

RESOLUTION NO. 2023 –

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, ADOPTING A RESOLUTION FOLLOWING A PUBLIC HEARING PURSUANT TO PROPOSITION 218 TO CONSIDER RATE ADJUSTMENTS FOR REFUSE SERVICES INCLUDING RECYCLING AND ORGANICS/YARD WASTE DISPOSAL PROVIDED TO NATIONAL CITY RESIDENCES AND BUSINESSES BY EDCO DISPOSAL CORPORATION AND AMENDING THE AGREEMENT BETWEEN THE CITY AND EDCO DISPOSAL CORPORATION TO INCREASE THE MONTHLY RATES FOR REFUSE COLLECTION SERVICES

WHEREAS, on September 25, 1990, the City of National City and EDCO Disposal Corporation (“EDCO”) entered into an Agreement for Collection of Rubbish and Trash between the City of National City and EDCO Disposal Corporation (“Agreement”) providing for refuse collection services; and

WHEREAS, the Proposition 218 process requires that written notification of proposed rate adjustments be given to all affected property owners, and that those property owners are given a 45-day period in which to submit written protests if they oppose the proposed rate adjustments; and

WHEREAS, pursuant to Proposition 218, on April 21, 2023, a Public Notice was mailed to all property owners giving notice of the date, time and place wherein a Public Hearing would be held on the proposed rate adjustment; and

WHEREAS, on June 6, 2023, the City Council held a Public Hearing on the proposed increases in rates; and

WHEREAS, during the Public Hearing, the City Council heard and considered all oral objections and protests against the proposed increases in rates; and

WHEREAS, prior to the conclusion of the Public Hearing, the City Clerk received all written protests to the proposed increases in rates; and

WHEREAS, the City Clerk counted the written protests; and

WHEREAS, written protests against the proposed increases in rates were not presented by a majority of the owners or the tenants; and

WHEREAS, having no majority protest, on June 6, 2023, the City Council considered the rate adjustment as it relates to amending the Agreement; and

WHEREAS, the Agreement was amended on June 22, 1993, pursuant to Resolution No. 93-86; on November 9, 1993, pursuant to Resolution No. 93-176; on June 21, 1994, pursuant to Resolution No. 94-88; on September 16, 1997, pursuant to Resolution No. 97-119; on June 12, 2001, pursuant to Resolution No. 2001-88; and on May 20, 2003, pursuant to Resolution No. 2003-64; June 21, 2005, pursuant to Resolution No. 2005-134 June 5, 2007, pursuant to Resolution No. 2007-116; June 4, 2013 pursuant to Resolution No. 2013-79; and on June 2, 2015 pursuant to

Resolution No. 2015-82, June 6, 2017 pursuant to Resolution No. 2017-87 and May 21, 2019 pursuant to Resolution No. 2019 - 76; May 18, 2021 pursuant to Resolution No.2021- 50; and

WHEREAS, pursuant to Section 23 of the Agreement, titled “Applications for Rate Change”, EDCO may apply annually for changes in the rates charged; and

WHEREAS, EDCO has applied for an increase of \$1.56 per month to the residential rate, and \$8.11 per month to the standard commercial rate; and

WHEREAS, the proposed increases are based on an increase in the tipping fees at the landfill, the increase in organic waste tonnage, the increase in revenue from recyclables sold, and the San Diego Consumer Price Index; and

WHEREAS, California Government Code section 53756 permits that the rates be adjusted administratively over the next five years based on changes in the tipping fees at the landfill (increase capped at 5% per year), volume and cost of organic waste (increase capped at 6% per year), revenue from recyclables sold (not capped but historically impacts rate -3% to +1% per year), and the San Diego Consumer Price Index (increase capped at 6% per year); and

WHEREAS, Franchise Fees are proposed to increase from 10% to 12.5% over a four-year period as follows. On July 1, 2023 Franchise Fees will not increase, on July 1, 2024, Franchise Fees will increase 1%, on July 1, 2025, Franchise Fees will increase 0.5%, on July 1, 2026, Franchise Fees will increase 0.5% and on July 1, 2027, Franchise Fees will increase 0.5%; and

WHEREAS, pursuant to Section 4 of the Agreement titled “Rates for Contractor’s Services”, EDCO shall charge no more than the maximum rate set forth in the Rate Schedule, which is set out in Exhibit “A” of the Agreement; and

WHEREAS, the proposed Amendment to this Agreement is reflected in Exhibit “A”; and

WHEREAS, the proposed increases in rates reflected in the Rate Schedules will be effective July 1, 2023.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1: Finds, orders and declares that there was no majority protest of the proposed rate adjustment.

Section 2: Authorizes EDCO Disposal Corporation to increase the rates charged for refuse collection services, effective July 1, 2023, as set out in Exhibit “A” attached hereto and by this reference is incorporated herein and though set forth in full with the Rate Schedules titled “Residential Rates Adjustments” and “Commercial Rates Adjustments”.

- Section 3:** Authorizes EDCO Disposal Corporation to increase the rates charged for refuse collection services using automatic formulary adjustments based on the fixed factors of landfill fees, organics waste volume, recycling amounts, and changes in the CPI, as detailed above, to determine the rates in years 2 through 5 for the five-year period of July 1, 2023 to June 30, 2028.
- Section 4:** Authorizes the Mayor to execute the Amendment to the Agreement between the City of National City and EDCO Disposal Corporation.
- Section 5:** The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolution.

PASSED and ADOPTED this 6th day of June 2023.

