



CITY OF CARMEL-BY-THE-SEA CITY COUNCIL AGENDA

Mayor Dave Potter, Council Members Jeff Baron,
Jan Reimers, Bobby Richards, and Carrie Theis
Contact: 831.620.2000 www.ci.carmel.ca.us

All meetings are held in the City Council Chambers
East Side of Monte Verde Street
Between Ocean and 7th Avenues

CITY COUNCIL SPECIAL MEETING Monday, June 1, 2020 4:30 PM

Governor Newsom's Executive Order N-29-20 has allowed local legislative bodies to hold public meetings via teleconference and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body. Also, see the Order by the Monterey County Public Health Officer issued March 17, 2020. The health and well-being of our residents is the top priority for the City of Carmel-by-the-Sea. To that end, this meeting will be held via teleconference and web-streamed on the City's website ONLY.

To attend via Teleconference; Dial in number 1-708-733-5793 PIN: 334 040 871#

The public can also email comments to cityclerk@ci.carmel.ca.us. Comments must be received 2 hours before the meeting in order to be provided to the legislative body. Comments received after that time and up to the beginning of the meeting will be added to the agenda and made part of the record.

CALL TO ORDER AND ROLL CALL

PUBLIC APPEARANCES

Members of the Public are invited to speak on any item that does not appear on the Agenda and that is within the subject matter jurisdiction of the City Council. The exception is a Closed Session agenda, where speakers may address the Council on those items before the Closed Session begins. Speakers are usually given three (3) minutes to speak on any item; the time limit is in the discretion of the Chair of the meeting and may be limited when appropriate. Applicants and appellants in land use matters are usually given more time to speak. If an individual wishes to submit written information, he or she may give it to the City Clerk. Speakers and any other members of the public will not approach the dais at any time without prior consent from the Chair of the meeting.

ORDERS OF BUSINESS

Orders of Business are agenda items that require City Council, Board or Commission discussion, debate, direction to staff, and/or action.

1. Receive a presentation on the rates charged by the City's franchised hauler, GreenWaste Recovery, for the collection of solid waste, recycling and organics, effective July 1, 2020, and continue the item until the June 2, 2020 City Council

Meeting

This agenda was posted at City Hall, Monte Verde Street between Ocean Avenue and 7th Avenue, Harrison Memorial Library, NE corner of Ocean Avenue and Lincoln Street, and the Carmel-by-the-Sea Post Office, 5th Avenue between Dolores Street and San Carlos Street, and the City's webpage <http://www.ci.carmel.ca.us/carmel/> on in accordance with the applicable legal requirements.

SUPPLEMENTAL MATERIAL RECEIVED AFTER THE POSTING OF THE AGENDA

Any supplemental writings or documents distributed to a majority of the City Council regarding any item on this agenda, received after the posting of the agenda will be available for public review at City Hall located on Monte Verde Street between Ocean and Seventh Avenues during regular business hours.

SPECIAL NOTICES TO PUBLIC

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at 831-620-2000 at least 48 hours prior to the meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting (28CFR 35.102-35.104 ADA Title II).

CLOSED SESSION

- A.** Conference with Legal Counsel – Anticipated Litigation. Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: (two cases)

ADJOURNMENT



CITY OF CARMEL-BY-THE-SEA CITY COUNCIL Staff Report

June 1, 2020
ORDERS OF BUSINESS

TO:	Honorable Mayor and City Council Members
SUBMITTED BY:	Agnes Martelet, Manager, Environmental Compliance
APPROVED BY:	Chip Rerig, City Administrator
SUBJECT:	Receive a presentation on the rates charged by the City's franchised hauler, GreenWaste Recovery, for the collection of solid waste, recycling and organics, effective July 1, 2020, and continue the item until the June 2, 2020 City Council Meeting

RECOMMENDATION:

Receive a presentation on the rates charged by the City's franchised hauler, GreenWaste Recovery, for the collection of solid waste, recycling and organics, effective July 1, 2020, and continue the item until the June 2, 2020 City Council Meeting.

BACKGROUND/SUMMARY:

On June 17, 2014, Council approved a Franchise Agreement with GreenWaste Recovery (GWR) for the collection of solid waste, recycling and organics, subsequent to a competitive Request for Proposals selection process. The Franchise Agreement became effective on July 1, 2015 with a 15-year term ending June 30, 2030, and stipulates that rates shall be adjusted annually using either an index-based prescribed formula or a cost-based procedure.

In January 2019, the Monterey Peninsula municipalities requested a cost-based rate adjustment, which triggered a rigorous, region-wide process. The analysis phase of the cost-based rate adjustment extended over a year and was completed in the spring of 2020. As a result, no rate adjustment occurred on July 1, 2019, and it is instead scheduled for July 1, 2020. In addition to the deferred 2019 cost-based rate adjustment, the City is now also subject to the 2020 prescribed formula rate adjustment, also effective July 1, 2020.

Cost-based Rate Adjustment

The purpose of the cost-based rate adjustment is to "true up" service fees to the actual level of service provided. The cost-based rate adjustment involved the review of GWR's actual cost of operations during Fiscal Year 2018-2019 (including staffing levels, routes, hours, customers and their service levels, etc.) by third-party independent consultant HF&H to determine the "Total Contractor's Compensation." HF&H Consultants has been providing independent franchise oversight support to the municipalities of the Monterey Peninsula since the approval of the Franchise Agreement with GWR.

