

RESOLUTION NO. 2024-51

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA AMENDING THE RATE ADJUSTMENT CALCULATION OF THE FRANCHISE AGREEMENT WITH GREEN WASTE RECOVERY UTILIZING A SECTOR SPECIFIC UNIFORM PERCENTAGE ADJUSTMENT AND APPROVING MAXIMUM RATES TO BE CHARGED BY GREENWASTE RECOVERY EFFECTIVE JULY 1, 2023, FOR COLLECTION OF FRANCHISED SOLID WASTE, RECYCLING, AND ORGANICS.

WHEREAS, the City of Marina entered into a franchise agreement with GreenWaste Recovery (GWR) on August 19, 2014 for solid waste, recycling, and organics collection services for the period of August 1, 2015 through July 31, 2030, and;

WHEREAS, Section 8.2 of the Franchise Agreement describes the process for an automatic annual adjustment to maximum customer rates on July 1 of each year, based on agreed upon cost indices, changes in tipping fees as the Monterey Regional Waste Management District, and the actual tonnage for materials collected by GWR, and;

WHEREAS, on November 2, 2021, the City Council adopted Resolution No. 2021-114, approving an amendment to the Franchise Agreement with Green Waste Recovery (GRW) to incorporate changes required by Senate Bill 1383 (SB 1383) to divert organic waste from landfills. The amended Agreement retained provisions for automatic annual rate adjustments for GWR's services calculated following either a multi-index rate adjustment methodology or a cost-based rate adjustment methodology, and;

WHEREAS, a cost-based rate adjustment was performed for rate period 5 in 2019. Adjustments to the GreenWaste compensation resulted in rate-payer surpluses of \$540,298 in rate period 5, \$258,203 in rate period 6, and \$175,891 in rate period 7, and;

WHEREAS, at the meeting on June 7, 2022, the City Council adopted Resolution No. 2022-74, approving rate increases that were offset by applying \$89,227 of the surplus generated in rate period 7 which reduced the increase from 5.82% to 3.10%. The remaining half of the surplus generated in rate period 7 was retained to offset rate increases in rate period 9, and;

WHEREAS, \$89,227 of the rate period 7 surplus was applied to reduce the rate period 8 rate increase from 5.82% to 3.10%, and;

WHEREAS, at the meeting on October 18, 2022, the City Council adopted Resolution No. 2022-75, approving a credit of surplus solid waste collection fees back to rate payers that paid for service in rate period 5 and rate period 6, and;

WHEREAS, GWR made on-bill credits to eligible customers in the months of January, February, and March, of 2023. The credits resulted in a distribution of \$658,795 of the \$798,501 surplus generated in rate periods 5 and 6. The remaining surplus of \$139,706 will be available to apply in future rate periods to limit the amount of rate increase to Marina customers; and;

WHEREAS, GWR provided the City with the annual rate adjustment calculation on March 1, 2024 (**EXHIBIT "B"**). Staff and third-party consultant, HF&H, have reviewed GWR's calculation of the rate adjustments for FY 2024/2025 and finds the calculations to be accurate and consistent with the methodology and requirements of the franchise agreement (see **EXHIBIT "A"**), and;

WHEREAS, the rate adjustment that was reviewed by HF&H includes a 5.56% increase to residential rates for period 10 rate increase.

WHEREAS, staff is recommending the sector-based adjustment be used for calculating rates for 2024/2025 in keeping with the methodology approved in 2016.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Marina hereby resolves to approve the rates in **Exhibit B** that incorporate a 5.56% increase to all single family residential maximum rates authorized to be charged by GWR under the Franchise Agreement, effective July 1, 2023.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 21st day of May 2024, by the following vote:

AYES: COUNCIL MEMBERS: McAdams, McCarthy, Biala, Visscher

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: Delgado

ABSTAIN: COUNCIL MEMBERS: None

ATTEST:

Liesbeth Visscher, Mayor Pro Tem

Anita Sharp, Deputy City Clerk



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Northern California
Southern California
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May 3, 2024

Matt Mogensen
Assistant City Manager
City of Marina

Sent via E-mail

Subject: Review of GreenWaste Recovery's 2024-25 Rate Request

Dear Matt Mogensen:

HF&H Consultants, LLC (HF&H) was retained by the Monterey Regional Waste Management District (District) to assist with a review of GreenWaste Recovery's (GWR) request for an adjustment to customer rates, effective July 1, 2024, submitted to the City of Marina (City) on March 1, 2024. This report presents our findings and recommendations.

