \$75.76 for 10 containers.

2.8.12 Cost Impact 8: Vehicle Operating Expenses

Operating costs for the new vehicle are applied across all carts on service. The average operating cost paid by each customer is \$1.76. The customer with the lowest operating cost will pay \$1.43 for having 1 container. The customer with the highest operating cost will pay \$14.33 for servicing 10 containers.

2.9 Recommendation to Closely Track Migration and MSW Right-sizing to Ensure Fund Stability

2.9.1 Migration.

As shown in the revenue impact analysis, our projections show that the migration of customers with large volumes of yard trimmings or food scrap recycling cart service to bin service will reduce collection cost payments from the City to NRWS through more efficient collection of higher-volumes of materials. Collection cost reduction as a result of bin to cart migration will result in a net change to the City's collection costs ranging from an increase of \$55,926.87 caused primarily by the addition of food scraps services needed to achieve full SB 1383 compliance; to a reduction of \$451,363.5 per year caused by the gradual migration from carts to bins as well as the reduction in service levels for yard trimmings customers predicted to decline by 10% per year.

Cart to bin migrations not only result in reductions in collection costs paid to NRWS, but also have the potential to reduce rates paid by customers through providing more efficient collection service when operationally feasible. However, many customers may not be aware of the option to migrate from carts to bins and will need technical assistance from NRWS and City staff to successfully consolidate their cart service into bin service without disruptions such as overages or underserving of containers. To this end, Appendix 6 includes a listing of accounts that would benefit from cart to bin migration. We recommend that these accounts be notified of the potential rate reductions associated with consolidating bins by the City to ensure the collection cost reductions projected in this study are actualized.

2.9.2 MSW Right Sizing.

To preserve the nexus between the commercial food scrap and yard trimmings rate being charged to customers reflecting the actual cost of providing the service, the revenue reductions the City will realize from MSW right-sizing was intentionally not included in the commercial and multifamily yard trimmings and food scraps rates shown in in Tables 1-4.

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Based on our modeling, the revenue reductions resulting from MSW right-sizing of on-boarding accounts are unlikely to structurally impact the City's operating revenues and represent less than 0.5% of total rate revenue by year 5. However, we recommend that the City closely track the MSW service levels for all currently non-compliant 'onboarding' accounts as these accounts become compliant and right-size their service levels. Estimates of MSW revenue as of October 2024 was \$766,406.40; while the calculated MSW revenue per year based on the January 2025 listing was \$617,149.44. This change in revenue may indicate more aggressive right-sizing, change in business operations or reflect closed businesses and should be explored further as this is a significant source of the City's revenue. We have included the 'baseline' MSW cubic yardage and rate revenues for all onboarding accounts in Appendix 5 - Current and Predicted Services – Current Food Scraps and Onboarding Accounts. As the on-boarding accounts implement the required organics collection service, on a semi-annual basis, we recommend that the City track any reductions in MSW revenue as a result of customer-right sizing to determine the impact of these activities on total aggregate MSW revenue. If the MSW revenue reduction impacts are significant (i.e. exceed 0.5% of total MSW revenue) and are resulting in the City's inability to cover certain costs, the City should consider using rate stabilization reserves, or other similar mechanisms, to maintain the balance of the City's budgeted funds.

2.9.3 Recommended Methodology to True Up Actual Migration Each Rate Year

As further explained in Section 3.8, the suggested rates are calculated as a result of the service configuration (size of the container, how many containers, frequency of pickups) and the distribution of various costs dependent on the total number of commercial lifts, and the total number of food scraps and yard trimmings containers (both carts and bins). The rates recommended here are conservative and estimate the values of the dependent costs each year. These estimates can be amended to update the model with actual values of commercial and multifamily service levels each year. EcoNomics recommends the application of these actual values to examine potential rate adjustments and estimate total expected revenue. For use in the 5-year study, we have modeled the maximum probable impacts on the City's funds using moderate to aggressive migration and right-sizing scenarios. In the likely case that migration and right-sizing is not as prevalent as modeled in future years, the City may opt to adjust the food scraps and yard trimmings rates to reflect actual cost recovery.

3 Methodology

The methodology section provides the detailed analyses that support the findings in Section 2.

3.1 Methodology to Identify Revenue Impacts

Due to the difference in labor costs applied to multifamily properties, EcoNomics developed two different rates depending on commercial or multifamily service.

3.1.1 Revenue Impact 1: Increase in Rate Revenue from Current Commercial and Multi-family Yard Trimmings Customers Who do not Pay for this Service

Currently, the City does not charge for yard trimmings service. Over the next five-years, the City aims to offer a singular commercial compostables rate for collection of both food scraps, yard trimmings and the combined collection of the two.

The current existing rates, and the modeled 2025 rates for Yard Trimmings (YT) are:

Current rate for 95-gal YT 1x/wk. (most common service):	\$ 0
Expected rate for <i>commercial service</i> in 2025 based on cost projections for the most likely migration scenario:	\$20.07
Proposed rate for <i>commercial service</i> in 2025 based on cost projections:	\$4.01
Expected rate for <i>multifamily service</i> in 2025 based on cost projections for the most likely migration scenario:	\$32.98
Proposed rate for <i>multifamily service</i> in 2025 based on cost projections:	\$6.60

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3.1.2 Revenue Impact 2: Decrease in Rate Revenue from Current Commercial Food Scrap Recycling Customers Who Currently Pay 75% of the Equivalent MSW Rate for this Service

Currently, Food Scraps recycling is offered at 75% of the cost of equivalent MSW service. The rates are phased in according to the equation for annual rate changes. Currently there is no 1 cubic yard bin, so a rate for this container was calculated by taking the rate for the 2 cubic yard bin and dividing by 2. The current existing rates and the modeled 2025 rates for Food Scraps (FS) are:

Current rate for 65-gal FS (most common service for FS):	\$72.17
Expected rate for <i>commercial service</i> in 2025 based on cost projections for current services:	\$18.84
Proposed rate for <i>commercial service</i> in 2025 based on cost projections:	\$61.5
Expected rate for <i>multifamily service</i> in 2025 based on cost projections for current services:	\$31.76
Proposed rate for <i>multifamily service</i> in 2025 based on cost projections:	\$64.08

To moderate City rate revenue impacts as the commercial food scrap rate “ramps down” to the commercial compostables cost recovery rate and the YT rate “ramps up”, the information below models how the new rate structure can be phased in over a 5-year period.

The table below shows the rates for both the 65-gallon food scrap container and the 95-gallon yard trimmings container as they are phased in over time for each recommended 5-year rate schedule. The rate of food scraps ramps down from the current rate to the cost recovery rate while the rate of yard trimmings ramps up from no charge to the cost recovery rate. The difference between the rates is driven by actual costs of providing the service that are dependent on the total number of lifts on service for all commercial and multifamily customers, the total number of containers (carts and bins) on service for multifamily properties, the total number of carts on service for both commercial and multifamily customers, the number of food scraps carts a customer has, and the total number of food scrap bins that are serviced and require extra capital costs. These variables are driven by migration assumptions, compliance projections, and yard trimmings service reductions.

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Table 12: Proposed Rates For Scenario 1

Rates for FW (0.325 CY) and YW (0.475 CY) with 1 Container, 1 Pickup

Year	Service Type	Commercial Rates	Multifamily Rates
2025	FW - 0.325 CY (65-gal)	\$61.50	\$64.08
2026	FW - 0.325 CY (65-gal)	\$51.30	\$56.64
2027	FW - 0.325 CY (65-gal)	\$45.99	\$54.29
2028	FW - 0.325 CY (65-gal)	\$38.40	\$49.85
2029	FW - 0.325 CY (65-gal)	\$30.60	\$45.42
2025	YW - 0.475 CY (90-gal)	\$4.01	\$6.60
2026	YW - 0.475 CY (90-gal)	\$8.52	\$13.87
2027	YW - 0.475 CY (90-gal)	\$17.96	\$26.26
2028	YW - 0.475 CY (90-gal)	\$25.15	\$36.61
2029	YW - 0.475 CY (90-gal)	\$32.18	\$47.00

3.1.3 Revenue Impact 3: Increase in Rate Revenue from Currently Non-compliant Commercial Generators that Implement Food Scrap Recycling Programs in 2025.

Commercial Food Generators

Each of the onboarding accounts determined to need food waste was analyzed for: current collection volume of MSW, type of commercial property, and existing food waste collection services of similar accounts. Using industry expertise and knowledge, EcoNomics made predictions for the weekly volume of food waste collection services needed for each business or multi-family property to become compliant. Each food generator was investigated for the type of food waste produced and assigned a category depending on the specific type of food served. The following food types are offered as examples: “Heavy” consisted of restaurants with Mexican, Chinese, Thai, Italian, and Mediterranean foods due to their higher water/sauce content and the fact that many of these restaurants include a ‘scratch’ kitchen. The “Light” category consisted of ice cream shops, catering and specialty food shops, a theater and church. The “Pizza” category were all restaurants whose primary fare was pizza. The “Fast Food” category included McDonald’s, Jack in the Box and KFC. These categories were then used to assign a fixed volume of food scrap generation and adjusted for business size.

Multi Family Food Waste Predictions

After discussions with the City, the predicted food waste data set was updated to apply the general rule of assigning 8 gallons of food scraps volume per unit per week in all multifamily properties. These generation predictions informed the total volume of service needed to attain SB 1383 compliance.