HF&H has a Professional Services Agreement with the City and GWR to conduct the cost-based rate adjustment. As part of the review process, HF&H determined allowable costs per the stipulations of the Franchise Agreement between the City and GWR, as well as costs for services above and beyond those identified in the Agreement. The difference between the allowable “Total Contractor’s Compensation” and the gross receipts in the most recent calendar year (2018) was the rate adjustment factor. This calculated rate adjustment factor was applied to the existing rates to determine the rate adjustment for Fiscal Year 2019-20.

The cost-based rate adjustment results in a 21.36% rate increase across all customers in the City for the services provided per the Franchise Agreement. Additional services provided by GWR beyond the stipulations of the Franchise Agreement, and their potential impact on the rate adjustment, are further discussed below.

Index-based Prescribed Formula Rate Adjustment

The prescribed-formula rate adjustment involves (1) increasing the component of the rates for GWR labor and other operational costs by the Consumer Price Index (CPI), Employment Cost Index (ECI), and Fuel Index, and (2) adjusting the processing and disposal fees by the Monterey Regional Waste Management District (MRWMD) at their facility in Marina by their actual changes.

The prescribed-formula rate adjustment results in an additional 6.67% rate increase for the services provided per our Franchise Agreement for Fiscal Year 2019-20. This 6.67% rate increase includes the following fee increases from the MRWMD: (1) a 5% tipping fee increase and (2) a new \$40/ton fee for recyclables processing due to significant reductions in recyclable material value.

Combined Rate Adjustment

Due to compounding effects of the cost-based rate adjustment and the prescribed-formula rate adjustment, the total adjustment from current rates is a 29.46% increase. The proposed rates for all sectors are included in Attachment 1. For residential services, the new rates as of July 1, 2020 would be:

Service Level	Current Monthly Cost	New Monthly Cost
20-gallon	\$29.32	\$37.96
32-gallon	\$32.58	\$42.18
64-gallon	\$51.50	\$66.67
96-gallon	\$65.29	\$84.52

Supplemental Services not included in the Franchise Agreement

In addition to the rate increases based on the services prescribed in the Franchise Agreement, GWR has provided additional services and accommodations, as requested by the City, which were not included in the Franchise Agreement. These services are listed below and further described in a memo provided by GWR, included as Attachment 2:

- Additional regulatory reporting in support of all Peninsula cities beyond the stipulations of the Franchise Agreement;
- Shortened downtown waste collection time from eight to three hours to minimize impact on traffic and business;
- Delayed collection start time from 4:00 or 6:00 am to 7:00 am in downtown areas to minimize impacts on businesses and hotels.

If the City decides to maintain these supplemental services, the cost-based rate adjustment increases from 21.36% up to 33.67%, and the cumulative rate increase, including the prescribed-formula rate adjustment, amounts to 42.09% (see Attachment 3). For residential services, the new rates as of July 1, 2020 would be:

Service Level	Current Monthly Cost	New Monthly Cost
20-gallon	\$29.32	\$41.66
32-gallon	\$32.58	\$46.29
64-gallon	\$51.50	\$73.18
96-gallon	\$65.29	\$92.77

Rate Approval Options

The Franchise Agreement requires that the City Council make a good faith effort to approve annual rate adjustments. Due to the lengthy cost-based rate adjustment process in FY 2018-19, which extended well into FY2019-20, no rate adjustment occurred in July 2019. As a result, this rate adjustment includes both cost-based rate adjustment and formula-based rate adjustments.

In April 2020, due to operational constraints from the County of Monterey's Shelter-in-Place Order, the City sent a letter to GreenWaste Recovery requesting additional time to review and approve the rate adjustment (Attachment 4). In May 2020, GreenWaste Recovery sent a letter response to the City (Attachment 5) recommending the approval of the rate adjustment for services stipulated in the Franchise Agreement, with the option to deny, approve, or defer the decision on supplemental services not included in the Franchise Agreement.

Council has the option to approve or disagree with the rate calculations. City staff, in tandem with the MRWMD staff and HF&H Consultants, finds the rate calculation to be accurate and consistent with the Agreement.

Council also has the following approval options:

Option 1: Council may approve the new rates based on the basic services stipulated in the Franchise Agreement, plus the supplemental services.

Option 2: Council may approve the new rates based on the basic services stipulated in the Franchise Agreement and deny the supplemental services.

Option 3: Council may approve the new rates based on the basic services stipulated in the Franchise Agreement and defer their decision on supplemental services. As the shelter-in-place order is lifted and the economy begins to recover, a workshop could be held to review potential modifications to the Franchise Agreement to meet local needs.

FISCAL IMPACT:

The rate sheet for new waste service rates based on the basic services stipulated in the Franchise Agreement is included in Attachment 1. For context, the table below shows current rates, new rates (without supplemental services), and monthly rate increase for a residential customer:

Service Level	Current Monthly Cost	Franchise only services		Franchise + supplemental services	
		July 2020 Monthly Cost	Monthly Cost Increase	July 2020 Monthly Cost	Monthly Cost Increase

20-gallon	\$29.32	\$37.96	+ \$8.64	\$41.66	+\$12.34
32-gallon	\$32.58	\$42.18	+ \$9.60	\$46.29	+\$13.71
64-gallon	\$51.50	\$66.67	+ \$15.17	\$73.18	+\$21.68
96-gallon	\$65.29	\$84.52	+ \$19.23	\$92.77	+\$27.48

The City collects a Franchise Fee of 13% of gross receipts from GWR. The Franchise Fee helps cover staffing costs and expenses associated with contract management, coordination with GWR, MRWMD and regional partners, customer support, compliance with State regulatory requirements, public outreach, etc. The Franchise Fee collected in Fiscal Year 2018-19 was \$329,939.