EXECUTIVE SUMMARY

HF&H's review of GWR's Rate Period 10 (RP10) rate request to the City, and subsequent negotiations with GWR, resulted in the following outcomes:

- HF&H has determined a 5.56% increase as appropriate as a result of the following components:
 - 4.50% inflationary increase in labor-related costs
 - 3.50% inflationary increase in vehicle-related costs (excl. fuel)
 - Fuel rate held flat as set by the District
 - 3.5% inflationary increase in other costs
 - Depreciation held flat per the Agreement
 - -9.86% net processing costs decrease due to Residue Processing Costs being removed in 2022 per the District
 - 4.74% increase in disposal costs due to an increase in per ton disposal rate, and a slight increase in tonnage

Refer to **Figure 1** below for the impact to sample residential rates.



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Figure 1 – Example Rate Impact of Adjustment

Marina Rate Adjustment		
	Current Rates (RP9)	RP10
Adjustment		5.56%
Residential 32- gallon rate	\$ 17.46	\$ 18.43
Residential 64- gallon rate	\$ 21.89	\$ 23.11

BACKGROUND

In 2012, the City, participating with other members of the District, issued a competitive request for proposals for collection services and entered into the new Agreement with GWR effective July 1, 2015. The Agreement provides for the following, related to the adjustment of rates:

- Rates are annually adjusted throughout the term of the Agreement, using various inflationary indices, actual tonnage, and changes in the tipping fees at the District, unless either the City or GWR request a Cost Based Rate Adjustment (CBRA).
- The City and GWR may mutually agree upon alternative approaches to structuring rates without amendment to the Agreement (Section 8.2.D).
- During the CBRA review in RP5, a number of issues surrounding the process for setting rates and the resulting rate relationships amongst sectors and materials was identified. As such the City and GWR have negotiated an amendment to the prescribed methodology for the CBRA and index adjustments so as to not alter rate relationships between service sectors and material types.
- Through negotiations of the amendment and as a result of the desire to maintain current rate relationships between sectors and service levels, the City and GWR have prescribed a uniform rate adjustment to be applied to all sectors.

RATE CALCULATION REVIEW

HF&H Scope of Work

HF&H performed this review of the rate request in accordance with Exhibit E1 (for the index-based rate adjustment). These procedures included:

1. Review of the rate request for completeness and compliance with the procedures contained in Exhibit E1 of the Agreement.



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2. Review for mathematical accuracy and logical consistency to determine that the rate request is mathematically correct, that the rows and columns of numbers add down and across as intended, and that the stated assumptions were, in fact, used. Also, to determine that the rate request is internally consistent and that any summary schedules agree to the supporting schedules and worksheets.
3. Verification of the inclusion of the franchise fee calculation in the adjustment.
4. Verification of contract compliance with regard to:
 - A. The indices used in the adjustment.
 - B. The tip fees reported for the disposal/processing components of the rates.
 - C. The use of quarterly-reported tonnage data and allocations among agencies. A detailed audit of tonnage and allocations of tonnage reported by GWR was not a part of this scope of work. HF&H discussed GWR's allocation methodology with them and the methodology appears reasonable and consistent with standard practices within the industry.
 - D. Any changes in governmental fees on the fee component of the rates; and, the accurate application of the resultant percentage changes in the various rate components to the rate schedule approved by the City through the Agreement.

Review of Rate Request

Rate Period 10 Application

HF&H reviewed the rate application for RP10. The results of the calculation of RP10 per methodology of Exhibit E1 of the amendment can be seen in **Figure 2** below.



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Figure 2 – City of Marina Application of Index-Based Adjustments to RP10