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3.1.4 Revenue Impact 4: Decrease in MSW rate revenue from commercial customers who ‘right size’ their MSW service levels as a result of incorporating commercial compostable service

As shown in the revenue impact analysis, our projections show that the right-sizing of MSW service will result in a reduction to the City’s rate revenue in the amount of \$8,533.022 per month when all SB 1383 programs are fully implemented. These projections roughly assume a 2:1 right-sizing scenario, where if 1 cubic yard of new organics service is added, the customer reduces its MSW service by roughly 0.5 cubic yard.

3.1.5 Overall Food Scraps and Yard Trimmings Revenue Impacts

The most likely migration scenario assumes that any customer with a weekly service of 1 cubic yard or more of food scraps or 1 cubic yard or more of yard trimmings will migrate to using fewer bins instead of multiple carts. In 2029 when the full phased in rates are charged, and all customers have migrated, this scenario produces an expected monthly revenue of \$58,496.37. This is an annual reduction in rate revenue of \$648,750.20 from the current food scraps revenue.

The table and plot below show the changes in revenue over time for both food scraps and yard trimmings. The yard trimmings revenue steadily rises as the phased in rates are applied each year from the current rate of \$0. The food scraps revenue slowly decreases caused by the phasing in of the lower recommended cost-recovery rate.

Table 13: Scenario 1: Total Monthly Revenue by Waste Type

Waste Type	Year 0	2025	2026	2027	2028	2029
Food Scraps	\$102,254.24	\$90,910.19	\$75,216.34	\$60,906.05	\$45,610.50	\$27,552.97
Yard Trimmings	\$0.00	\$6,374.74	\$12,764.36	\$17,635.43	\$25,613.75	\$30,943.41
Total	\$102,254.24	\$97,284.93	\$87,980.71	\$78,541.47	\$71,224.25	\$58,496.37

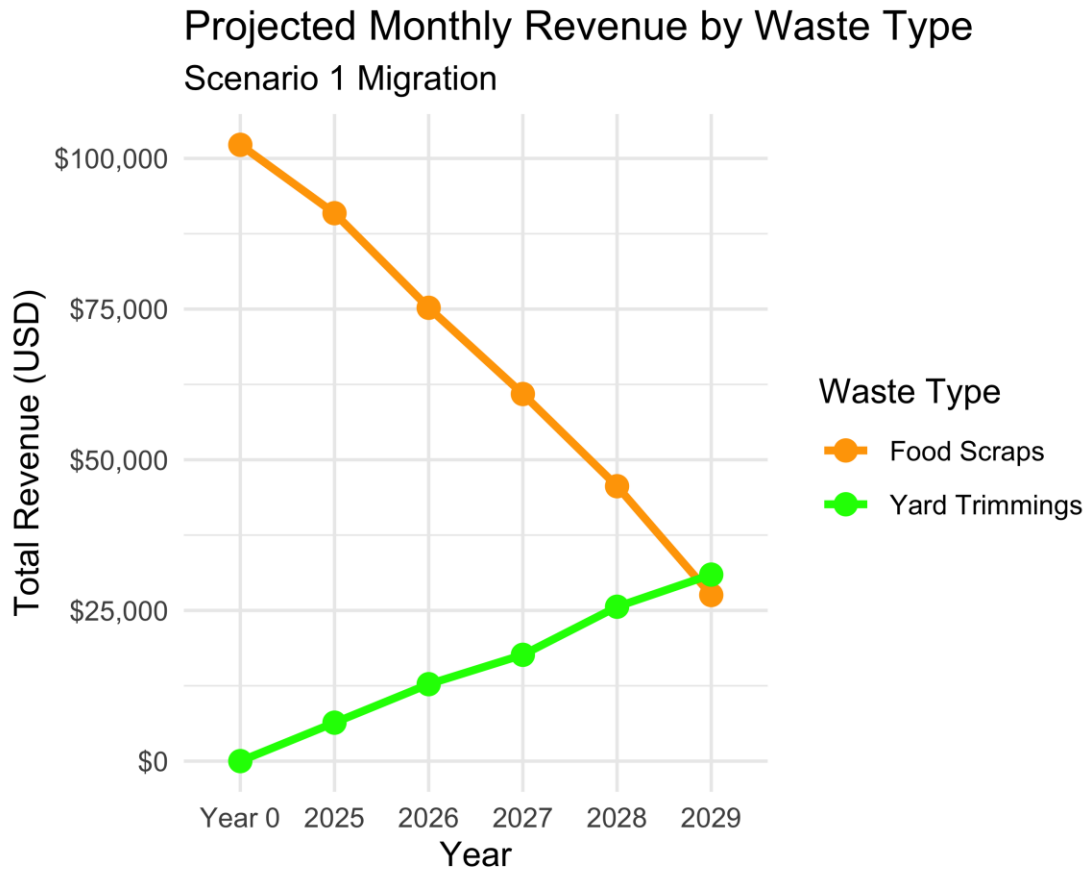


Figure 5. Expected Yearly Revenue by Waste Type

3.2. Methodology to Identify Cost Impacts

3.2.1 Cost Impact 1: Increase in Costs due to Need for Additional Staff For Multifamily Properties

The additional food scraps and yard trimmings collection service will require additional support in the collection of these materials in multifamily properties. The expected increase in compostables service will require an additional labor cost of \$124,000.00 per year. This led to the development of a special rate for multifamily customers in order to fairly distribute the labor cost to the customers that will receive the service. Assuming a 40-hour work week, EcoNomics used the yearly salary to calculate the cost per minute of the additional staff's time and determined each container lift would require approximately three minutes to remove the container from its enclosure, stage the container for the driver, and return the container to the enclosure. This value was multiplied by 4.3 and applied to the multifamily compostable rate as a monthly cost per lift of \$12.92 in 2025. Each year, the cost of labor

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was applied an inflation rate of 3.5% and multiplied by the number of food scraps and yard trimmings lifts at multifamily properties. As of January 2025, the number of food scraps and yard trimmings lifts each week was 678. The cost per lift for the laborer varies each year as customer service levels change with the expected reduction in yard trimmings service.

3.2.2 Cost Impact 2: Increase in Cost due to Capital Expenses Associated with Bins and Liners

EcoNomics developed capital expenditure scenarios based on bin migration schedules and procurement costs. Plastic bin liners are required for food scrap collection in 1- and 2-yard bins to ensure metal bins do not rust from exposure to food scrap liquids, which are very corrosive. The bin and liner cost in 2025 is \$997.04 per 1 cubic yard bin and \$1,169.05 per 2 cubic yard bin. Any bins bought after 2025 were applied annual cost increments of 5.35% tied to inflation. Costs for the bins and liners were calculated based on the cost to the City during the predicted year of migration. In order to get the monthly cost charged to the customer, the cost of the bins and liners were applied an interest rate of 5% over a loan term of 60 months to distribute the cost to the customer across the lifetime of the equipment.

The total capital cost for bins and liners the City can be expected to pay over the five-years of migration for 100 customers is \$118,651.35. Over the course of 60 months from the time of migration, these generators will pay between \$23.18 and \$81.53 per month to cover these costs through the capital cost portion of their rate.

The table below shows the number of food scraps customers expected to migrate each year in Scenario 1, along with the number of bins needed to be purchased and the total cost per year according to pricing and inflation. The Total Capital Cost value was calculated at the cost expected to be paid by the City each year based on dynamic migration rates. Each customer was only assigned one bin in the migration service predictions so the number of new bins and migrated generators are the same. The pricing for each bin by year was calculated based on the actual bin size predicted for migration.

Table 14: Migration Summary by Year Scenario 1

Total Generators, Bin Quantity, and Capital Cost per Migration Year

Migration Year	Total Customers	Total Bin Qty	Total Capital Cost (\$)
2025	4	4	\$3,962.07
2026	11	11	\$11,521.75
2027	5	5	\$5,633.05
2028	24	24	\$27,795.64
2029	56	56	\$69,738.85
Total	100	100	\$118,651.35

3.2.3 Cost Impact 3: Decrease in Collection Cost Payments to NRWS due to Reduction in Lift Costs

In order to determine the percentage each generator pays of the reconciliation lift payments made to NRWS, first the total number of lifts per container type was identified. When calculated, using the January 2025 commercial listing, the values were slightly different from those used in the attachment R report. The total lifts in attachment R were 10,829. A proportion of lifts for each container type was calculated using the values from the commercial listing. The number of baseline lifts are calculated by summing the number of lifts included in the current amendment (7,793), the number of lifts calculated to add additional Sunday service (150) and the number of lifts included for the SB 1383 collection (1,350). In 2027, an additional 600 lifts were added to the baseline value to accommodate for increased compostable collection.

For years 2025 –2029, Table 15 below shows the total estimated lifts for all services, the number of lifts over baseline, and the resulting monthly cost per lift that would need to be charged to each customer to recover NRWS collection payments. As more customers migrate from carts to bins in the most likely migration scenario, the number of lifts are reduced as collection becomes more efficient.

Table 15: Collection Cost Overview By Year

Year	Total Lifts	Total Lifts over Baseline	Monthly Cost per Lift
2025	11,077	1,784	\$6.10
2026	11,158	1,865	\$6.72
2027	10,505	612	\$2.34
2028	10,474	581	\$2.37
2029	10,072	179	\$0.76

Current Service

In Table 16 below, the “Total Lifts on Service” are calculated by summing the lifts (QTY*P.U.). The “Proportion of Total Lifts” represents the proportion of lifts for each container category. “Lifts over Baseline” is the total number of lifts over baseline multiplied by the proportion value, to determine how many lifts over baseline are attributed to each container type. The Lifts Over Baseline total is taken from the Attachment R report. The “Current Yearly Collection Cost” is calculated by multiplying the number of lifts over baseline for each category by the yearly cost per lift reconciliation value. The value used in this case was the one applicable to 2025. The “Cost per Lift” is calculated by dividing the collection cost by the total number of lifts taken from the Attachment R report.