PRIOR CITY COUNCIL ACTION:

On June 17, 2014, Council approved a Franchise Agreement with GWR for the collection of solid waste, recycling and organics.

On June 5, 2018, Council approved a prescribed-formula-rate adjustment of 2.1% for the collection of solid waste, recycling and organics.

ATTACHMENTS:

Attachment 1 - Rate Sheet for Collection Services per the Franchise Agreement (no supplemental services)

Attachment 2 - Additional Services beyond the Franchise Agreement, memo dated May 15, 2020

Attachment 3 - Rate Sheet for Collection Services including Supplemental Services

Attachment 4 - City of Carmel-by-the-Sea Letter to GWR, dated April 9, 2020

Attachment 5 - GWR Letter to City of Carmel-by-the-Sea, dated May 7, 2020

Note: All rates are monthly unless stated otherwise.

Residential Solid Waste Collection Rates			
Service Level	Solid Waste	Recycling	Organics
20 Gal Back/Side	\$37.96	Included	Included
32 Gal Back/Side	\$42.18	Included	Included
64 Gal Back/Side	\$66.67	Included	Included
96 Gal Back/Side	\$84.52	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	\$42.48	\$84.99	\$107.76	\$131.01	\$154.11	\$207.92
64-Gallon Cart	\$81.82	\$133.17	\$184.72	\$236.30	\$348.39	\$442.37
96-Gallon Cart	\$100.92	\$189.79	\$281.71	\$355.20	\$456.12	\$578.88
1-Cubic Yard Bin	\$233.02	\$438.27	\$599.74	\$753.88	\$908.04	\$1,154.34
2-Cubic Yard Bin	\$342.41	\$684.32	\$1,026.76	\$1,370.58	\$1,614.48	\$1,718.68
3-Cubic Yard Bin	\$484.81	\$855.41	\$1,197.61	\$1,482.25	\$1,711.22	\$2,053.13
4-Cubic Yard Bin	\$645.03	\$1,061.53	\$1,711.07	\$2,132.04	\$2,321.03	\$2,510.03
2-Cubic Yard Compactor	\$374.57	\$748.63	\$1,123.21	n/a	n/a	n/a
3-Cubic Yard Compactor	\$533.03	\$951.87	\$1,342.30	n/a	n/a	n/a
4-Cubic Yard Compactor	\$709.32	\$1,190.13	\$1,903.98	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	\$12.27	\$19.97	\$27.71	\$35.44	\$52.26	\$66.36
96-Gallon Cart	\$15.14	\$28.47	\$42.26	\$53.28	\$68.42	\$86.83
1-Cubic Yard Bin	\$34.96	\$65.74	\$89.96	\$113.08	\$136.20	\$173.15
2-Cubic Yard Bin	\$51.36	\$102.64	\$154.02	\$205.59	\$242.18	\$257.81
3-Cubic Yard Bin	\$72.73	\$128.31	\$179.65	\$222.34	\$256.69	\$307.97
2-Cubic Yard Compactor	\$13.88	\$27.68	\$41.57	n/a	n/a	n/a
3-Cubic Yard Compactor	\$16.50	\$15.87	\$10.97	n/a	n/a	n/a
4-Cubic Yard Compactor	n/a	n/a	n/a	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	\$61.36	\$99.87	\$138.55	\$177.23	\$261.29	\$331.78
96-Gallon Cart	\$75.69	\$142.34	\$211.29	\$266.41	\$342.10	\$434.16
1-Cubic Yard Bin	\$174.76	\$328.70	\$449.81	\$565.41	\$681.04	\$865.76
2-Cubic Yard Bin	\$256.81	\$513.24	\$770.08	\$1,027.93	\$1,210.87	\$1,289.00

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	\$61.36	\$99.87	\$138.55	\$177.23	\$261.29	\$331.78
96-Gallon Cart	\$75.69	\$142.34	\$211.29	\$266.41	\$342.10	\$434.16
1-Cubic Yard Bin	\$174.76	\$328.70	\$449.81	\$565.41	\$681.04	\$865.76
2-Cubic Yard Bin	\$256.81	\$513.24	\$770.08	\$1,027.93	\$1,210.87	\$1,289.00
3-Cubic Yard Bin	\$363.61	\$641.55	\$898.20	\$1,111.69	\$1,283.41	\$1,539.85

Roll-Off Collection Rates (Per Pull)				
	Material			
Service Level	MSW	REC	YT	C&D
10 YD	\$596.53	\$596.53	\$596.53	\$596.53
20 YD	\$655.79	\$655.79	\$655.79	\$655.79
30 YD	\$814.88	\$814.88	\$814.88	\$814.88
40 YD	\$973.97	\$973.97	\$973.97	\$973.97
Per Ton	\$74.83	\$45.98	\$48.28	\$66.24

Additional Service Rates		
Service	Sector	Charge Per Event*
Cart Rental - All Sizes	RES	\$4.04
Cart Replacement	RES	\$80.76
Re-Delivery or Re-Start	RES	\$33.66
Cart Cleaning	RES	\$33.66
Non-Scheduled Collection	RES	\$25.58
Cardboard Sticker	COM	\$12.51
Difficult to Service Cart	COM	\$1.35
Difficult to Service Bin	COM	\$4.04
Locking Bin	COM	\$67.30
Cart Replacement	COM	\$80.76
Cart Cleaning	COM	\$33.66
Bin Swap- Cleaning or Repainting	COM	\$100.96
Bulky - Recyclable	RES/COM	\$26.92
Bulky - Non Recyclable	RES/COM	\$33.66
Bulky - Event	RES/MFD	\$40.38
Covered Box	RO	\$100.96
Driver Time per Hour	RO	\$148.06
Dry Run or Relocation	RO	\$100.96
Extra Days	RO	\$33.66

