

Unified Franchise Agreement RRI Rate Adjustment Request and Agreement Update

Monterey County Environmental Health

Marni Flagg, Assistant Bureau Chief

Ric Encarnacion, Bureau Chief

Robin Kimball, Management Analyst III

Public Hearing

- a. Conduct a public hearing to consider and adopt Resolution to approve Amendment No. 16 to Unified Franchise Agreement A-11631 between the County of Monterey and Waste Management, Inc. dba USA Waste of California dba Carmel Marina Corp., relating to proposed rates for services and adjustments to current rates;
- b. Approve and authorize the Director of Health to execute Amendment No. 16 to the Unified Franchise Agreement (Agreement No. A-11631) between the County of Monterey and Waste Management, Inc. dba USA Waste of California, Inc., dba Carmel Marina Corporation, for the Exclusive Collection of Solid Waste and Recyclables in Unincorporated Monterey County;
- c. Receive an update regarding negotiations for the Unified Franchise Agreement.

Refuse Rate Index

COST CATEGORIES for Current RRI (Annual Price Increase):

- Labor and Benefits
- Diesel
- CNG Fuel
- Vehicle Replacement
- Bad Debt
- AB 939 Fees: Pass Through Item based on the Exhibit from SVSWA
- Disposal: All Disposal Accounts per the relevant UFA Exhibit

Requested Rate Proposal

Proposed rates for **2025** under current UFA:

- **6.47%** increase for the commercial and residential customers within the jurisdiction of the Monterey Regional Waste Management District (MRWMD)
- **6.32%** increase for the commercial and residential customers within the jurisdiction of the Salinas Valley Solid Waste Authority (SVSWA)

Rate Adjustment Examples

Adjustment	Service Level	Current Rate	New Rate	Difference
MRWMD 6.47%	Residential: 35 gal cart	\$46.54	\$49.55	\$3.01 per month (\$36.12 per year)
	Commercial: 3 Cubic Yards Once per week	\$415.80	\$442.71	\$26.91 per month (\$322.92 per year)
SVSWA 6.32%	Residential: 35 gal cart	\$46.82	\$49.78	\$2.96 per month (\$35.52 per year)
	Commercial: 3 Cubic Yards Once per week	\$615.60	\$654.50	\$38.90 per month (\$466.80 per year)

Negotiations Update

Proposed Contract effective 1/1/2025:

- Capture bad debt from year one 2025
- Call center operational by mid-2025

Financial Impact:

- Replaces rate increase under current UFA for January 2025

Benefits of New Agreement:

- Provides financial strategies to manage bad debt and costs
- Enhances customer engagement and education
- Provides local customer service
- Addresses equitable Commercial recycling solutions

Debt Management

Request: Remove bad debt from rates starting in 2025

Proposed Solution:

- Special assessment process to assign delinquent amounts to property tax rolls
- (4) Communications requesting action to customer and property owner prior to assessment
- Assessment processed in August

Local Call Center

Request: Add local call center to enhance customer experience

Proposed Timeline:

- Contract approval by 12/3
- Hiring, training and implementing call center staff in Q1/Q2, 2025
- Go live by mid-2025

Team Structure:

- 4-5 call representatives with one supervisor adjusted with call volume as needed
- Call center located in Castroville
- Supervisor based in Lodi, representatives are overseen locally

Commercial Services

ACTION: Right Size Commercial (CM) Services

- Decoupling trash and recycling services rates from current bundle
- **This is a Revenue Neutral Change**
- Current agreement: CM customers receive ½ weekly trash yardage free in recycling
- Elimination of the Additional Recycling Yard (ARY) fee
- Costs are realigned to reflect actual services provided

Additional Updates

Smart Truck Initiative

- Focus technology use to support Recycling Education and right service capacity at the curb for each customer
- Focus on upsizing capacity where needed and eliminating charges for contamination/overage
- (3) Warnings of contamination/overage per waste stream before upsizing customer capacity

20 Gallon Cart Elimination

- Currently 2,273 customers are using 35 gallon carts with a 20-gallon cart insert
- Findings of audit of 444 carts showed 94 (26%) still had inserts, 74% using 35-gallon carts
- 20-gallon cart customers pay an average of \$8 less than 35-gallon cart users

Benefits of New Agreement

- Provides financial strategies to manage bad debt and costs
- Enhances customer engagement and education
- Provides local customer service
- Addresses equitable Commercial recycling solutions

Recommendation

- a) Approve and authorize the execution of Amendment No. 16 of the Unified Franchise Agreement to incorporate the proposed Refuse Rate Index rates for 2025.
- b) Authorize the Director of Health to execute Amendment No.16.
- c) Accept an update regarding negotiations for the Unified Franchise Agreement.

Questions?