Using the identified number of lifts over baseline the City is responsible for reconciling (1,536), identified in the attachment R report, the proportion was then applied to this value to get the number of lifts over baseline per container type. To calculate the total cost to the City, the yearly cost per lift value (\$454.69 in 2025) was multiplied by the number of lifts over baseline. The total cost to the city for current collection services is \$698,403.84

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per year. This cost was then divided by the total lifts for each container type to get a yearly cost per lift value of \$64.49. The cost per lift value could then be applied to the number of lifts for each service by generator.

Table 16: Lifts Summary by Type

Breakdown of total weekly lifts, yearly costs, and proportions

Container Type	Total Lifts on Service	Proportion of Total Lifts	Lifts Over Baseline	Current Yearly Collection Cost	Yearly Cost per Lift (Current)
Recycling cart	3,342	28.37%	436	\$198,104.37	\$64.49
MSW cart	1,995	16.93%	260	\$118,257.99	\$64.49
Food Scrap cart	1,672	14.19%	218	\$99,111.46	\$64.49
Recycling bin	1,446	12.27%	189	\$85,714.82	\$64.49
Yard Trimmings cart	1,352	11.48%	176	\$80,142.76	\$64.49
MSW bin	952	8.08%	124	\$56,431.88	\$64.49
Cart clean	945	8.02%	123	\$56,016.94	\$64.49
Yard trimmings bin	72	0.61%	9	\$4,267.96	\$64.49
Food scrap bin	6	0.05%	1	\$355.66	\$64.49
Total	11,782	—	1,536	\$698,404	—

Predicted Lifts

In order to calculate the new per lift cost depending on the addition or reduction in commercial lifts, the net number of new lifts added as a result of additional food scraps service and reduction in MSW caused by right sizing were calculated. The number of food scraps service lifts increased by 177, while the number of MSW service lifts were reduced by 52. The predicted net changes in lifts was 125 lifts. These values were then used to update the totals in the lifts by container type to calculate a new proportion of the number of lifts per container type above baseline. This methodology updates the numbers in all categories of container types and then multiplies the yearly additional lift cost to the new numbers. With the predicted lifts added, the new number of lifts over baseline is 1,661.00. The total cost to the city for predicted collection services is \$755,240.09. This cost was then divided by the total lifts for each container type to get a cost per lift value of \$68.95.

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Table 17: Predicted Lifts Summary by Type

Breakdown of total lifts, cost, and proportions

Container Type	Total Lifts on Service	Proportion of Total Lifts	Predicted Lifts Over Baseline	Predicted Yearly Collection Cost	Cost per Lift (Predicted)	
Recycling cart	3,342	28.07%	466	\$211,977.19	\$68.95	
MSW cart	1,943	16.32%	271	\$123,241.08	\$68.95	
Food Scrap cart	1,849	15.53%	258	\$117,278.82	\$68.95	
Recycling bin	1,446	12.14%	202	\$91,717.24	\$68.95	
Yard Trimmings cart	1,352	11.35%	189	\$85,754.98	\$68.95	
MSW bin	952	8.00%	133	\$60,383.69	\$68.95	
Cart clean	945	7.94%	132	\$59,939.69	\$68.95	
Yard trimmings bin	72	0.60%	10	\$4,566.83	\$68.95	
Food scrap bin	6	0.05%	1	\$380.57	\$68.95	
Total	11,907	—	1,661	\$755,240		—

Scenario Lifts

Scenario lifts were calculated in a similar manner as the predicted lifts, except the changes in lifts were applied to the “Total Predicted Lifts”, since migration will take place after the predicted accounts are likely onboarded. The values used in the tables below represent raw values before validation and the rational actor tests and are intended to demonstrate the methodology used. The actual cost per lift applied in the rate tables for the most likely migration scenario can be seen in Table 15 above.

Scenario 1: Accounts with a combined volume on service of greater than 1 cubic yard migrate to bin service

The lifts for Food scraps service and yard trimmings service decreased by a net of 562 lifts when the cart service was migrated to bin service in this scenario. These values were used to update the “Total Lifts on Service” by container type to calculate a new “Proportion of Total Lifts”. This was then applied to the number of “Lifts Over Baseline” to get the total lifts over baseline for each container type. With the reduction in lifts for migrated accounts, the new number of lifts over baseline is 179. The total cost to the city in 2029 for predicted collection services is \$91,603.25 This cost was then divided by the total lifts for each container type to get an annual “Cost per Lift Value” of \$9.09.

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Table 18: Scenario 1 Lifts Summary by Type

Breakdown of total lifts, cost, and proportions

Container Type	Total Lifts on Service	Proportion of Total Lifts	Lifts Over Baseline	Scenario 1 Yearly Collection Cost	Cost per Lift (Scenario 1)	
Recycling cart	3,342	30.05%	293	\$133,099.38	\$43.14	
MSW cart	1,943	17.47%	170	\$77,382.43	\$43.14	
Food Scrap cart	1,268	11.40%	111	\$50,499.70	\$43.14	
Recycling bin	1,446	13.00%	127	\$57,588.78	\$43.14	
Yard Trimmings cart	1,146	10.31%	100	\$45,640.90	\$43.14	
MSW bin	952	8.56%	83	\$37,914.60	\$43.14	
Cart clean	945	8.50%	83	\$37,635.82	\$43.14	
Yard trimmings bin	72	0.65%	6	\$2,867.49	\$43.14	
Food scrap bin	6	0.05%	1	\$238.96	\$43.14	
Total	11,120	—	974	\$442,868		—

Scenario 2: Accounts with a combined volume on service of greater than 2 cubic yards migrate to bin service

The lifts for Food scraps service and yard trimmings service decreased by a net of 346 lifts when the cart service was migrated to bin service in this scenario. These values were used to update the total lifts by container type to calculate a new proportion of the number of lifts per container type above baseline. With the reduction in lifts for migrated accounts lifts, the new number of lifts over baseline is 580. The total cost to the city for predicted collection services is \$ 541,081.1. This cost was then divided by the total lifts for each container type to get a cost per lift value \$51.62.

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Table 19: Scenario 2 Lifts Summary by Type

Breakdown of total lifts, cost, and proportions

Container Type	Total Lifts on Service	Proportion of Total Lifts	Lifts Over Baseline	Scenario 2 Yearly Collection Cost	Cost per Lift (Scenario 2)
Recycling cart	3,342	29.28%	348	\$158,427.64	\$51.62
MSW cart	1,943	17.02%	203	\$92,107.99	\$51.62
Food Scrap cart	1,487	13.03%	155	\$70,491.29	\$51.62
Recycling bin	1,446	12.67%	151	\$68,547.68	\$51.62
Yard Trimmings cart	1,221	10.70%	127	\$57,881.55	\$51.62
MSW bin	952	8.34%	99	\$45,129.60	\$51.62
Cart clean	945	8.28%	99	\$44,797.76	\$51.62
Yard trimmings bin	72	0.63%	8	\$3,413.16	\$51.62
Food scrap bin	6	0.05%	1	\$284.43	\$51.62
Total	11,414	—	1,190	541,081	—

The collection cost relies on the number of weekly lifts and is most affected by the service configurations. A reduction in lifts reduces the amount paid to NRWS and significantly lowers collection costs.

3.2.4 Cost Impact 4: Increase in Cost due to Capital Expenses Associated with New Collection Vehicle

A new collection vehicle is planned to be purchased in 2027. This vehicle will service carts on the commercial and multifamily routes. It has an estimated initial cost of \$721,000.00 and will be financed at a 5% interest rate over a loan period of five-years. This cost will be distributed across the total number of food scraps and yard trimmings carts on service. This report explores the yearly costs through 2029.

3.2.5 Cost Impact 5: Increase in Cost due to Increased Frequency of Cart Washing

After review of the food scrap collection program it was decided to take the current quarterly schedule of cart washing for a cost of \$12.50 per cart and increase the frequency of cart washing to one time per month. This increased the cost per cart to \$38.25. This yearly washing cost was then divided by 12 to get a monthly cost and applied to the customer's monthly rate. The inflation rate per year for this cost was set at 3.5%.

3.2.6 Cost Impact 6: Decrease in Cost from Avoided Disposal

Density values for each waste stream are critical in estimating the processing cost component of the overall total cost for services.

Since the City is moving towards a universal compostables route and subsequent rate that combines food scraps and yard trimmings, a new density value was calculated in order to

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better estimate processing costs for both materials using the proportion of each type (food scraps or yard trimmings) in the current service listing and the density values obtained from field collection. The new density value calculated was 282.96 lbs per cubic yard. Details of this process are described below.

Commercial service locations in Napa with high quantities of food scraps and yard trimmings were identified through the NRWS commercial service listing. These locations were visited with a platform digital scale and the carts were inspected for bin fullness, contents and weight. Empty carts were also weighed to correct for the weight of the cart when calculating approximate weight per cubic yard. After the mean weight of the empty carts were subtracted for each cart respective of their size, the weights were then corrected for bin fullness. The fullness of the carts were recorded as a percentage of fullness, and this percentage was divided by the weight of the contents of the cart to get a standardized weight of the material if the cart were full. To arrive at an approximate weight per cubic yard of material the standardized weight of the cart was then divided by the size in cubic yards of the cart. Empty carts were removed from the data set and summary statistics calculated to get the mean weight per cubic yard and standard deviation for each waste type (food scraps and yard trimmings).