	RP 9	Adjustment Factor	RP 10
Annual Cost of Operations			
Labor-Related Costs	\$ 613,926	1.045	\$ 641,552
Vehicle-Related Costs	\$ 134,490	1.035	\$ 139,197
Fuel Costs	\$ 105,158	1	\$ 105,158
Other Costs	\$ 372,184	1.035	\$ 385,210
Direct Depreciation	\$ 221,602	N.A.	\$ 221,602
Total Allocated Costs - Labor, Vehicle, Fuel & Other	\$ 731,269	1.035	\$ 756,864
Total Allocated Costs - Depreciation & Start-Up	\$ 48,832	N.A.	\$ 48,832
Total Annual Cost of Operations	\$ 2,227,461		\$ 2,298,416
Profit	\$ 266,896	OR=89.3	\$ 275,398
Pass-Through Costs			
Disposal Costs	\$ 681,479	Tons*Tip Fee	\$ 713,781
Curbside Supplemental	\$ (6,198)	1.00	\$ (6,198)
Recycling Processing Costs	\$ 104,475	Tons*Tip Fee	\$ 104,503
Residue Processing Costs	\$ 38,656	Tons*Tip Fee	\$ -
Yard Trimmings Processing Costs	\$ 63,642	Tons*Tip Fee	\$ 76,058
Food Waste Processing Costs	\$ 15,102	Tons*Tip Fee	\$ 19,438
C&D Processing Costs	\$ -	Tons*Tip Fee	\$ -
Interest Expense	\$ 65,512	N.A.	\$ 65,512
Direct Lease Costs	\$ -	N.A.	\$ -
Total Allocated Costs - Lease	\$ 50,221	N.A.	\$ 50,221
Total Pass-Through Costs	\$ 1,012,888	N.A.	\$ 1,023,315
Total Costs before Agency Fees	\$ 3,507,245	N.A.	\$ 3,597,129
Agency Fees/Payments			
Franchise Fee	\$ 407,574	10.00%	\$ 430,248
Vehicle Impact Fee	\$ 203,787	5.00%	\$ 215,124
Rate Application Review Costs	\$ 48,261	Actual	\$ 59,982
Other Adjustments (as needed from time to time)			
Use of Reserves	\$ (89,227)	N.A.	
Surplus Credit Review		N.A.	
Adjustment From PY Calculation	\$ 5,280		
Adjustment from MRWMD Tip Fee Estimates	\$ (7,181)		
Total Calculated Costs	\$ 4,075,739		\$ 4,302,484
Total Calculated Costs in Rates	\$ 3,981,158		5.56%



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Review of GWR Costs

There are four major components to GWR's rate application: 1) calculation and application of the inflationary indexes as prescribed in the Agreement; 2) the disposal and/or processing component; 3) the Agency Fees; and, 4) other one-time adjustments.

There are three indexes used in the index adjustment: CPI, fuel index, and labor index. The annual percent change in each of the indices is used to calculate the coming year's projected cost for the line items to which these indexes are applied.

HF&H has reviewed and GWR has confirmed the accuracy of each of these indexes, and notes that the fuel index remains unchanged, as reported by management staff at the District.

Review of Disposal/Processing Component

Calendar Year 2023 collected tons were used for the RP10 review in accordance with the amendment. The disposal and processing components also consider the tipping fees charged by the District in order to project anticipated disposal and processing costs at the District. The following table describes the changes in the City's disposal and processing costs for each material type based on the tip fees at the District which have been incorporated into our RP10 review.

Figure 3 - Impact of District Tip Fee Changes

Material	2023 Tons	Current Per Ton Tip Fee	Rate Period 10 Costs
	A	B	A x B
Solid Waste	9,270	\$ 77.00	\$ 713,781
Recycling	2,613	\$ 40.00	\$ 104,503
Yard Trimmings	1,618	\$ 47.00	\$ 76,058
Food Waste	304	\$ 64.00	\$ 19,438
C&D*	-	\$ 77.00	\$ -

**The C&D per ton tip fee reflects an average weighted cost for multiple types of C&D materials.*

Review of Fee Component

HF&H ensured that the fee component of each rate matches the contractual percentage of 10% for franchise fees, and 5% for vehicle impact fees, remitted to the City by GWR.

Additionally, rate application review costs and other identified District costs totaling \$59,982 were added as a one-time adjustment to cover the rate review, franchise management, and other identified District costs such as staff time and public education and outreach.



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New Rates

Attached hereto is a table of all rates recommended for RP10 based on the adjustments described in this report (Attachment B). HF&H recommends adopting these rates by resolution to be effective July 1, 2024.

* * * * *

We would like to express our appreciation to GWR staff for their assistance and cooperation in this process. Should you have any questions, please call me at (925) 977-6959 or rchilton@hfh-consultants.com.

Sincerely,
HF&H CONSULTANTS, LLC

A handwritten signature in black ink, appearing to read 'Rob Hilton'.

Rob Hilton
President

A handwritten signature in blue ink, appearing to read 'Dave Hilton'.