*Note: Application of fees shall be as described in Franchise Agreement

IMPACT OF NOT APPROVING THE DISCRETIONARY RATE INCREASE

INDIRECT LABOR PROVIDED TO ALL SEVEN (7) PENINSULA CITIES

Additional Reporting: GreenWaste has been funding a 0.9FTE for all seven of the Participating Agencies to provide additional reporting and reporting support to each Agency, the MRWMD and the State on behalf of the Agencies and the MRWMD. This service has been provided to the City of Carmel-by-the-Sea by GreenWaste since 2015 without cost-recovery to GreenWaste.

If the City's portion of the 0.9FTE:

- ✓ **Is Approved**, then all historical reporting services will continue to be provided to and on behalf of the City and GreenWaste has agreed they will not come back to the City with a Change in Law request regarding SB1383 compliance reporting.
- ✓ **Is NOT approved**, then GreenWaste will no longer be able to provide the additional reporting beyond that required by the Franchise Agreement and GreenWaste will likely come back to the City with a Change in Law request regarding SB1383 compliance reporting.

CalRecycle Curbside Supplemental Payment: The Franchise Agreement is ambiguous on whether GreenWaste is prohibited from retaining these entitlement payments that are only available to haulers. There is no mechanism outlined in the Franchise Agreement for GreenWaste to remit these payments, where there are such mechanisms for remittance of other payments.

If the City's portion of the 0.9FTE:

- ✓ **Is Approved**, then GreenWaste has agreed to remit the Curbside Supplemental Payment back to the City that would be based on the total tons of Recyclable Materials collected in the City.
- ✓ **Is NOT approved**, then GreenWaste will not remit the Curbside Supplemental Payment to the City.

DIRECT LABOR PROVIDED TO CARMEL-BY-THE-SEA ONLY

Collection Duration Shortened from Eight (8) Hours to Approximately Three (3) Hours:

GreenWaste uses three (3) trucks to service the commercial sector; one (1) truck each for garbage, recyclables and food waste, and many customers get service multiple times per week. GreenWaste's proposal included one (1) driver for each of these trucks for a total of three (3) drivers. This level of staffing and vehicles is sufficient to provide the services required under the Franchise Agreement within the permitted collection hours. However, with single-driver vehicles, the driver dismounts the truck and leaves it unattended, blocking the road and impacting the movement of both passenger vehicles and delivery trucks and blocking occupied/un-occupied parking spaces. This reduces operational efficiencies and requires collection services in the City last the entire shift (from 7:00am - 3:00pm). When using single-driver trucks, the driver can either:

- ✓ Park (or double-park) in once place on the block, dismount the vehicle once (leaving the truck unattended) and retrieve up to 2-carts at a time and bring them back to the truck for service, then return those carts and retrieve the next set of carts bringing those back to the truck for service then returning them until all the carts and cardboard on that block are serviced, OR
- ✓ Park (or double-park) in multiple places throughout the block dismounting, retrieving, servicing and returning carts and collecting cardboard, then moving the truck a short distance to do it all again.

However, in response to the City's needs, GreenWaste ended up hiring two (2) additional drivers/helpers so the garbage and recycling trucks each had both a driver and a helper for a total of five (5) commercial drivers versus the three (3) that were budgeted. This allowed the drivers to remain in the vehicle while the helper retrieved carts and collected cardboard. This significantly reduced the duration of time required to service businesses, shortening the collection window from approximately eight (8) hours for each commodity (garbage and recycling) to approximately two (2) to three (3) hours. This, combined with the delayed start time from above, allowed GreenWaste to start and complete routes from approximately 7:00am to approximately 10:00am under normal circumstances. GreenWaste has funded these additional two (2) positions* since 2015 without cost-recovery to GreenWaste.

If the cost of the additional 1.75 FTEs dedicated to the City:

- ✓ **Is approved**, then GreenWaste will operate business as usual.
- ✓ **Is NOT approved**, then 1.75 FTEs will be eliminated, and the garbage and recycling trucks will go back to being 1-driver vehicles. This will result in each driver dismounting and leaving the collection vehicle unattended and shuttling carts back and forth between the businesses and collecting cardboard. The resulting inefficiencies will mean the garbage and recycling trucks will be servicing commercial customers for up to eight (8) hours and rather than approximately three (3) hours, which will result in significant disruptions to the businesses, patrons and visitors:
 - ✓ Roads being blocked by the collection vehicles parking or being double-parked while the vehicle remains unattended
 - ✓ Impairment of traffic movement by passenger vehicles and delivery trucks, and
 - ✓ Occupied and un-occupied parking spaces being blocked, and
 - ✓ Carts that are set-out for collection on the sidewalks and curbside and piles of cardboard being left out until mid-afternoon (and many carts are serviced multiple times per week), and
 - ✓ Carts that are retrieved from businesses that are not paying "difficult-to-service" charges being shuttled from businesses and on sidewalks until mid-afternoon.

Delayed Collection Start Time: GreenWaste is permitted to begin collection at 4:00am to commercial businesses that are further than 200' away from residential properties and residential collection services may begin at 6:00am. In response to requests from the City, businesses, and hotels, and residents, GreenWaste delayed our start time for all services until 7:00am as to minimize noise and disruption to a heavily hospitality-centric area. The delayed start time also permitted businesses to set out their carts when employees arrive in the morning versus the night before, improving the aesthetics by minimizing the duration that unsightly carts and cardboard are on the

sidewalks and/or curbside blocking parking spaces. GreenWaste has delayed the start-time of servicing the City since 2015 without cost-recovery to GreenWaste.

