Agenda Item No: 2.a

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: June 16, 2026

Submitted by: Matthew Di Mario

From: Public Works

Subject:

PUBLIC HEARING FOR THE AMENDED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT WITH REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC (D.B.A. PLACENTIA DISPOSAL) IN CONFORMANCE WITH SENATE BILL 1383, AND CONSIDERATION OF SOLID WASTE AND RECYCLING SERVICE RATE ADJUSTMENTS IN CONFORMANCE WITH SENATE BILL 1383

Financial Impact:

Annual Revenue: $7,279,249.44 (Refuse Fund No. 403)
Annual Expense: $5,823,684.12 (403-80700-6010)

Summary:

On July 20, 2010, the Placentia City Council entered into an Amended, Revised, and Restated Agreement with Republic Services of Southern California, LLC (Republic Services) for solid waste handling services. Due to recent State legislation and requirements, such as Senate Bill (SB) 1383, the City and Republic Services entered into agreement negotiations in 2021. City staff, with the assistance of the City Attorney's Office and a solid waste management consulting company, HF&H, have successfully negotiated an Amended and Restated Exclusive Franchise Agreement (Amended Agreement) to be compliant with SB 1383 requirements.

The proposed Amended Agreement outlines additional services that Republic will provide. One of the main service additions is the start of a residential organics waste collection service. Residents will be instructed to dispose of all organic food waste into their current yard/green waste bin. This change helps meet one of the requirements of SB 1383. Other contract changes include additional services, such as free trash collection services for City events, bi-annual paper shredding event provided by Republic Services at no cost to the City, and outreach materials to help residents become better educated about the organics recycling program.

In addition to expanding services and programs, an increase in collection rates is proposed. The current annual rate residential customers experience is $538.32. Under the proposed Amended Agreement, residential customers will experience a $75.60, or 14% increase in the first year. The new proposed annual residential rate for trash collection services is $613.92. If approved, this rate will be effective July 1, 2026. Proposed rates for commercial customers

are available in Attachment 6. This rate increase is subject to Proposition 218 noticing requirements where property owners were notified via mailers at least forty-five (45) days before this June 16, 2026, Public Hearing.

With the proposed residential rate increase, the City will pay $5,823,684.12 in Fiscal Year (FY) 2026-27 for residential trash collection services. This expense is paid through the Refuse Administration Fund (403-80700-6010). Expenses are funded from residential property tax assessments. Residential customers are billed for trash collection services through their Orange County property tax bill. There are 11,857 residential customers in the City that will be assessed an annual rate of $613.92. From these assessments, the City will receive about $7,279,249 to pay for trash collection services.

This item recommends that the City Council approve the Amended Agreement with Republic Services, approve the new trash collection rates under the Amended Agreement, and direct staff to place all residential customers on the FY 2026-27 Orange County property tax roll for trash collection billing. If the City Council does not approve the Amended Agreement and updated rates under such agreement, it is recommended that the City Council approve a rate increase under the terms of the current Agreement.

Recommended Action:
It is recommended that the City Council:

1. Open the Public Hearing concerning the solid waste handling services Amended and Restated Exclusive Franchise Agreement, rate adjustment, and related resolutions for Fiscal Year 2026-27; and
2. Receive the staff report, consider all public testimony, and questions of staff; and
3. Close the Public Hearing and direct the City Clerk to tabulate the written protests and report the results of the tabulation to the City Council; and
4. Adopt Resolution No. R-2026-33, a Resolution of the City Council of the City of Placentia, California, approving an Amended and Restated Exclusive Franchise Agreement for Solid Waste Handling Services; and
5. Adopt Resolution No. R-2026-34, a Resolution of the City Council of the City of Placentia, California, approving the amended fee schedule for solid waste handling services for Fiscal Year 2026-27; and
6. Adopt Resolution No. R-2026-35, a Resolution of the City Council of the City of Placentia, California, authorizing and determining residential solid waste handling service charges and directing placement thereof on the Orange County property tax rolls for Fiscal Year 2026-27; and
7. Authorize the City Administrator and/or her designee to execute all necessary documents, in a form approved by the City Attorney.

Strategic Plan Statement:
This item is associated with Strategic Goal Nos. 1, 3, and 5. Strategic Goal No. 1 focuses on fiscal sustainability. Through the recommended actions, the City will be recovering costs for residential trash collection service through assessments on the County property tax bill. Strategic Goal No. 3 pertains to infrastructure, and public spaces. Maintaining our trash collection services ensures our facilities and public spaces are clean, attractive, and reflective of the City's commitment to quality. Strategic Goal No. 5 specifies organizational excellence. The recommended actions achieve organizational excellence by meeting the transparency and notification requirements of Proposition 218 and by delivering quality trash collection services that comply with State requirements.