Results

The table below shows the number of observations by cart size, the mean weight in pounds, and the standard deviation for the carts weighed while empty. These mean weights were removed from all raw weight measurements.

Table 20: Mean Weight per Cubic Yard by Cart Size

Empty Carts

Size	Count	Mean Weight (lbs.)	Std Dev (lbs.)
35-gal	3	22.87	0.06
64-gal	11	23.17	9.15
90-gal	7	29.78	6.94

After the remaining weight was corrected for fullness and standardized to weight per cubic yard, the means and standard deviation were calculated for each waste type and can be seen in the table below.

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Table 21: Mean Weight per Cubic Yard by Waste Type

Includes standard deviation

Waste Type	Count	Mean Weight (lbs./CY)	Std Dev (lbs./CY)
FW	74	496.31	316.44
MSW	39	102.42	94.23
YW	38	152.40	127.31
YW/FW	1	86.45	NA

The figure below shows the variability in food scrap, MSW and yard trimmings weights that have been standardized by container size and bin fullness. The food waste measurements were highly variable.

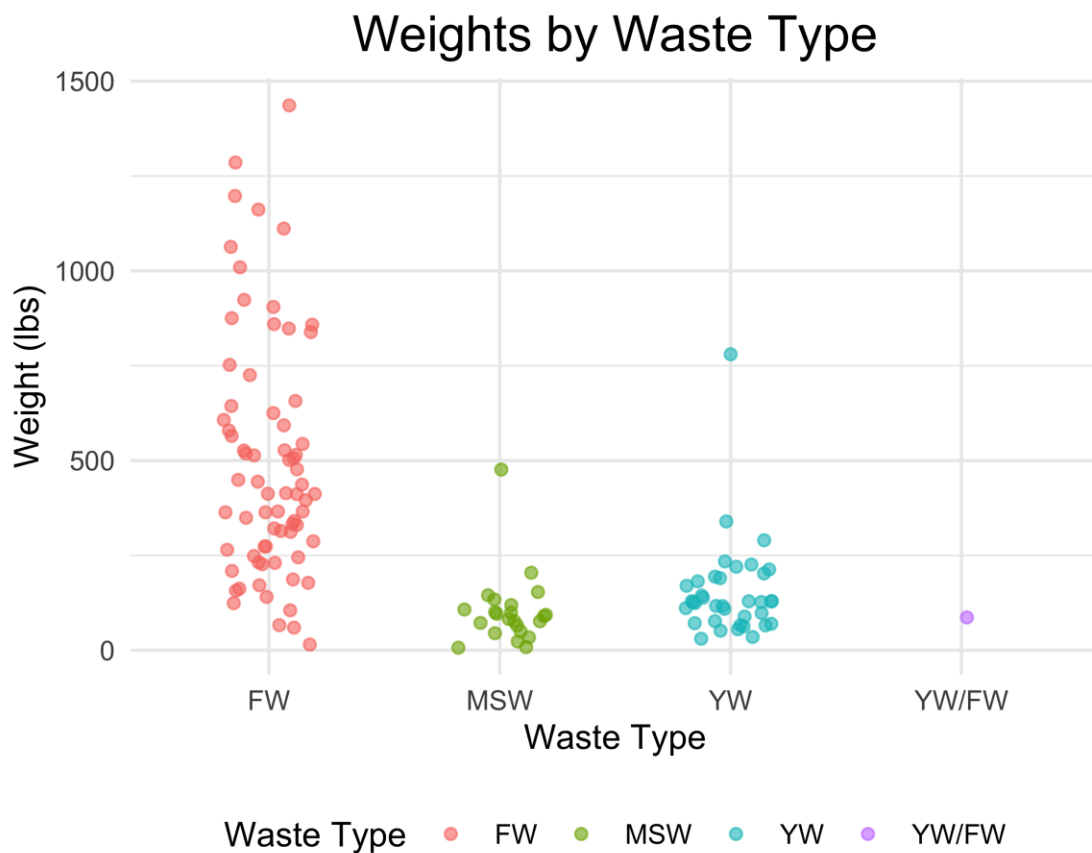


Figure 6. Distribution of cart weights standardized for fullness and volume.

Processing Costs Update

After internal discussion, the density values were updated to the values from the field data observations and used in the analysis of converting cubic yards on service to weight of materials collected. This weight was then used to calculate processing costs. In the cost analysis, if the densities used in the calculations are heavier than actual material being collected, as is likely the case when containers are collected without being full, the

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processing cost predicted will likely be much higher than the costs the City will actually incur.

The processing cost is calculated by multiplying the total cubic yards per month collected (weekly cubic yards * 4.3) by the cost per cubic yard for food scraps and yard trimmings processing as calculated from the 2023 report. This value takes into account the residuals that must be disposed of at the landfill and the price of processing the materials at the City's compost facility. The packaged organics rates were calculated using the packaged organics processing cost that was higher as a result of the higher percentage (30% vs. 10%) of residuals.

The factors that contribute the most to this value are the densities of the waste streams that apply a predicted weight per cubic yard of service in order to apply the price per ton processing charge and the amount of total weekly service.

3.2.7 Cost Impact 7: Increase in Costs due to Need for Additional Staff to Drive Vehicle

The new vehicle to service food scraps and yard trimmings carts requires a driver. The salary for this driver is applied an inflation rate of 3.5% each year. The cost is then distributed across the total number of carts on service. In the rate calculation the customer is charged this rate for each cart they have. The new truck is planned to be purchased in 2027 so this cost will apply starting in year 3.

3.2.8 Cost Impact 8: Increase in Costs for Operating Additional Vehicle

Operation costs for the new vehicle that services carts are distributed in the same manner as the costs for the driver and the new truck. Operating costs are increased each year based on the capital inflation rate of 5.35%.

3.3 Methodology to Model Downsizing for Yard Trimmings Customers

Because the current yard trimmings customers receive this service at no charge, EcoNomics modeled the reduction of yard trimmings services as a result of the right sizing that will likely occur as the yard trimmings rates are phased in over the next five-years. In order to model this, the current total cubic yardage of yard trimmings service was reduced each year by 10%, and then the most likely service configuration applied to the new estimated total. All revenue and cost projections, along with the total lifts and total containers are updated each year to reflect this downsizing, as well as the effects of the customer migration explained below.

3.4 Methodology to Model Customer Migration

As part of the rate impact study, EcoNomics projected how many customers (commercial users) will migrate from multiple yard trimmings and/or food scraps carts to fewer bins, and calculated the total associated costs for collection, processing, labor and capital costs

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(new vehicle, needed bins and liners) dependent on the dynamic migration pacing detailed later in this section.

For the purpose of the migration analysis, it is assumed that no multifamily properties or Napa Valley Unified School District (NVUSD) accounts will migrate from carts to bins. Multifamily accounts will need to be reviewed separately so the quantity of carts maintains appropriate access for all residents.

To identify customers that may migrate from carts to bins, the total weekly cubic yards collected for each customer was analyzed by examining each type of container and multiplying the quantity of this container by the size in cubic yards and the frequency of pickups. These values were then summed across each of the two compostable types, yard trimmings and food scraps, to get a total weekly volume for each customer. This was important as many customers had a variety of size containers and services for the same waste type. These customers were then separated into three categories; Scenario 1 (1 or more cubic yard per week of food scrap or yard trimmings cart service), Scenario 2 (2 or more cubic yard per week of food scrap or yard trimmings cart service), and customers not likely to migrate. In order to calculate the net cost and rate impact of projected migration from carts to bins, EcoNomics calculated the individual costs and revenue impacts and applied the phased rates for each of the 5-years. EcoNomics analyzed this data based on separate migration of food scrap and yard trimmings customers since the newly implemented phased rates will need to remain separate until the cost for each service reaches an equilibrium after year five. Currently there is no charge for yard trimmings collection service, while food scraps service has a charge that is 75% of equivalent MSW service. When assigning the combination bin size, quantity and pickups to migrating customers to reach as close as possible to the total weekly cubic yards of either food scraps or yard trimming, the algorithm used to predict service migration allowed for the proposed bin service configuration to be up to .33 cubic yards less than the customer's current total weekly cubic yards on service.

In the January 2025 service listing, there were 713 commercial accounts with food scraps and/or yard trimmings service. The figure below shows the current distribution of carts and bins across all customers. After combining the total weekly cubic yards each service, it was estimated between 153 (or 17.98%) and 69 (or 8.11%) customers will likely migrate. Multiple migration scenarios were examined by EcoNomics to determine the range of potential revenue and cost impacts based on various levels of migration. Details including capital cost expenditures for each scenario are described in the sections below. Using these scenarios, EcoNomics developed a 'most likely scenario' that was used to develop the recommended rate and to calculate aggregate rate revenue and cost impacts for use in this study.