If the cost of the additional 1.75 FTEs dedicated to the City:

- ✓ **Is approved**, then GreenWaste will operate business as usual.
- ✓ **Is NOT approved**, then GreenWaste will need to begin collection services at or before 6:00am in order to ensure collection can be completed within a single-shift by the garbage and recycle drivers operating without helpers.
 - In order to complete this work in a single shift, GreenWaste will need to take advantage of lighter traffic patterns and maximize the “off-route” time the truck is traveling to/from Marina:
 - Traveling from the operations yard in Marina where they begin their shift to the City,
 - Traveling from the City to Marina once the first load is full,
 - Returning to the City from Marina
 - Returning back to Marina to tip the second load and park the truck when the shift is complete
 - Business owners will no longer be able to put their carts out the morning of collection but instead will need to ensure their carts are placed out the night before so they are ready for collection when our trucks arrive. This could be especially troublesome as many businesses receive collection services multiple times per week.

**While the work requires two (2) full-time positions, the City is only being asked to consider funding 1.75FTEs (versus 2.0 FTEs) because GreenWaste was more efficient in other aspects of the operation such that 0.25 FTE is already included in the rates.*

Note: All rates are monthly unless stated otherwise.

Residential Solid Waste Collection Rates			
Service Level	Solid Waste	Recycling	Organics
20 Gal Back/Side	\$41.66	Included	Included
32 Gal Back/Side	\$46.29	Included	Included
64 Gal Back/Side	\$73.18	Included	Included
96 Gal Back/Side	\$92.77	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	\$46.63	\$93.28	\$118.28	\$143.79	\$169.15	\$228.21
64-Gallon Cart	\$89.80	\$146.16	\$202.75	\$259.36	\$382.38	\$485.54
96-Gallon Cart	\$110.77	\$208.31	\$309.20	\$389.86	\$500.63	\$635.37
1-Cubic Yard Bin	\$255.76	\$481.04	\$658.27	\$827.45	\$996.66	\$1,266.99
2-Cubic Yard Bin	\$375.83	\$751.11	\$1,126.96	\$1,504.34	\$1,772.04	\$1,886.40
3-Cubic Yard Bin	\$532.13	\$938.88	\$1,314.48	\$1,626.90	\$1,878.22	\$2,253.50
4-Cubic Yard Bin	\$707.98	\$1,165.13	\$1,878.06	\$2,340.11	\$2,547.54	\$2,754.98
2-Cubic Yard Compactor	\$411.12	\$821.69	\$1,232.82	n/a	n/a	n/a
3-Cubic Yard Compactor	\$585.05	\$1,044.76	\$1,473.29	n/a	n/a	n/a
4-Cubic Yard Compactor	\$778.54	\$1,306.28	\$2,089.79	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	\$13.47	\$21.92	\$30.41	\$38.90	\$57.36	\$72.84
96-Gallon Cart	\$16.62	\$31.25	\$46.38	\$58.48	\$75.10	\$95.30
1-Cubic Yard Bin	\$38.37	\$72.16	\$98.74	\$124.11	\$149.50	\$190.04
2-Cubic Yard Bin	\$56.37	\$112.66	\$169.05	\$225.65	\$265.81	\$282.97
3-Cubic Yard Bin	\$79.82	\$140.83	\$197.18	\$244.03	\$281.74	\$338.02
2-Cubic Yard Compactor	\$15.23	\$30.38	\$45.63	n/a	n/a	n/a
3-Cubic Yard Compactor	\$18.11	\$17.41	\$12.04	n/a	n/a	n/a
4-Cubic Yard Compactor	n/a	n/a	n/a	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	\$67.35	\$109.61	\$152.07	\$194.52	\$286.79	\$364.16
96-Gallon Cart	\$83.07	\$156.23	\$231.91	\$292.41	\$375.48	\$476.53
1-Cubic Yard Bin	\$191.82	\$360.78	\$493.70	\$620.59	\$747.50	\$950.25
2-Cubic Yard Bin	\$281.87	\$563.33	\$845.23	\$1,128.25	\$1,329.04	\$1,414.80

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	\$67.35	\$109.61	\$152.07	\$194.52	\$286.79	\$364.16
96-Gallon Cart	\$83.07	\$156.23	\$231.91	\$292.41	\$375.48	\$476.53
1-Cubic Yard Bin	\$191.82	\$360.78	\$493.70	\$620.59	\$747.50	\$950.25
2-Cubic Yard Bin	\$281.87	\$563.33	\$845.23	\$1,128.25	\$1,329.04	\$1,414.80
3-Cubic Yard Bin	\$399.09	\$704.16	\$985.86	\$1,220.17	\$1,408.66	\$1,690.12

Roll-Off Collection Rates (Per Pull)				
	Material			
Service Level	MSW	REC	YT	C&D
10 YD	\$654.75	\$654.75	\$654.75	\$654.75
20 YD	\$719.79	\$719.79	\$719.79	\$719.79
30 YD	\$894.40	\$894.40	\$894.40	\$894.40
40 YD	\$1,069.02	\$1,069.02	\$1,069.02	\$1,069.02
Per Ton	\$74.83	\$45.98	\$48.28	\$66.24