Discussion:
On July 20, 2010, the Placentia City Council entered into an Amended, Revised, and Restated Agreement with Republic Services of Southern California, LLC (Republic Services) for solid waste handling services. Since 2010, the State has passed legislation, such as Senate Bill (SB) 1383, for cities to comply with additional trash collection requirements. City staff have been engaged in extensive negotiations with Republic Services since 2021 to reach a comprehensive agreement that will provide all the additional services the City must implement to comply with SB 1383 regulations. The Agreement will memorialize each party's rights and obligations in a single document to implement an SB 1383-compliant program in Placentia. The item presented before the City Council is the outcome of the negotiation process.

Some key categories of this Amended and Restated Exclusive Franchise Agreement (Amended Agreement) include changes in the monitoring and reporting requirements, updated city and community services, additional outreach and education, a change in the Consumer Price Index (CPI) used, and updated trash collection rates to account for the changes in service and program requirements. The sections below outline key Agreement provisions.

Monitoring and Reporting
The Amended Agreement contains provisions for contamination monitoring and reporting requirements to comply with SB 1383 regulations. Republic Services will be required to perform container contamination monitoring, conduct route reviews of containers for prohibited container contaminants, prepare reports, and assist customers in reducing the levels of contamination in their containers.

Upon identification of prohibited container contaminants, Republic Services shall provide the customer with a notice of contamination, either as a courtesy pick-up notice or a non-collection notice. Commercial customers who receive a notice will be informed of the observed presence of prohibited container contaminants, information on the customer's requirement to properly separate materials into the appropriate containers, and information that contamination fees may be assessed following one instance of contaminated materials for commercial customers. Residential customers will be notified via a non-collection notice of container contamination and instructed to properly separate the materials into the appropriate container before servicing them.

Republic Services will also be required to maintain a container contaminant log and fee assessment report, which will be included in monthly activity reports for the City. These reports will be required to maintain compliance with the record-keeping requirements under SB 1383. Furthermore, Republic Services shall prepare and submit the draft CalRecycle Electronic Annual Report (EAR) to the City for review and approval by July 1 of each year. All jurisdictions are required by the State to submit an EAR annually to monitor progress in implementing solid waste and recycling laws.

City and Community Services
The Amended Agreement also contains additional benefits to the community and City. Republic Services will provide solid waste and recycling collection and disposal services for City-sponsored events at no cost. Also, the Amended Agreement includes a new document shredding event for City residents twice a year. This will allow residents to take old paperwork to be securely shredded onsite. In addition, the Amended Agreement outlines an annual compost giveaway for Placentia residents. This event allows residents to receive free compost and/or mulch at no cost.

Outreach and Education Requirements

The Amended Agreement contains additional education and outreach activities that City staff and Republic Services will conduct. These efforts will be key to the City's compliance with SB 1383 to inform residential and commercial customers of new service levels, container configurations, and recycling requirements. Upon approval of the amended Agreement, City staff and Republic Services will begin notification of the new service collection program. This will include mailings to all residential and commercial customers regarding the new program requirements, updates on both Republic Services and City websites, quarterly newsletters, and informational posts on the City's social media platforms. Under the Amended Agreement, Republic Services will be required to provide continuous education and outreach to all residential and commercial customers annually to ensure compliance with SB 1383.

Republic Services will also assign a full-time, Placentia-dedicated Recycling Coordinator/Sustainability Advisor and one part-time route auditor to assist with citywide education and outreach efforts, participate in community events, conduct waste audits, resolve customer complaints/ requests, and perform additional compliance efforts.

If the Amended Agreement is approved, Republic Services will distribute a new cart label to all single-family residential locations in the City. Residents will place these new labels on their yard waste containers to identify the expanded accepted materials for collecting all organic waste. This is because Placentia's current residential yard waste carts do not meet SB 1383 labeling and color requirements. This allows the current carts to continue to be used until they become damaged or worn. Once the cart reaches the end of its useful life, it will be replaced with an SB 1383-compliant cart. Under SB 1383, current carts are allowed to be used until January 1, 2036.

Garbage and Trash Collection Index

As part of the agreement negotiation process, Republic Services requested that the local Consumer Price Index (CPI) be changed to the garbage and trash collection index as the metric for future increases in trash collection rates. The garbage and trash collection index is a part of the CPI and measures the average change in prices for garbage and trash collection services paid by consumers over time. The U.S. Bureau of Labor Statistics calculates this index, and it includes various components such as:

- The cost of regular household waste collection and processing services
- The cost of collecting and processing recyclable materials
- The cost for services to collect bulky items, such as furniture and appliances
- The cost of collecting and processing yard waste

The adjustment calculations performed by the U.S. Bureau of Labor Statistics is done by collecting price data from various urban areas across the country, creating a representative sample based on the services mentioned above, assigning a weight to services based on their significance to the overall cost to provide services, and tracking these costs at regular intervals to monitor changes. Lastly, the collected data and weights are then used to calculate the index.