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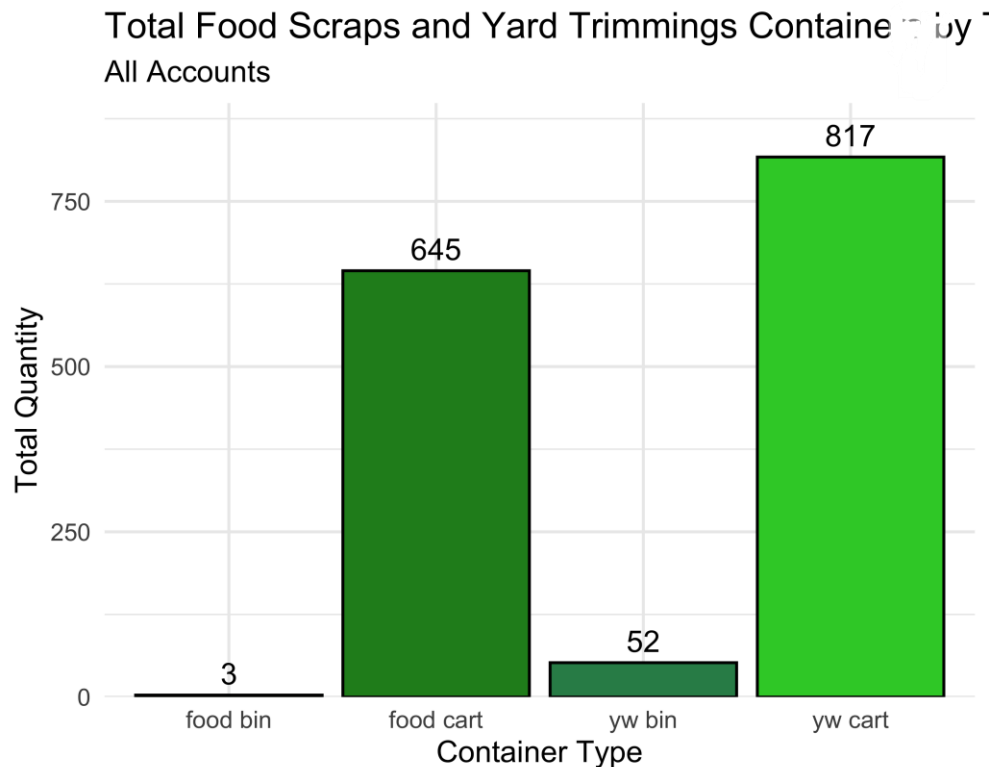


Figure 7. Number of Containers by Service Type for All Accounts

3.4.1 Most Likely Scenario

After operational review from NRWS as to the feasibility of swapping carts to bins in the identified locations, any customers who could not fit bins were removed from the data set. After calculating and applying the suggested rates for each scenario, the rates for each customer were compared before and after migration. It was assumed that only customers whose rate decreased due to migration would migrate. There were 3 customers that did not see cost savings after migration and all future service migration predictions expect these customers to remain with their current services. In this report the most likely scenario used to develop the suggested rates was Scenario 1, where the greatest number of customers were predicted to migrate therefore having the greatest impact on the resulting cost and revenue.

3.4.2 Scenario 1: Customers with Greater than 1 Cubic Yard Food Scraps and Yard Trimmings Service

Scenario 1 customers are those with *greater than one cubic yard (1CY)* per week of either food scraps or yard trimmings service. If a customer had more than 1CY of service for both services, these were expected to migrate to a bin for each waste type. There was 1 food scrap customer and 41 yard trimmings customers that already had only bin service. If the customer had current food scrap and/or yard trimming service in bins only, they were removed from the data set. If they had a combination of carts and bins they remained in the

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data set to be evaluated for migration. There remained 100 food scrap customers and 57 yard trimmings customers with cart service or cart and bin service that were reviewed for bin migration.

Within these customers there was a total of 277 yard trimmings containers, with 272 carts and 5 bins in their current service configurations. As for food scraps customers, there was a total of 350 containers, with 350 carts and 0 bins in their current service configurations. When reviewing the impacts of migration, the largest factor determining the change in cost for services will be the number of lifts. The number of lifts per week were calculated by multiplying the quantity of each container type and size by the number of pickups each week. The total number of current weekly lifts for both the food scrap and yard trimmings customers with more than 1 CY of service was 1,062.

The figure below shows the current distribution of carts and bins for food scrap accounts with more than one cubic yard of weekly service and yard trimmings accounts with more than one cubic yard of weekly service.

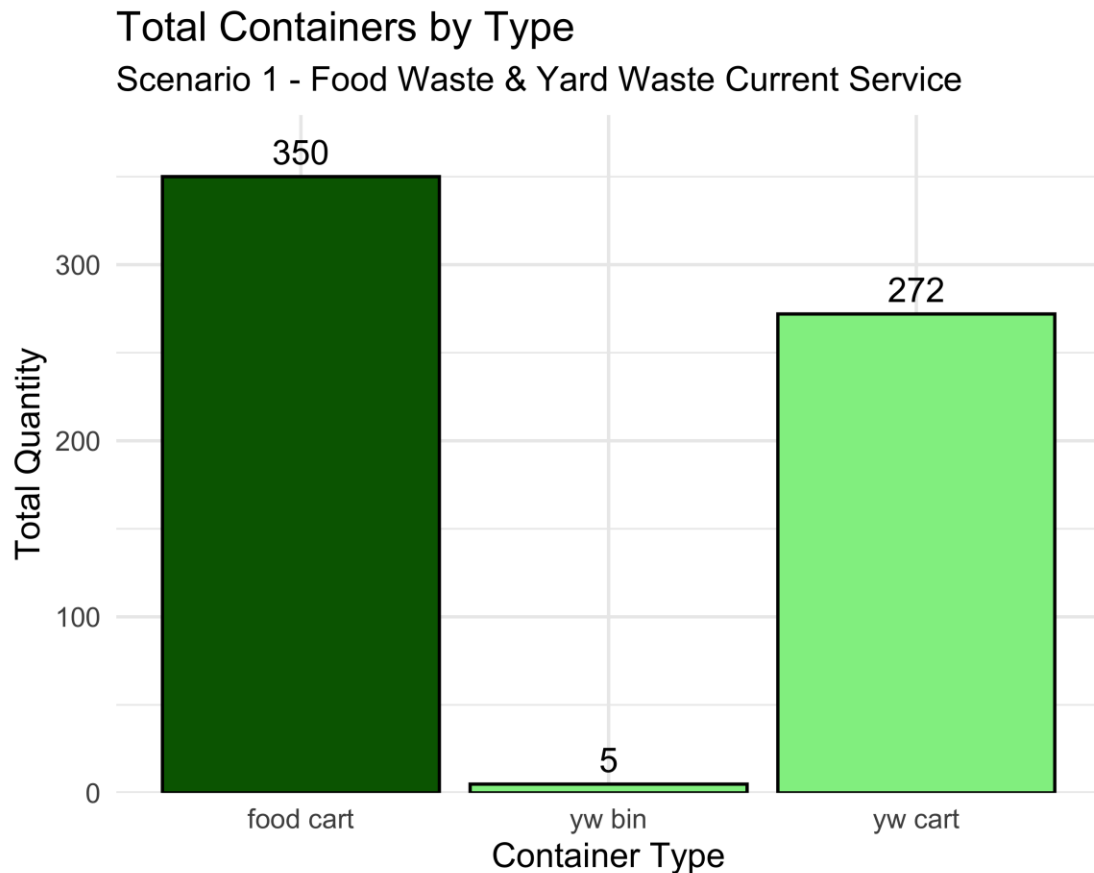


Figure 8. Number of Containers by Service Type for Scenario 1 Accounts

3.4.3 Scenario 2: Customers with Greater than 2 Cubic Yards Food Scraps and yard trimmings Service

Scenario 2 customers are those with greater than two cubic yard per week of either food scraps or yard trimmings service. If a customer had more than 2CY of service for both services, these were assigned a bin for each waste type. There were 1 food scraps customers that already had all their service collected in bins and 34 yard trimmings customers. If the customer had current food scrap and/or yard trimming service in bins only, they were removed from the data set. If they had a combination of carts and bins they remained in the data set to be evaluated for migration. There remained 41 food scraps customers and 28 yard trimmings customers with cart service or cart and bin service.

Within these customers there was a total of 173 yard trimmings containers, with 168 carts and 5 bins in their current service configurations. As for food scraps customers, there was a total of 209 containers, with 209 carts and 0 bins in their current service configurations. The number of lifts per week were calculated by multiplying the quantity of each container type

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and size by the number of pickups each week. The total number of weekly lifts for all food scraps and yard trimmings customers was 680.

The figure below shows the current distribution of carts and bins for food scrap accounts with more than two cubic yards of weekly service and yard trimmings accounts with more than two cubic yards of weekly service.

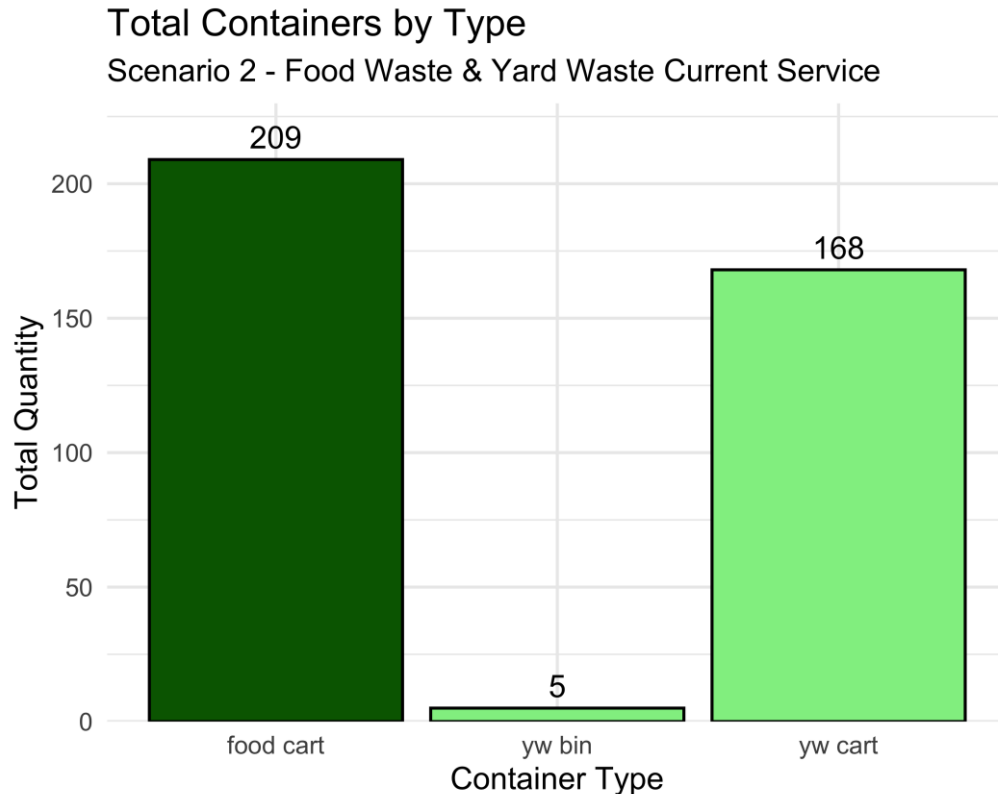


Figure 9. Number of Containers by Service Type for Scenario 2 Accounts

3.5 Dynamic Migration Pacing

3.5.1 Logistic Growth Model

Migration pacing was calculated using a logistic growth model. This model uses the total number of customers expected to migrate, the rate of migration, and the year when the migration rate peaks, or the inflection point.