Additional Service Rates		
Service	Sector	Charge Per Event*
Cart Rental - All Sizes	RES	\$4.43
Cart Replacement	RES	\$88.65
Re-Delivery or Re-Start	RES	\$36.94
Cart Cleaning	RES	\$36.94
Non-Scheduled Collection	RES	\$28.08
Cardboard Sticker	COM	\$13.73
Difficult to Service Cart	COM	\$1.48
Difficult to Service Bin	COM	\$4.43
Locking Bin	COM	\$73.87
Cart Replacement	COM	\$88.65
Cart Cleaning	COM	\$36.94
Bin Swap- Cleaning or Repainting	COM	\$110.81
Bulky - Recyclable	RES/COM	\$29.54
Bulky - Non Recyclable	RES/COM	\$36.94
Bulky - Event	RES/MFD	\$44.32
Covered Box	RO	\$110.81
Driver Time per Hour	RO	\$162.51
Dry Run or Relocation	RO	\$110.81
Extra Days	RO	\$36.94

*Note: Application of fees shall be as described in Franchise Agreement

City of Carmel-by-the-Sea

POST OFFICE BOX CC
CARMEL-BY-THE-SEA, CA 93921
(831) 620-2000

Attachment 4

April 9, 2020

Jim Moresco
GreenWaste Recovery
P.O. Box 1928
Marina, CA 93933

Re: Deferral of Cost-Based Rate Adjustment due to the COVID-19 Crises

Mr. Moresco,

Most importantly, sir, I hope that you and your family and staff are well and safe in light of this horrid COVID-19 pandemic. As you are well aware, we are living in unprecedented times with a widespread disaster affecting communities and businesses throughout the country and the world. We are aware that the cost-based rate adjustment that was initially requested by the City of Marina in January 2019, and which triggered a rigorous, region-wide cost-based rate adjustment process, is nearing completion. The analysis phase alone extended over a year.

We are also aware that a workshop was being discussed with our City Council in May to review the results of the rate adjustment and determine options for service modifications to best suit the needs of the City of Carmel-by-the-Sea and the rate payers.

Due to the unprecedented and evolving nature of the crisis we are currently facing, my City is entirely focused on responding to COVID-19 issues to protect the community and employees. Our City Council will not be in any position to hear or decide on options for the cost-based rate adjustment until the shelter-in-place order has been lifted and normal operations return.

At this time, we anticipate that this crisis will likely remain in effect for at least a few months; thus, we are pushing workshop date until July 2020. I certainly hope that you support this decision. Prior to that, we propose to meet with you and HF&H to review the rate adjustment application, options for adjusted levels of service and billing, and prepare a coordinated presentation of these options at a City Council workshop allowing our community to weigh in on needed levels of service for their trash collection. Ms. Agnes Martelet, the City's Environmental Compliance Manager and Council Member Carrie Theis will also attend this meeting.

Should the shelter-in-place order extend beyond July 2020, I hope you will respect the potential for another meeting and workshop rate-adjustment extension. Rate-adjustment extensions beyond July 1 of each year are expressly permitted per Exhibit E of the Franchise Agreement between the City of Carmel-by-the-Sea and GreenWaste Recovery.

We greatly appreciate GreenWaste's partnership and understanding in these unusual times, and we look forward to resuming this important work with you when this crisis abates. Please contact Agnes Martelet at (831) 869-5212 if you have any questions.

Take good care,

A handwritten signature in black ink, appearing to read "Chip Rerig". The signature is fluid and cursive, with a large initial "C" and "R".

for Chip Rerig
City Administrator

cc: Mayor Potter and Members of the City Council
Dave Hilton, HF&H
Tim Flanagan, Monterey Peninsula Waste Management District
Robert Harary, P.E., Public Works Director
Agnes Martelet, Environmental Compliance Manager



May 7, 2020

Chip Rerig, City Administrator
 City of Carmel-by-the-Sea
 Post Office Box CC
 Carmel-by-the-Sea, CA 93921

Subject: Cost-Based and Annual Rate Adjustments and Provision of Services Beginning July 1, 2020

Dear Mr. Rerig,

We are in receipt of your letter dated April 9, 2020 and agree we are in unprecedented times. Our partnership with the City of Carmel-by-the-Sea is incredibly important to us – so too is our ability to provide uninterrupted services. We understand your concerns with regard to the collective workload of the City responding to COVID-19 issues to protect the community and City employees as well as the steep budget cuts facing the City. We sincerely hope you can similarly appreciate the challenges we face as well; we are entirely reliant on ratepayer revenue in order to provide services under the Franchise Agreement.

GreenWaste is an Essential Business providing Essential Services to protect the human health and safety of your community. Most of our employees do not have the luxury of working from home and they are out on the front lines touching every container of waste generated in the City. We have been incredibly vigilant outfitting our employees in proper Personal Protective Equipment, maintaining social distancing, and in many cases exceeding both required and recommended protocols to ensure their safety. Our fixed costs have not decreased, and our variable costs will only temporarily decrease as a result of reduced tonnages, a savings that will actually be offset by the tip fee increases at the Monterey Regional Waste Management District (MRWMD) and the new charges for processing recyclable materials. The net result is that our costs have and will continue to increase, while our revenues will drastically decline and remain suppressed until the economy fully recovers.