Updated Trash Collection Rates

The proposed trash collection rate adjustments account for all labor, equipment, materials, supplies, insurance, overhead, transfer, and disposal necessary to perform all services. With

its consultant, the City has reviewed the overall proposed rate adjustments and determined them to be reasonable.

The proposed residential waste rates from the Amended Agreement are seen in the table below.

Proposed Residential Waste Rate Summary – FY 2026-27 Under Amended Agreement			
Residential Rate	**Current Rate**	**Proposed Rate**	**Rate Change**
Single-Family (Monthly)	$44.86	$51.16	$6.30/month
Single-Family (Annual)	$538.32	$613.92	$75.60/year

The rate increase is primarily due to requirements under SB 1383. An increase in rates helps to cover the costs of trash collection services. The proposed rates under the Amended Agreement for commercial customers can be found in Attachment 6. If the City Council approves the proposed rate adjustments per the amended Agreement, the new rates will go into effect on July 1, 2026.

If City Council were not to approve the Amended Agreement, Republic Services has requested a rate increase under the existing Agreement that is subject to a local CPI increase. The proposed residential rate under the existing Agreement is below. The proposed rates under the existing Agreement for commercial customers can be found in Attachment 7. If these rates are approved, they will go into effect on July 1, 2026.

Proposed Residential Waste Rate Summary – FY 2026-27 Under Existing Agreement			
Residential Rate	**Current Rate**	**Proposed Rate**	**Rate Change**
Single-Family (Monthly)	$44.86	$50.57	$5.71/month
Single-Family (Annual)	$538.32	$606.84	$68.52/year

Residential customers in Placentia are billed through their Orange County property tax bill. Any new rates that are approved by City Council require Resolution No. R-2026-35, in order to place residential parcels on the property tax roll.

Proposition 218 Public Hearing

Proposition 218 (Prop. 218) requires the City to conduct a public hearing to consider approving a resolution adjusting solid waste service rates for residential, multi-family, and commercial customers. The City must mail the notice at least forty-five (45) days before the public hearing date regarding the proposed rates.

City staff coordinated with the City Attorney's Office and a solid waste management consultant, HF&H, for the review of the Prop. 218 notice. On April 15, 2026, notices were mailed to all Placentia property owners, commercial customers, tenants, and occupants to notify them of the potential rate increase (Attachment 8). The Prop. 218 notice shows a public

hearing date of June 2, 2026. Due to the cancellation of the June 2, 2026 City Council meeting, the public hearing was continued to the June 16, 2026 City Council meeting.

The Prop. 218 notice identified the proposed adjusted rates and provided instructions for filing written protests regarding those rates. As of staff report preparation on May 19, 2026, the City received two (2) written protests objecting to the rate increase. Protest letters from over 50% of the parcels in Placentia would be required to prevent the approval of the recommended actions. If no majority protest is received, and the City Council approves the resolution, the rate adjustments would be effective July 1, 2026.

Financial Summary:
Under the proposed Amended Agreement, residential customers will pay $613.92 ($51.16 per month) for trash collection services annually. Residents pay this fee through their County property tax bill. There are a total of 11,857 residential customers in the City. This means the City will receive about $7,279,249 in revenue for trash collection services. These funds are deposited in the Refuse Administration Fund, Fund No. 403.

The City pays Republic Services monthly for residential trash collection services. If the proposed Amended Agreement rates are approved, the City will pay Republic about $5,823,684 for annual residential customer trash collection services. Payment is made through the Refuse Administration Fund (403-80700-6010). This amount is based on the 11,857 residential customers in the City multiplied by the monthly service rate per unit, which is about $40.93. The City retains 20% of revenues collected for a 15% franchise fee and a 5% administration fee. Commercial customers in Placentia are billed directly by Republic Services; no City funds are spent for trash collection services for these customers.

Attachments
Attachment 1 - Amended and Restated Exclusive Franchise Agreement
Attachment 2 - Amended and Restated Agreement Exhibits
Attachment 2 - Exhibit L
Attachment 3 - R-2026-33
Attachment 4 - R-2026-34
Attachment 4 - Exhibit A
Attachment 5 - R-2026-35
Attachment 5 - Exhibit A
Attachment 6 - Proposed FY 26-27 Rate Schedule - Amended Agreement
Attachment 7 - Proposed FY 26-27 Rate Schedule - Existing Agreement
Attachment 8 - Prop 218 Notice
Attachment 9 - Presentation