For each scenario, the fraction of customers expected to migrate each month over the 5-year period was calculated to see the effects of migration in terms of costs. Migration reduces revenue and lifts while slightly increasing cubic yards on service. Cumulative costs were aggregated based on the migration status of the customers each month to create a time series of total costs.

Yard Trimmings Customer Pacing

Customers with current yard trimmings service receive this service at no charge, presenting a strong motivation to review and cut costs early. In this model, we assumed the majority of customers with yard trimmings service (80%) will migrate within the first two years. In the model, potential migrating customers whose rates will decline are randomly assigned migration months to calculate real time expected annual revenues and costs.

Food Scraps Customer Pacing

As the recommended food scraps rate is phased in, customer rates will be declining and likely to delay migration. The pacing model for food scraps thus shows an inverse relationship to pacing for yard trimmings migrators. In this model, it was assumed the majority of food scrap customers will migrate near the end of the five-year phased in rate period, if this results in a monthly cost savings. See section Section 2.8.4 for detailed information on the effects to customer rates.

Scenario 1

Figure 10 shows the monthly number of food scrap and yard trimmings migrators based on the logistic growth model described above. The yard trimmings migrators (green line) migrate quickly in years 1-3 as the rates are phased in and then decrease the rate of migration in years 4 and 5. Inversely, food scrap migrators (orange line) migrate slowly in years 1-3 and then increase the rate of migration in years 4 and 5. The blue shows the total predicted lifts and how they change over time with migration.

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Cumulative Customer Migration Over Time Scenario 1

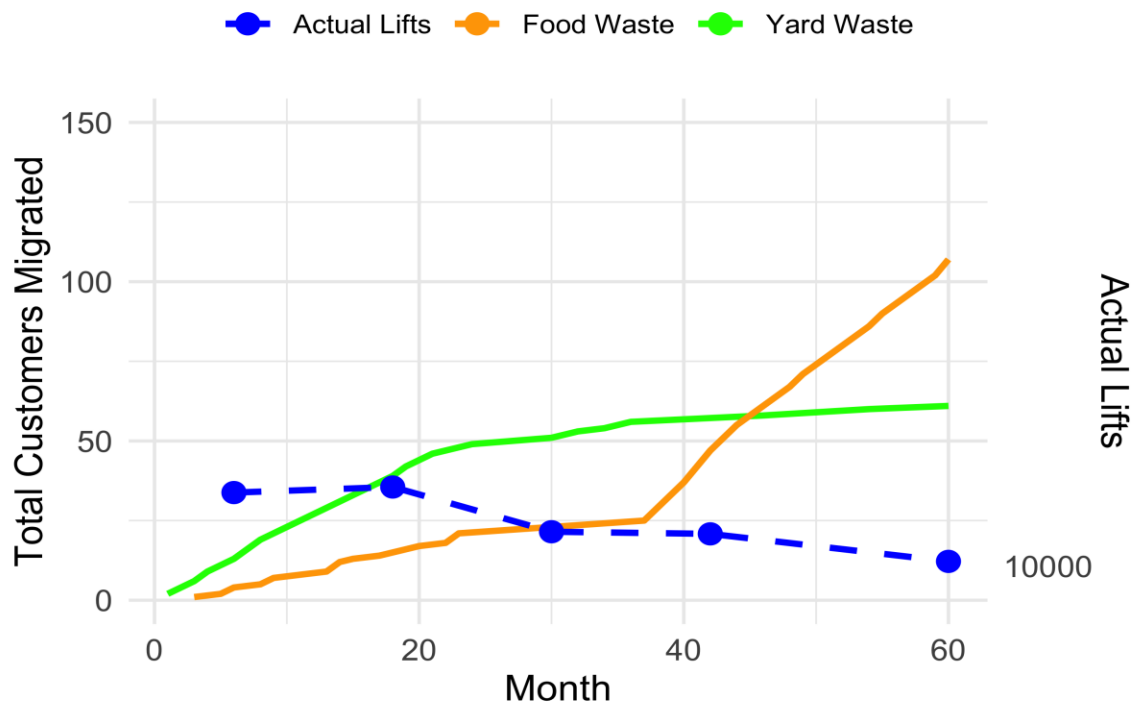


Figure 10. Scenario 1- Number of Migrating Accounts and Relevant Lifts for Those Accounts over Time

The figure below shows the cumulative costs associated with food scrap migrators and yard trimmings migrators each month. The dashed lines represent the current costs (processing and collection costs), while the solid lines represent the cost as a result of migration. For comparison, costs are presented in 2029 values throughout the time period of five-years and are only presented for the number of accounts who migrated each month. The values are cumulative across all migrated customers. Initially, costs between accounts that have migrated and those who have not migrated are similar. The costs of customers who migrate to bins for yard trimming and food scraps service remains slightly lower as all customers begin to migrate.

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Cumulative Costs Over Time
(Migration vs Current Cost)

Scenario 1

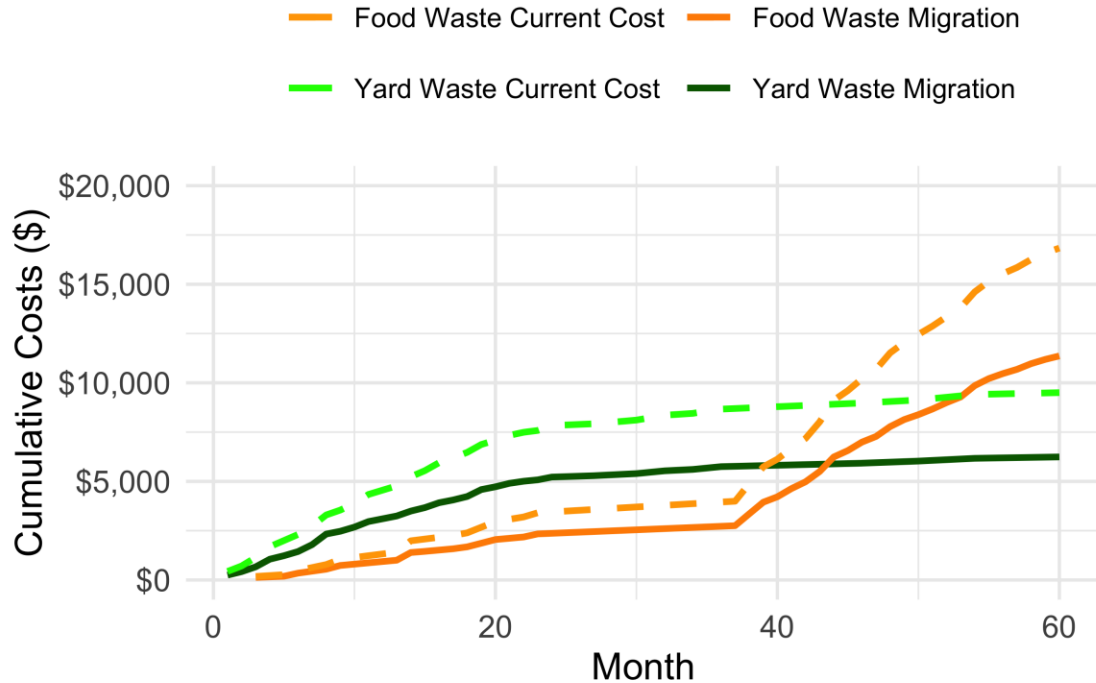


Figure 11. Scenario 1- Number of Migrating Accounts and their Processing and Collection Costs

Scenario 2

The figure below shows the number of food scrap migrators and yard trimmings migrators each month based on the logistic growth model. The food scrap migrators (orange line) migrate slowly in years 1-3 and then increase the rate of migration in years 4 and 5. The yard trimmings migrators (green line) migrate quickly in years 1-3 as the rates are phased in and then decrease the rate of migration in years 4 and 5.