When we first received your letter, we remained hopeful that we could find a creative solution and sought out data to assess how and to what extent we could minimize the impact to ratepayers while still sustaining our operation. At that time, we had only been under Shelter-in-Place for approximately two (2) weeks and did not yet know the full extent of the potential impact. Pulling billing data in April did not reveal the full extent of the impact as the commercial sector is billed in arrears and the residential sector is billed quarterly in advance. Instead, we sought to dive deep into week over week tonnage data that is the proverbial “canary in the coal mine.” Using the 12-month period ending December 31, 2019, weighted for the revenue-generating aspect by material type, we predict the result of COVID-19 will be on the order of a 27% drop in revenue as follows:

Description	Total Revenue by Line of Business	Actual 12- Month Rate Revenue	Projected % Change	Anticipated Revenue Loss	Projected Revenue Post COVID-19
Residential	44.04%	\$ 944,208	-11.72%	\$ (110,661)	\$ 833,546
Commercial	39.69%	\$ 850,962	-42.84%	\$(364,552)	\$ 486,410
Debris Box	3.27%	\$ 70,101	-35.76%	\$ (25,068)	\$ 45,033
Franchise Fee	13.00%	\$ 278,718	-26.82%	\$ (74,755)	\$ 203,963
Totals	100.00%	\$ 2,143,988	-26.82%	\$ (575,036)	\$ 1,568,952

**The City could consider utilizing the Franchise Fee to minimize the impact of the rate increase.*

This loss in revenue to GreenWaste as a result of COVID-19 will be further compounded by the following: 1) the Cost-Based Rate Adjustment (CBRA) performed by HFH Consultants revealed the City has been receiving what amounts to a 33.67% subsidy that will disappear on July 1, 2020, and 2) GreenWaste is also due our Multi-Index Rate Adjustment (MIRA) July 1, 2020. The 33.67% subsidy is comprised of two (2) components:

- a) Ratepayers in neighboring jurisdictions have been unknowingly subsidizing 21.36% of the costs to provide services to City residents and businesses, and
- b) GreenWaste has also provided a subsidy of 12.31% in the form of additional services that were beyond the scope of the Franchise Agreement without a means to recover these costs.

During 2019 alone, the City of Carmel-by-the-Sea received a total subsidy of \$704,186 comprised of \$446,727 from neighboring jurisdictions and \$257,459 from GreenWaste.

The MIRA will be an additional 6.67% on top of the CBRA and includes:

- a) the prescribed cost-of-living adjustments that use prescribed indices that are applied to differing components of the rates (e.g. labor, fuel and other expenses), and
- b) pass-through expenses that include a five percent (5%) increase in tip fees at the MRWMD and a new charge for processing recyclable materials, and
- c) one-time adjustments that include unanticipated charges from the MRWMD for residue in the recyclable materials delivered for processing and the costs of a one-time mailer to message customers about the rate increase.

The 6.67% MIRA adjustment includes approximately 2.51% to GreenWaste, approximately 4% to the MRWMD as a pass-through, and 0.16% as a one-time cost of the mailer.

The April 9, 2020 letter from the City explained the City's desire for community engagement was the primary explanation for the City's request to postpone the rate adjustment. We do understand the City's desire to engage the public in its decisions, which is something that sets the City apart from neighboring jurisdictions. However, the action that must be taken to approve rates is simply the City receiving the report from HFH Consultants, the third-party hired by the City to perform the extensive examination analysis, and for the City Council to approve the new rates, as follows:

July 1, 2020 Rate Adjustment - Not Subject to Council Discretion

20.97%	Base Service Cost-Based Rate Adjustment performed by HFH
0.39%	GreenWaste Retains Curbside Supplemental Program Funds per the Franchise Agreement
21.36%	Base Service CBRA (Includes Reduction in GreenWaste-subsidized Services)
6.67%	July 1, 2020 MIRA
29.46%	July 1, 2020 <u>Non-Discretionary</u> Rate Adjustment (CBRA and MIRA)

There is only one (1) aspect of the CBRA analysis that is subject to Council direction, whether GreenWaste continues to provide the additional services and service accommodations that GreenWaste has been providing without the inclusion of those costs in the rates. These additional/accommodated services include:

- ✓ Additional reporting to and on behalf of the City and the MRWMD to the State of California beyond that which is required in the Franchise Agreement, and
- ✓ Collection of City cans (and provision of associated services including wiping cans, emptying ashtrays and filling doggy bags) twice daily for the remaining two (2) days per week not covered by the Superintendent, and

- ✓ Collection of recycling cans along the beaches seven (7) days per week, and
- ✓ Collection in an extremely narrow window of time for commercial collection (approximately 8:00am – 10:00am) for all materials to:
 - Allow drivers to stay in the truck while helpers dismount the truck and retrieve carts such that we can minimize the duration where our collection vehicles are blocking traffic, including other delivery vehicles, and preventing vehicles from parking/unparking, truck traffic, and
 - Allow businesses to set out carts the morning of collection rather than the night before, with prompt collection thereafter with the goal of preserving limited parking and improving the aesthetics of the downtown area (and minimizing the duration food waste containers are visible), and
 - Allow us to accommodate the requests of hotels that prefer we not be in the area early as to minimize disruption to overnight guests.

Additional July 1, 2020 Rate Adjustment - Subject to Council Discretion

0.91%	Value of 0.9FTE Provided to City w/o Cost-Recovery (<i>Compliance Reporting</i>)
11.79%	Value of 1.75 FTEs Provided to City w/o Cost-Recovery (<i>Additional/Accommodated Services</i>)
12.70%	CBRA (No Reduction in GreenWaste-provided Additional/Accommodated Services)
6.00% -8.00%	July 1, 2020 MIRA (<i>TBD by HFH</i>)
19.47% - 21.72%	July 1, 2020 Discretionary Rate Adjustment (CBRA and MIRA)

In order to provide these services, GreenWaste added two (2) FTEs beyond what was budgeted. This is the only way we could provide these additional City can and beach can recycling services and provide accommodated service the downtown area in a tight timeframe per the request of the City and the business community. If this component of the rate adjustment is not approved, then GreenWaste will have no choice but to discontinue these services beginning July 1, 2020.