Dave Hilton
Senior Project Manager

Attachment B
City of Marina Rates Effective July 1, 2024

Residential Solid Waste Collection Rates			
Service Level	Solid Waste	Recycling	Organics
Curbside 32 Gallon	\$18.43	Included	Included
Curbside 64 Gallon	\$23.11	Included	Included
Curbside 96 Gallon	\$26.24	Included	Included
Low Income	\$15.80	Included	Included
Notes: See Exhibit B1 for specific service availability			

Commercial/Multi-Family Solid Waste Collection Rates						
	Frequency					
Service Level	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
32-Gallon Cart	\$19.88	\$40.54	\$60.82	\$81.07	\$101.36	\$121.62
64-Gallon Cart	\$38.12	\$77.75	\$116.62	\$155.48	\$194.36	\$233.23
96-Gallon Cart	\$49.13	\$100.21	\$150.30	\$200.41	\$250.52	\$300.62
1-Cubic Yard Bin	\$106.53	\$217.33	\$326.01	\$434.67	\$543.33	\$651.99
2-Cubic Yard Bin	\$211.96	\$432.41	\$648.60	\$872.77	\$1,081.00	\$1,297.20
3-Cubic Yard Bin	\$318.39	\$649.51	\$974.26	\$1,299.02	\$1,623.77	\$1,948.53
4-Cubic Yard Bin	\$424.41	\$865.79	\$1,298.69	\$1,731.60	\$2,164.49	\$2,597.38
6-Cubic Yard Bin	\$501.37	\$1,022.80	\$1,534.23	\$2,045.63	\$2,557.03	\$3,068.42
8-Cubic Yard Bin	\$668.53	\$1,363.80	\$2,045.70	\$2,727.61	\$3,409.51	\$4,091.41
2-Cubic Yard Compactor	\$258.46	\$525.39	\$788.08	n/a	n/a	n/a
3-Cubic Yard Compactor	\$388.12	\$788.99	\$1,183.49	n/a	n/a	n/a
4-Cubic Yard Compactor	\$517.40	\$1,051.78	\$1,577.65	n/a	n/a	n/a

Commercial/Multi-Family Recycling Collection Rates						
	Frequency					
Service Level	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
64-Gallon Cart	\$5.72	\$7.37	\$15.03	\$22.56	\$30.05	\$34.98
96-Gallon Cart	\$7.37	\$15.03	\$22.56	\$30.05	\$37.58	\$45.09
1-Cubic Yard Bin	\$15.97	\$32.60	\$48.91	\$65.20	\$81.49	\$97.79
2-Cubic Yard Bin	\$31.80	\$64.87	\$97.30	\$130.91	\$162.15	\$194.58
3-Cubic Yard Bin	\$47.76	\$97.42	\$146.14	\$194.85	\$243.57	\$292.28
4-Cubic Yard Bin	\$63.65	\$129.86	\$194.81	\$259.75	\$324.67	\$389.60
6-Cubic Yard Bin	\$75.20	\$153.42	\$230.13	\$306.85	\$383.55	\$460.27
8-Cubic Yard Bin	\$100.27	\$204.57	\$306.86	\$409.14	\$511.43	\$613.71
2-Cubic Yard Compactor	\$25.74	\$52.74	\$79.12	n/a	n/a	n/a
3-Cubic Yard Compactor	\$38.67	\$79.24	\$118.87	n/a	n/a	n/a
4-Cubic Yard Compactor	\$51.54	\$105.63	\$158.44	n/a	n/a	n/a

Commercial/Multi-Family Food Waste Collection Rates						
	Frequency					
Service Level	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
64-Gallon Cart	\$28.59	\$58.30	\$87.46	\$116.62	\$145.76	\$174.92
96-Gallon Cart	\$36.84	\$75.16	\$112.73	\$150.30	\$187.89	\$225.47
1-Cubic Yard Bin	\$79.90	\$163.00	\$244.50	\$326.01	\$407.50	\$488.99
2-Cubic Yard Bin	\$158.96	\$324.31	\$486.45	\$654.56	\$810.75	\$972.91