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Cumulative Customer Migration Over Time
Scenario 2

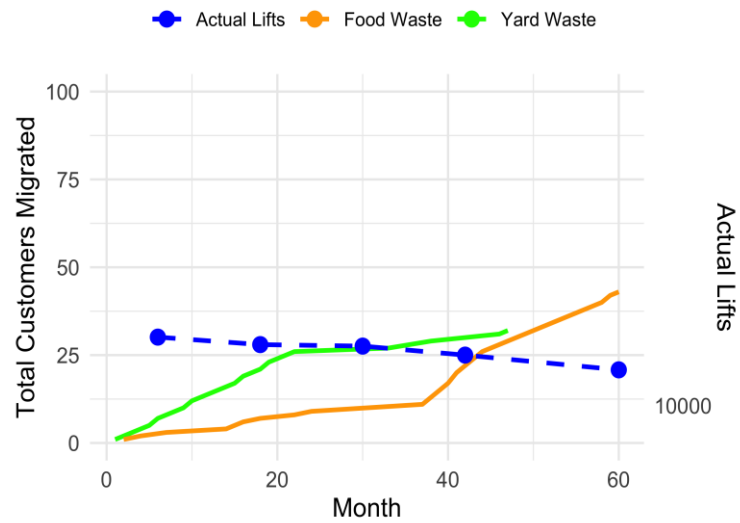


Figure 12. Scenario 2- Number of Migrating Accounts and Relevant Lifts for Those Accounts over Time

The figure below shows the cumulative costs associated with food scrap migrators and yard trimmings migrators each month. The dashed lines represent the current costs while the solid lines represent the cost following migration.

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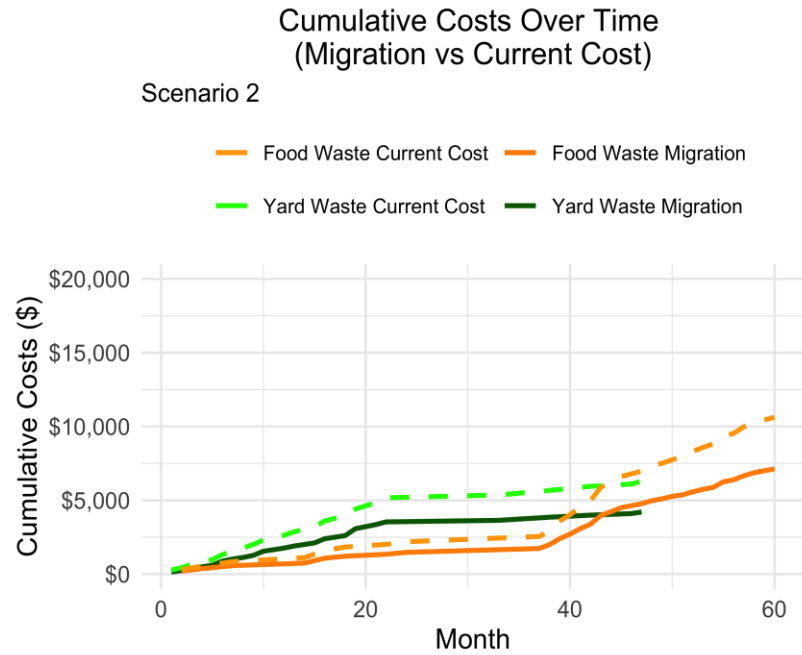
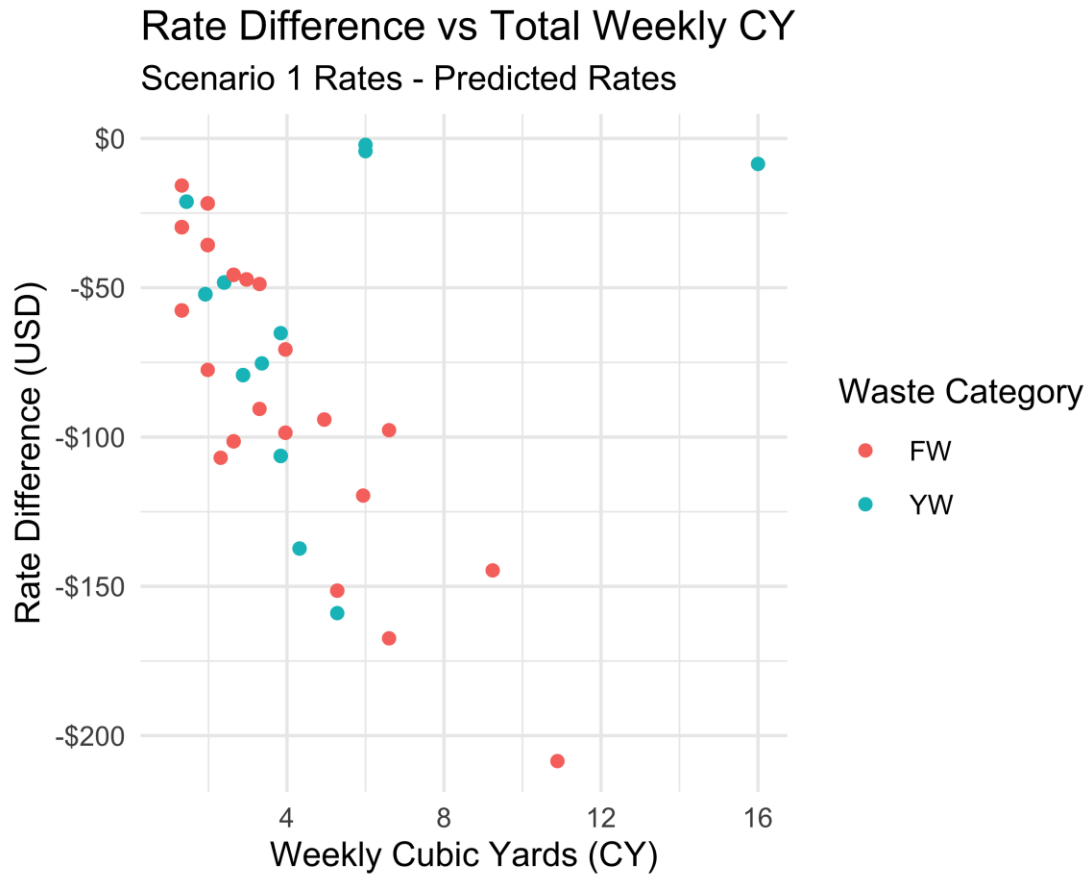


Figure 13. Scenario 2- Number of Migrating Accounts and Processing and Collection Costs for Those Accounts over Time

3.6 Exploring patterns for migrating customers

Scenario 1

In order to explore the relationship between migrators who experienced a cost decrease after migrating, a plot was created to compare weekly cubic yards of service and rate savings. As shown in the figure below, rate decreases directly related to the total volume of cubic yards on service. The more cubic yards on service a customer had, the larger their cost savings.



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Scenario 2

This plot was created to view the relationship between weekly cubic yards and rate savings.

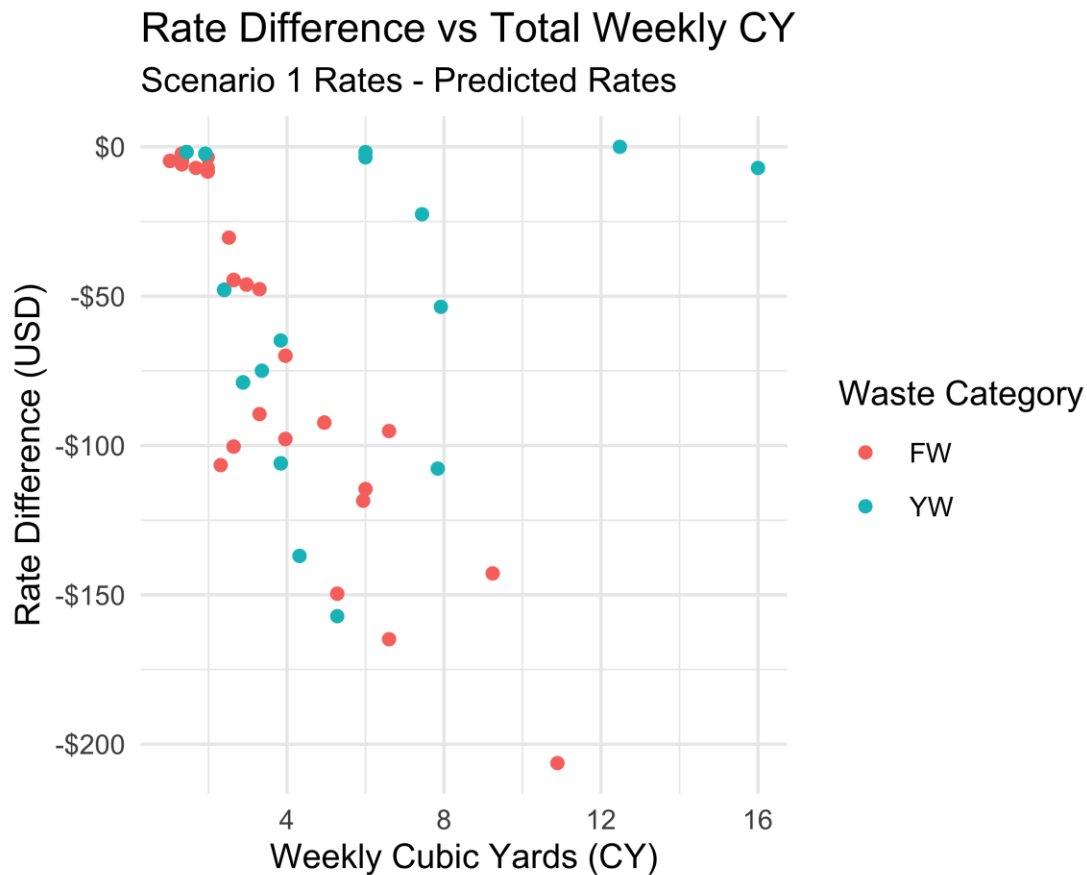


Figure 15. Difference in Non-Migrated vs. Migrated Rate and Total Cubic Yards in Scenario 2 Accounts

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3.7 Methodology to Model Phased-in Rates**3.7.1 Structure of the 5-year phase-in period**

In order to phase in the suggested rate changes, the annual rate change for each individual customer was calculated for current food scraps and yard trimmings customers. The formula for calculating the annual rate change is shown below:

$$\text{Annual rate change} = (\text{Expected rate} - \text{Current rate}) / \# \text{ of years (in this case 5)}$$

A function was created that computes phased-in rates for food waste and yard waste services, with rates increasing over time until Year 5 when the full cost is charged. In order to arrive at the correct expected cost, which translates to the expected rate, we calculated each of the components separately according to service specifications, year, any amortization that may occur on up front costs, and the respective inflation rates for each type of cost. These expected rates were then used as a base rate, where the customer was charged a proportion of the change in rate between what they are currently paying and the expected rate for each year. The proportion was determined by the number of years the rate was being phased in, so for a 5 year phase in, the customer is charged 20% of the expected rate the first year, 40% of the expected rate for year two, 60% of the expected rate for year three and 80% of the expected rate for year four.