Finally, would also like to clarify that contrary to what was suggested in your letter that “*rate-adjustment extensions beyond July 1 of each year are expressly permitted per Exhibit E of the Franchise Agreement,*” Exhibit E to the Franchise Agreement expressly states:

The Agency’s City Council **shall make a good faith effort to approve Rates by June 1 of each year**, and such Rates shall be effective on each subsequent July 1. If Rates are not effective by July 1 due to a delay caused solely by Agency, Agency shall allow Contractor to retroactively bill Customers for the amount of the Rate increase for any period of said delay that is solely caused by Agency.

In the event the City *did* in fact make a good faith effort and rates were not approved in June (to become effective July 1, 2020), GreenWaste would then retroactively bill for the difference on the next invoice once rates were approved, which would result in an even more substantial negative impact to the residents and businesses and is definitely not advisable.

Recommendation: Deferral of the non-discretionary portion of the CBRA and MIRA rate increase will have significant and lasting implications on GreenWaste’s ability to continue to perform the services under the Franchise Agreement. At a minimum, GreenWaste strongly urges the City to approve the non-discretionary portion of the CBRA and MIRA for a total rate increase of 29.46% beginning July 1, 2020 (final numbers to be provided to the City by HFH Consultants). If the City decides to defer the decision on whether to approve the discretionary portion of the CBRA and MIRA that amounts to an additional 19.47% - 21.72% (final numbers to be provided by HFH Consultants), then GreenWaste will be unable to continue to provide the additional and accommodated services to the commercial sector described above until such time that additional funds are provided to continue these services

We understand and appreciate the timing of this rate adjustment could not be more inopportune. When the impacts of COVID-19 began to unfold, we anticipatorily began looking at ways to minimize the impacts of prescriptive rate adjustments and explore deferrals to ease the burden to the ratepayers throughout all the jurisdictions we serve. However, with the loss of the subsidy from your neighboring jurisdictions that must be made up by the ratepayers, combined with the significant costs for us to provide additional and accommodated services without cost recovery and the anticipated revenue losses resulting from the Shelter-in-Place orders, we are unfortunately not in a position to be able to defer such an adjustment without severely impacting our ability to perform.

Despite the challenges we have faced with the Shelter-in-Place orders, we are delighted that we have been able to safely provide all the services under the Franchise Agreement (e.g. bulky item pick-ups and collection of extra materials) that have been discontinued by so many other haulers. As the ratepayers in the City of Carmel-by-the-Sea are faced with the upcoming July 1, 2020 rate increases, we are hopeful that we can message the increase appropriately such that they can find some relief knowing they have enjoyed artificially low rates for the services provided over the past five (5) years.

We hope the City and your ratepayers have been pleased with our services to date and will continue to enjoy us as your service provider for at least the next decade.

In partnership,

A handwritten signature in blue ink, appearing to read "Tracy M. Adams", is written over a horizontal line.

Tracy Adams
Co-CEO

Cc: Mayor Potter and Members of the City Council
Dave Hilton, HF&H
Tim Flanagan, Monterey Peninsula Waste Management District
Robert Harary, P.E., Public Works Director
Agnes Martelet, Environmental Compliance Manager

CARMEL-BY-THE-SEA
Declining Tonnages following Shelter-in-Place Orders

MSW	Weekly Average (Mar. 1 - Mar. 20)	Weekly Average (Mar. 22 - Apr. 25)	Pre- v. Post-SIP
Single-Family	14.78	13.05	-11.72%
MFD	0.61	0.50	-18.03%
Commercial	12.78	8.89	-30.47%
Total	28.17	22.44	-20.36%

RECYCLE	Weekly Average (Mar. 1 - Mar. 20)	Weekly Average (Mar. 22 - Apr. 25)	Pre- v. Post-SIP
Single-Family	13.90	10.85	-21.97%
MFD	0.38	0.25	-34.92%
Commercial	10.40	5.54	-46.73%
Total	24.69	16.64	-32.61%

YARD TRIMMINGS	Weekly Average (Mar. 1 - Mar. 20)	Weekly Average (Mar. 22 - Apr. 25)	Pre- v. Post-SIP
Single-Family	27.61	31.46	13.96%
MFD	0.14	0.15	6.80%
Commercial	0.36	0.40	11.31%
Total	28.11	32.02	13.89%

FOOD WASTE	Weekly Average (Mar. 1 - Mar. 20)	Weekly Average (Mar. 22 - Apr. 25)	Pre- v. Post-SIP
Commercial	7.04	1.80	-74.40%
Total	7.04	1.80	-74.40%

C&D	Weekly Average (Mar. 1 - Mar. 20)	Weekly Average (Mar. 22 - Apr. 25)	Pre- v. Post-SIP
Debris Box	4.53	2.91	-35.76%
Total	4.53	2.91	-35.76%

TOTALS	Weekly Average (Mar. 1 - Mar. 20)	Weekly Average (Mar. 22 - Apr. 25)	Pre- v. Post-SIP
Single-Family	56.29	55.35	-1.66%
MFD	1.14	0.90	-20.61%
Commercial	30.59	16.64	-45.62%
Debris Box	4.53	2.91	-35.76%
Total	92.55	75.81	-18.09%