Commercial/Multi-Family Yard Trimmings Collection Rates						
	Frequency					
Service Level	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
64-Gallon Cart	\$28.59	\$58.30	\$87.46	\$116.62	\$145.76	\$174.92
96-Gallon Cart	\$36.84	\$75.16	\$112.73	\$150.30	\$187.89	\$225.47
1-Cubic Yard Bin	\$79.90	\$163.00	\$244.50	\$326.01	\$407.50	\$488.99
2-Cubic Yard Bin	\$158.96	\$324.31	\$486.45	\$654.56	\$810.75	\$972.91
3-Cubic Yard Bin	\$238.79	\$487.13	\$730.70	\$974.26	\$1,217.83	\$1,461.40
4-Cubic Yard Bin	\$318.30	\$649.34	\$974.02	\$1,298.69	\$1,623.37	\$1,948.03
6-Cubic Yard Bin	\$376.04	\$767.11	\$1,150.67	\$1,534.23	\$1,917.78	\$2,301.32
8-Cubic Yard Bin	\$501.39	\$1,022.86	\$1,534.28	\$2,045.71	\$2,557.13	\$3,068.57

Roll-Off Collection Rates (Per Pull)					
	Material				
Service Level	MSW	REC	FW	YT	C&D
10 YD	\$319.73	\$239.49	\$239.49	\$239.49	\$319.73
20 YD	\$460.68	\$239.49	\$239.49	\$239.49	\$460.68
30 YD	\$601.65	\$239.49	\$239.49	\$239.49	\$601.65
40 YD	\$742.60	\$239.49	\$239.49	\$239.49	\$742.60
Per Ton	\$85.56	\$44.44	\$71.11	\$52.22	\$85.56

Additional Service Rates		
Service	Sector	Charge Per Event
Cart Rental - All Sizes	RES	\$3.65
Cart Replacement	RES	\$72.98
Re-Delivery or Re-Start	RES	\$30.41
Cart Cleaning	RES	\$30.41
Non-Scheduled Collection	RES	\$23.11
Difficult to Service Cart	COM	\$1.22
Difficult to Service Bin	COM	\$3.65
Locking Bin	COM	\$60.82
Cart Replacement	COM	\$72.98
Cart Cleaning	COM	\$30.41
Bin Swap- Cleaning or Repainting	COM	\$91.23
Bulky - Recyclable	RES/COM	\$24.32
Bulky - Non Recyclable	RES/COM	\$30.41
Bulky - Event	RES/MFD	\$36.48
Covered Box	RO	\$91.23
Driver Time per Hour	RO	\$133.79
Dry Run or Relocation	RO	\$91.23
Extra Days	RO	\$30.41

Attachment B
City of Marina Rates Effective July 1, 2024

*Note: All rates charged monthly unless stated otherwise

May 1, 2024

Item No. **13a**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of May 21, 2023

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2024-
AMENDING THE RATE ADJUSTMENT CALCULATION OF THE
FRANCHISE AGREEMENT WITH GREEN WASTE RECOVERY
UTILIZING A SECTOR SPECIFIC UNIFORM PERCENTAGE
ADJUSTMENT AND APPROVING MAXIMUM RATES TO BE
CHARGED BY GREENWASTE RECOVERY EFFECTIVE JULY 1, 2023
FOR COLLECTION OF FRANCHISED SOLID WASTE, RECYCLING,
AND ORGANICS.**

REQUEST:

It is requested that the City Council consider:

1. Adopting Resolution No. 2024- amending the rate adjustment calculation of the franchise agreement with Green Waste Recovery utilizing a sector specific uniform percentage adjustment and approving maximum rates to be charged by Green Waste Recovery effective July 1, 2024, for collection of franchised solid waste, recycling, and organics.

BACKGROUND:

On August 19, 2014, the City Council adopted Resolution No. 2014-98, and entered into a new exclusive 15-year Franchise Agreement with Green Waste Recovery (GRW) to provide solid waste, recycling, and organics collection services for the City of Marina. The Agreement provides for automatic annual rate adjustments for GWR's services calculated following either a multi-index rate adjustment methodology or a cost-based rate adjustment methodology.

On November 2, 2021, the City Council adopted Resolution No. 2021-114, approving an amendment to the Franchise Agreement with Green Waste Recovery (GRW) to incorporate changes required by Senate Bill 1383 (SB 1383) to divert organic waste from landfills. The amended Agreement retained provisions for automatic annual rate adjustments for GWR's services calculated following either a multi-index rate adjustment methodology or a cost-based rate adjustment methodology.