3.7.2 Final Rate Calculation

For each service type (FW/YW) and container size (CY):

Rate = Processing Cost + Collection Cost + Capital Cost + Labor Cost + Vehicle Cost + Driver Cost + Operating Cost + Washing Cost

Rates were calculated based on dynamic modeling using the current commercial service listing, the accounts predicted to add food scraps service by 2026, and the dynamic migration pacing expected and the resulting service configurations each year.

1. Processing Cost

Formula: Processing Cost = Monthly Compostable Processing Cost × Container Size (CY) × Pickups per Week × Number of Containers

Using the updated density values from field data observations, the monthly processing cost per cubic yard of compostables collected is \$29.40 for food scraps and yard trimmings combined. The processing cost for accounts on the packaged organics rate will incur a cost of \$38.88 per cubic yard.

Notes: Processing cost values were updated at the yearly price per ton. Directly scales based on total cubic yards collected at monthly values.

2. Collection Cost (Dynamic Calculation)

Formula:

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Collection Cost = Monthly Collection Cost per Lift x Pickups per Week × Number of Containers

Lifts Over Baseline = Number of total commercial lifts in that year - baseline lifts
 Collection Cost per Lift = Lifts Over Baseline x Cost per Lift / total lifts

The total number of lifts for all generators in each scenario was calculated based on adding or subtracting the change in lifts from what is currently in the calculations (10,829) and subtracting the baseline number of lifts (9,293).

Notes: Updated every two years at the cost per lift from Attachment U. Directly scales based on total lifts over baseline.

3. Capital Cost (Only for FW Bins ≥ 1 CY)

Formula:

Capital Cost = Bin Cost (CY) + Liner Cost (CY) capitalized at 5% interest paid over 5 years

This cost only applies to food scraps bins if container size ≥ 1 CY. The bin and bin liner costs are multiplied by a 3% capital cost charge, this cost is recuperated over the next five-years with a monthly charge paid by the generator over five-years. The cost for a 1 cubic yard bin with liner is \$997.04. The cost for a 2 cubic yard bin with liner is \$1,169.05.

Notes: Bin and Liner costs are calculated according to the year of migration and apply a capital cost interest rate to the current (2025) price quote. Directly scales based on the number of food scraps bins added per customer. City will need to ensure monthly payments extend into the next rate schedules for customers who migrate after year 1 and will only have paid a portion of the 5 year term.

4. Labor Cost (Dynamic Calculation, MF properties only)

Formula:

Labor Cost per Lift = Labor Cost per Minute x 3 Number of Weekly Pickups x Number of Containers

Using the yearly salary and assuming a 40 hour work week, the labor cost per minute was calculated. It was assumed each lift assistance took three minutes. This cost was then multiplied by the number of containers times the number of weekly pickups or the weekly lifts, and then multiplied by 4.3 for a monthly cost for all lifts.

Notes: Labor costs increase at an inflation rate each year. The customer is charged a flat rate per lift.

5. Vehicle Cost (Dynamic Calculation)

Formula:

Vehicle Cost = (Monthly payment for the loan of the vehicle / Total Containers) x Number of Containers

Notes: Only applies for rates starting in 2027 when the vehicle is set to be purchased. Vehicle Cost was initially charged a 3% capitalization rate before applying the formula to

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calculate the total loan amount. The term payment is 5% interest over 60 months. The cost is distributed across the total number of carts updated dynamically due to migration. The customer is charged a flat rate per container.

6. Vehicle Driver Cost (Dynamic Calculation)

Formula:

$\text{Driver Cost} = (\text{Monthly Driver cost} / \text{Total Containers}) \times \text{Number of Containers}$

Notes: Driver costs increase at an inflation rate each year. Total carts are updated each year dependent on migration and resulting service configurations. The customer is charged a flat rate per container.

7. Operating Cost of the New Vehicle (Dynamic Calculation)

Formula:

$\text{Operating Cost} = (\text{Monthly Operating cost} / \text{Total Containers}) \times \text{Number of Containers}$

Notes: Operating costs increase at an inflation rate each year. Total carts are updated each year dependent on migration and resulting service configurations. The customer is charged a flat rate per container.

8. Washing Cost of Food Waste Carts (Dynamic Calculation)

Formula:

$\text{Washing Cost} = \text{Washing Cost} \times \text{Number of Containers} / 12$

Notes: Washing costs increase at an inflation rate each year. Charge only applies to food scraps carts. The customer is charged a flat rate per container.

4. Conclusion and Recommendations

4.1 Summary of Key Findings

Commercial and multifamily food scrap and yard trimmings service configurations will likely change as the current rate structure is phased out and the new rate structure is phased in. The most probable changes include generators reducing their service for yard trimmings as they begin to evaluate their service needs and ‘migrate’ from having multiple carts to bins where operationally feasible. In arriving at a cost recovery rate, the rates are primarily driven by the processing cost of collecting each material and directly relate the total cubic yards on service. Cart customers will incur additional costs as a result of the new equipment and staff to service these containers since these additional operating costs are included in the cart rate structure. The rates for multi-family carts include additional labor costs needed to access the containers in space constrained areas where direct access by the vehicle is limited. With these additional costs on multi-family carts driving the rates higher, we expect a broader degree of right-sizing and migration to bins, were operationally feasible.

4.2 Implications for City Budgeting

The current rate for food scraps, which is offered at 75% the equivalent rate of existing MSW service, is much higher than actual costs of service and therefore contributes disproportionately to the City’s fund above the actual cost of providing the service. As the new rate structure is phased in, the projected ‘loss’ in revenue from the current food scrap rates offered at 75% of MSW rates are partially made up by the reduction in processing costs of materials currently being sent to the landfill that are actually compostables, the addition of rates for yard trimming service, and the reduction in collection costs as service levels adjust to more accurately reflect customer needs. The final rates recommended in this report are meant to cover all costs associated **directly** with the collection and processing of the materials. Of these various cost components, all of them, except for the collection cost, were created conservatively and function to cover the expected costs if our predictions about migration, service level adjustments, SB 1383 compliance, and MSW right sizing are correct. If our predictions are not correct, and instead there is less migration, fewer service level adjustments, and less MSW right-sizing, the rates will lead to increased revenue to the fund in comparison to their actual cost of providing service (i.e. the rates will more than cover the cost of providing service). In the case of the collection payments, or lifts over baseline that require compensation to NRWS, if our predictions are incorrect and the number of lifts do not decrease as expected, the City may be required to use rate stabilization reserves in order to cover the difference in the cost and the cost per lift charge being applied to the rates. The maximum expected amount of additional funds required if there are zero reductions in commercial or multifamily lifts is approximately \$400,000 annually by year 5. It is also recommended the rate stabilization reserves be used to cover the difference in actual costs of providing the organics collection service and the rates received by the City in years 1-4 as the full cost-recovery rates are phased in.

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Because the algorithm to develop each year's rates is based on actual and predicted values for the number of containers (carts and bins) and the number of total lifts, it is recommended that as these values change each year based on actual generator behavior, the actual migration and right-sizing levels replace the predicted values to develop a rate that covers actual expected costs. This will help cover costs resultant from changes in service levels based on actual levels of migration and right sizing, both for MSW and yard trimmings. We recommend this retroactive 'truing-up' of the costs of actual migration levels vs predicted migration levels occurs annually. In addition to migration levels, the reduction in MSW revenue caused by right sizing should be monitored, as well as the changes in yard trimmings service that may be caused by updating service levels to align with actual needs and the transition to yard trimmings being self-hauled by landscapers.

5. Appendices

[*Appendix 1:*](#) 2023/2024 Rate Report - Click on this link to view the word document in Dropbox

[*Appendix 2:*](#) Commercial Rate Tables – Yard Trimmings and Food Scraps – Click on this link to view the excel file in Dropbox

[*Appendix 3:*](#) MF Rate Tables – Yard Trimmings and Food Scraps - Click on this link to view the excel file in Dropbox

[*Appendix 4:*](#) Packaged Organics Rate Tables – Commercial and Multifamily - Click on this link to view the excel file in Dropbox

[*Appendix 5:*](#) Current and Predicted Services – Current Food Scraps and Onboarding Accounts - Click on this link to view the excel file in Dropbox

[*Appendix 6:*](#) Potential Migrators – Current and Migration Service Information - Click on this link to view the excel file in Dropbox

[*Appendix 7:*](#) Constants used throughout analysis - Click on this link to view the excel file in Dropbox