



CITY COUNCIL STAFF REPORT

ITEM NO. 6.1

DATE: May 13, 2024

TO: Honorable Mayor and City Council

FROM: Judy Erlandson, Acting Public Works Director

SUBJECT: Public Hearing to approve the Livermore Sanitation, Inc. requested 3.68% rate adjustment to be effective July 1, 2024.

RECOMMENDED ACTION

Staff recommends the City Council hold a public hearing and approve rates listed in Exhibit H of the Third Amended and Restated Agreement for Solid Waste, Recyclable Materials, and Compostable Materials Services effective July 1, 2024.

SUMMARY

On December 29, 2023, Livermore Sanitation, Inc. (LSI) submitted the required rate adjustment application indicating a baseline cost increase of 3.68% is necessary.

Staff recommends that the City Council approve the requested rates as described in Exhibit H to be effective July 1, 2024.

DISCUSSION

On April 27, 2020, the City Council adopted a resolution authorizing the execution of the Third Amended and Restated Agreement with Livermore Sanitation, Inc. for Solid Waste, Recyclable Materials, and Compostable Materials Services (Franchise Agreement). This action extended the Franchise Agreement term for a minimum period of 10 years, until June 30, 2030, and included new trucks and other equipment, and enhanced services for the Livermore rate payers.

For the rate period commencing July 1, 2024, 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. The City's role in approving the rate increase is to determine that the rate adjustment is consistent with the methodology as identified in the Franchise Agreement.

As required by the franchise agreement, LSI submitted a rate adjustment application for Rate Year 15

(FY 2024-25) indicating that Total Calculated Costs for all services are projected to equal \$33.2 million, a 3.68% increase compared to Rate Year 14 Total Calculated Costs.

According to Article 8 of the Franchise Agreement, LSI is responsible for proposing rates; the City Council is responsible for approving rates. 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 increases are available in Exhibit H of the Franchise Agreement.

Commercial, and Single- and Multi-family Accounts	Current Monthly Rates	Proposed Rate Rate Year 15 (FY 2024-2025)	\$ Increase Per Month
20-gal Cart	\$32.76	\$33.97	\$1.21
32-gal Cart	\$43.02	\$44.60	\$1.58
64-gal Cart	\$63.91	\$66.26	\$2.35
96-gal Cart	\$99.80	\$103.47	\$3.67

Table 1 – Current and Proposed Rates

FISCAL AND ADMINISTRATIVE IMPACTS

The City’s General Fund currently receives approximately \$3.3 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 \$115,000.

PILLAR

3: Environmental Stewardship

GOAL

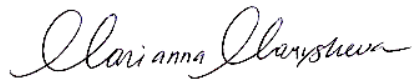
2: .Manage the City’s solid waste contract and develop and implement the City’s recycling program ensuring compliance with state and local regulations.

ATTACHMENTS

- 1. Resolution
- 2. Exhibit A - Livermore Sanitation Customer Rates for Rate Period Fifteen Exhibit H

Prepared by: Judy Erlandson
Acting Public Works Director

Approved by:



Marianna Marysheva
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director