Cost-based Rate Adjustment Methodology

The cost-based adjustment involves an extensive and detailed review of GWR's actual cost of operations, changes in inflation, the number of customers, and the service level provided and comparing this to actual gross receipts collected to determine GWR's compensation for the current rate period and to forecast the future rates. A cost-based rate adjustment was performed for rate period 5 in 2019. Adjustments to the GWR compensation resulted in rate-payer surpluses of \$540,298 in rate period 5, \$258,203 in rate period 6, and \$175,891 in rate period 7.

At the meeting on June 7, 2022, the City Council adopted Resolution No. 2022-74, approving rate increases that were offset by applying \$89,227 of the surplus generated in rate period 7 which reduced the increase from 5.82% to 3.10%. The remaining half of the surplus generated in rate period 7 was retained to offset rate increases in rate period 9.

At the meeting on June 7, 2022, the City Council adopted Resolution No. 2022-75, approving an agreement between the City of Marina and HF&H Consultants, LLC (HF&H) to perform an analysis of an equitable method of crediting surplus solid waste collection fees back to rate payers.

At the meeting on October 18, 2022, the City Council adopted Resolution No. 2022-75, approving a credit of surplus solid waste collection fees back to rate payers that paid for service in rate period 5 and rate period 6.

In accordance with the methodology developed by HF&H, GWR made on-bill credits to eligible customers in the months of January, February, and March, of 2023. The credits resulted in a distribution of \$658,795 of the \$798,501 surplus generated in rate periods 5 and 6. The remaining surplus of \$139,706 will be available to apply in future rate periods to limit the amount of rate increase to Marina customers.

Multi-index Rate Adjustment Methodology

Each service level rate in the Franchise Agreement rate schedule is comprised of an operating component, disposal/processing component and a fee component. The annual rate adjustment consists of adjusting each of the rate components as follows:

Operating Component Factor:

- Labor Component: Labor costs from the prior year are adjusted by the annual percentage change in the Employment Cost Index (ECI)
- Fuel Component: Fuel costs from the prior year are adjusted by the actual volume of fuel purchased in the prior year and the annual percentage change in the Fuel Index
- Other Component: Non labor/fuel related costs from the prior year are adjusted by the annual percentage change of the Consumer Price Index (CPI)

Disposal/Processing Component: This component is automatically adjusted as a direct pass-through based on MRWMD fees and the City's prior year's tonnages by material type. The disposal and processing component(s) are based on the difference between the City's actual tonnage by material type and what was proposed by GWR in their initial proposal to the City. The disposal and processing components also consider the tipping fee charged by the Monterey Regional Waste Management District (MRWMD).

Fee Component: This component is a direct pass through of Franchise fees, calculated as a percent of the total rate by service level.

The rate adjustment for the 2024/2025 fiscal year was conducted using a variation of the multi-index methodology which was distributed across sectors by weighted averages in accordance with the methodology agreed upon in 2016. The changes implemented in 2016 allow for a uniform percentage increase for services.

The Franchise Agreement stipulates that the City of Marina shall make a good faith effort to approve the accuracy of the calculated rates by June 1 of each year, and such rates shall be effective on each subsequent July 1. This allows noticing all customers of rate increases. If rates are not effective by July 1 due to a delay caused solely by the City of Marina, GWR may retroactively bill customers for the amount of the rate increase.

ANALYSIS:

GWR provided the City with the annual rate adjustment calculation on March 1, 2024. “**EXHIBIT A**” is an executive summary from HF&H reporting the finding that the application for the annual rate adjustment by GWR is consistent with the approved methodology.

The rate adjustment that was reviewed by HF&H includes a 5.56% increase to residential rates for period 10 rate increase. The increase in dollars equals \$1.22 per month for residents with 64-gallon containers and \$.97 increase for customers with 32-gallon containers. The reason this rate increase is a bit higher than normal is because of the credit reduction from what the rate would have been without the credit last fiscal year.

Staff is recommending the sector-based adjustment be used for calculating rates for 2024/2025 in keeping with the methodology approved in 2016.

FISCAL IMPACT:

The FY2024/2025 proposed rate adjustment would have no effect on City expenses, as this is a cost to the rate payers. The Franchise Agreement has a 15% franchise fee of gross receipts. Any rate increase provides a corresponding increase in franchise fee revenue to the City.

CONCLUSION:

This request is submitted for City Council consideration and possible action.

Respectfully submitted,

Layne Long
City Manager
City of Marina

Exhibit A – Summary of HF&H’s review of GWR’s 2024/25 rate request

Exhibit B – Proposed 2024/25 GWR rates