Ron Morrison, Mayor

ATTEST:

Shelley Chapel, MMC, City Clerk

APPROVED AS TO FORM:

Barry J. Schultz, City Attorney

Residential Rates Adjustment National City

Rate Adjustment - July 1, 2023

Gross Rate Revenue & Franchise Fees	Annual Amount
Gross Residential Rate Revenue - 2022	\$ 2,186,022
Less Residential Franchise Fees @ 10%	(\$218,602)
Less Enterprise Fund (res portion)	(\$58,779)
Residential Rate Revenue Net of Franchise and Enterprise Fund	\$ 1,908,641

Revenue Components (net of Franchise Fees)		
Revenue Components (net of Franchise Fees)	Annual Amount	Percentage of Rate Revenue Net of Franchise Fees
Residential Rate Revenue Net of Franchise Fees	\$1,908,641	100.00%
Less: Actual Residential refuse Disposal Expense	-\$581,468	-30.47%
Less: Actual Organic Waste Disposal (res portion)	-\$107,449	-5.63%
Add: Recycling Revenue (residential portion)	\$68,722	3.14%
Residential Service Revenue	\$1,288,447	67.05%

Percentage change in adjustment factors				
Adjustment Factor	Old	New	Index Change	Rate Component Percent Change
RSWA Disposal Tipping Fee per Ton	\$ 46.22	\$ 48.53	\$ 2.31	5.00%
Organics	\$ 159,044	\$ 141,918	\$ (17,126)	-10.77%
Recycling Revenue Increase / (Decrease)	\$44,437	\$77,125	\$ 32,688	73.56%
CPI- San Diego 2nd Half Index CUURS49ESA0	305.8	348.9	43.13	14.10%
CPI- San Diego Index Cap				12.00%

Weighted percentage change in adjustment factors			
Revenue Components	Component Weight	Rate Component Percent Change	Weighted Rate Adjustment
Refuse Disposal	30.47%	5.00%	1.52%
Organics	5.63%	-10.77%	-0.61%
Recycling Revenue (Increase)/Decrease	-3.14%	73.56%	-2.31%
Service	67.05%	12.00%	8.05%
Totals	100.00%		6.65%

Apply weighted percentage change to Residential Rates				
Service	Current Monthly Rate	Weighted Rate Adjustment	Rate Change	Adjusted Monthly Rate
Residential Single Family Rate	\$23.43	6.65%	1.56	24.99
Senior Rate	\$18.75	6.65%	1.25	20.00
Silver Bag	\$2.87	6.65%	0.19	3.06
Multi family recycling per Unit	\$1.19	6.65%	0.08	1.27

	Updated Allocation of current rate	Change	New Rate Allocation
Service	\$13.72	\$1.65	\$15.36
Landfill	\$6.23	\$0.31	\$6.54
Enterprise Fund	\$0.63	\$0.04	\$0.67
Recycling	(\$0.64)	(\$0.47)	(\$1.11)
Organics	\$1.15	(\$0.12)	\$1.03
Franchise Fee (10%)	\$2.34	\$0.16	\$2.50
Total Rate	\$23.43	\$1.56	\$24.99

EXHIBIT "A"

**Commercial Rates Adjustment
National City**

Rate Adjustment - July 1, 2023

Gross Rate Revenue & Franchise Fees	Annual Amount
Gross Commercial Rate Revenue - 2022	\$ 4,857,543
Less Gross Franchise Fees @ 10%	(\$485,754)
Less Enterprise Fund (comm portion)	(\$138,007)
Commercial Rate Revenue Net of Franchise Fee and Enterprise Fund	\$ 4,233,782

Revenue Components (net of Franchise Fees)	Annual Amount	Percentage of Rate Revenue Net of Franchise Fees
Commercial Rate Revenue Net of Franchise Fees	\$4,233,782	100.00%
Less: Actual Commercial Refuse Disposal Expense	-\$1,256,129	-29.67%
Less: Actual Organic Waste Disposal(comm portion)	-\$218,153	-5.15%
Add: Recycling Revenue (comm portion)	\$139,527	3.30%
Commercial Service Revenue	\$2,899,027	68.47%

Percentage change in adjustment factors

Adjustment Factor	Old	New	Index Change	Rate Component Percent Change
RSWA Disposal Tipping Fee per Ton	\$ 46.22	\$ 48.53	\$ 2.31	5.00%
Organics	\$ 322,907	\$ 288,138	\$ (34,769)	-10.77%
Recycling Revenue Increase / (Decrease)	\$ 82,100	\$ 156,587	\$ 74,487	90.73%
CPI- San Diego 2nd Half Index CUURS49ESA0	305.8	348.9	43.13	14.10%
CPI- San Diego Index Cap				12.00%

Weighted percentage change in adjustment factors

Components of Actual Revenue	Component Weight	Rate Component Percent Change	Weighted Rate Adjustment
Refuse Disposal	29.67%	5.00%	1.48%
Organics	5.15%	-10.77%	-0.55%
Recycling (Increase)/Decrease	-3.30%	90.73%	-2.99%
Service	68.47%	12.00%	8.22%
Totals	100.00%		6.16%

Apply weighted percentage change to Commercial Rates

Service	Current Monthly Rate	Weighted Rate Adjustment	Rate Change	Adjusted Monthly Rate
3 Cu Yard x 1 week	\$131.64	6.16%	\$8.11	\$139.75

	Updated Allocation of current rate	Change	Proposed New Allocation
Service	\$78.57	\$9.43	\$88.00
Landfill	\$34.04	\$1.70	\$35.74
Enterprise Fund	\$3.74	\$0.23	\$3.97
Recycling	(\$3.78)	(\$3.43)	(\$7.21)
Organics	\$5.91	(\$0.64)	\$5.27
Franchise Fee (10%)	\$13.16	\$0.82	\$13.98
Total Rate	\$131.64	\$8.11	\$139.75