



CITY COUNCIL STAFF REPORT

ITEM NO. 7.2

DATE: May 11, 2026

TO: Honorable Mayor and City Council

FROM: Carl Brown, Public Works Director

SUBJECT: Hearing to consider a resolution authorizing Livermore Sanitation, Inc.'s requested rate adjustment for solid waste, recyclable materials, and compostable materials services, pursuant to the Third Amended and Restated Agreement between the City of Livermore and Livermore Sanitation, Inc., for Solid Waste, Recyclable Materials, and Compostable Materials Services and to amend Exhibit H to the Franchise Agreement to reflect the authorized increase of 1.65% to rates

RECOMMENDED ACTION

Staff recommends the City Council hold a public hearing and adopt a resolution authorizing Livermore Sanitation, Inc.'s requested rate adjustment for solid waste, recyclable materials, and compostable materials services, pursuant to the Third Amended and Restated Agreement between the City of Livermore and Livermore Sanitation, Inc. for Solid Waste, Recyclable Materials, and Compostable Materials Services, and to amend Exhibit H to the agreement to reflect the authorized increase of 1.65% effective July 1, 2026.

DECISION TYPE

Administrative

SUMMARY

As required by the Third Amended and Restated Agreement between the City of Livermore and Livermore Sanitation, Inc. For Solid Waste, Recyclable Materials, and Compostable Materials Services (Franchise Agreement), on December 30, 2025, Livermore Sanitation, Inc. (LSI) submitted the required rate adjustment application indicating that a baseline cost increase of 1.65% is necessary.

Staff recommends that the City Council authorize the requested rate adjustment as described in Exhibit H to be effective July 1, 2026.

DISCUSSION

As required by the Third Amended and Restated Agreement between the City of Livermore and

Livermore Sanitation, Inc. For Solid Waste, Recyclable Materials, and Compostable Materials Services (Franchise Agreement), on December 30, 2025, LSI submitted a rate adjustment application for Rate Year 17 (Fiscal Year 26/27). For the rate period commencing July 1, 2026, the Franchise Agreement allows LSI to adjust its rates using an index-based methodology. The index-based methodology utilizes various cost adjustment factors such as the percentage change in the consumer price index and percentage change in the disposal fees.

According to Article 8 of the Franchise Agreement, LSI is responsible for proposing rates; the City Council is responsible for authorizing rate adjustments consistent with the methodology in the Franchise Agreement. Staff applied the methodology in the Franchise Agreement to determine whether Livermore Sanitation’s requested increase was in line with that methodology. The rate adjustment application indicated that the Total Calculated Costs for all services are projected to equal \$35.6 million, a 1.65% increase compared to Rate Year 16 Total Calculated Costs.

Currently, 20- and 32-gallon subscriptions make up more than 80% of the approximately 26,500 residential accounts in Livermore. Proposed rates for residential customers and commercial customers that subscribe to cart service are noted in Table 1; all customer rates are available in Exhibit H of the Franchise Agreement.

Table 1 – Current and Proposed Rates

Commercial, and Single and Multi-family Accounts	Current Monthly Rates	Proposed Rate Rate Year 17 (FY 2026-2027)	\$ Increase Per Month
20-gal Cart	\$31.02	\$31.53	\$0.51
32-gal Cart	\$40.73	\$41.40	\$0.67
64-gal Cart	\$60.52	\$61.52	\$1.00
96-gal Cart	\$94.50	\$96.06	\$1.56

FISCAL AND ADMINISTRATIVE IMPACTS

The City’s General Fund currently receives approximately \$3.7 million in franchise fees annually from LSI. The proposed rate changes would result in an increase in the amount of franchise fee received by approximately \$138,000.

PILLAR

3: Environmental Stewardship

GOAL

2: Manage the City’s solid waste contract and develop and implement the City’s recycling program ensuring compliance with state and local regulations.

ATTACHMENTS

- 1. Resolution
- 2. Exhibit A - Customer Rates for Rate Period Seventeen

Prepared by: Marisa Gan
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Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director