



Report to City Council

TO: Mayor and City Council

FROM: Dena Heald, Chief Financial Officer/City Treasurer

AGENDA DATE: May 20, 2025

TITLE: USA WASTE OF CALIFORNIA, INC. FISCAL YEAR 2025/26 ADJUSTMENT & PROCUREMENT OF RECOVERED ORGANIC WASTE PRODUCTS (REPORT OF: FINANCIAL AND MANAGEMENT SERVICES) (ALL DISTRICTS)

TITLE SUMMARY: USA Waste Of California, Inc. Fiscal Year 2025/26 Adjustment & Procurement Of Recovered Organic Waste Products

DISTRICT: All Districts

Recommendation(s)

That the City Council:

1. Approve Resolution No. 2025-XX Adopting the Adjustment for the Solid Waste and Recycling Services as required by the Solid Waste and Recycling Franchise Agreement for Fiscal Year 2025/26; and
2. Authorize the City Manager to procure recovered organic waste products and execute any purchase orders, or subsequent amendments with USA Waste of California, Inc. necessary to meet the Senate Bill 1383 procurement mandate.

SUMMARY

This staff report recommends the adoption of the adjustment for the Solid Waste and Recycling Services as required by the Solid Waste and Recycling Franchise Agreement for FY 2025/26.

In addition, staff requests approval for the procurement of recovered organic waste products from USA Waste of California, Inc. (USA Waste). Funding will be provided through the Senate Bill 1383 Local Assistance Grant Program (SB 1383), which supports California's short-lived climate pollutant reduction strategy and the City's procurement requirements.

DISCUSSION

On April 19, 2022, the Council approved the Third Amendment and Restatement of the Solid Waste and Recycling Franchise Agreement to comply with the State's SB 1383 Mandatory Organic Waste Disposal Reduction Legislation.

The City of Moreno Valley has an exclusive Franchise Agreement with USA Waste for collecting and handling solid waste, green waste, and recycling within the City (collectively, "solid waste"). Each year, the City Council reviews and considers for approval, as applicable, our waste haulers' requested rates prior to those rates being assessed on the subsequent Fiscal Year's (i.e., FY 2025/26) solid waste bills.

Per Section 16.E. of the First Amendment to the Third Amendment of the Franchise Agreement, the annual adjustment shall be effective July 1st of each year. The review shall take into account the change in the average annual Consumer Price Index (CPI) from the year ending in December of the preceding year to the average annual CPI for the year ending in December of the prior year. The CPI adjustment shall be equal to the amount derived by multiplying the previous rate by (b) the percentage increase or decrease in the Consumer Price for all urban consumers within the Riverside–San Bernardino–Ontario area with Series ID CUURS49CSA0 (the CPI Index).

HF&H, the City's contracted consultant, has confirmed the adjustments are reasonable as described in the above-referenced section of the agreement.

SB 1383, signed into law in 2016, requires California to reduce organic waste disposal by 75% and increase edible food recovery by 20% by 2025. The City of Moreno Valley adopted Ordinance No. 983 to ensure compliance with SB 1383. SB 1383 mandates that the City annually procure a specified amount of recovered organic waste products. Assembly Bill (AB) 1985 later introduced a phased implementation schedule for meeting procurement targets: 30% in 2023, 65% in 2024, and 100% in 2025 and beyond.

To fulfill the State's procurement mandate, the City will procure recovered organic waste products from USA Waste, which offers a fixed per-ton rate, with pricing subject to annual adjustments based on the Consumer Price Index (CPI), and provisions for evaluating extraordinary rate changes.

ALTERNATIVES

1. Approve and authorize the recommended actions as presented in this staff report. *Staff recommends this alternative as it is consistent with the terms of the Franchise Agreement and SB 1383 regulations.*
2. Do not approve and authorize the recommended actions as presented in this staff report. *Staff does not recommend this alternative as it is not consistent with the terms of the Franchise Agreement or SB 1383 regulations and may be subject to a fine for noncompliance.*

FISCAL IMPACT

Currently, funding for the procurement of recovered organic waste products is available via the CalRecycle Local Assistance Grant Program. Availability of future funding may be subject to change. Additionally, the impact of the rate adjustment is minimal and does not significantly affect overall operations.

PREPARATION OF STAFF REPORT

Prepared By:
Anna Chacon
Purchasing & Sustainability Division Manager

Department Head Approval:
Dena Heald
Chief Financial Officer/City Treasurer

Concurred By:
Felicia London
Deputy Finance Director

CITY COUNCIL GOALS

Revenue Diversification and Preservation: Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

CITY COUNCIL STRATEGIC PRIORITIES

1. Economic Development
2. Public Safety
3. Library
4. Infrastructure
5. Beautification, Community Engagement, and Quality of Life
6. Youth Programs

Report Approval Details

Document Title:	STAFFREPORT_FMS_PS_FOR RATE ADJUSTMENT_05.20.25.docx
Attachments:	- Resolution 2025-XXX.doc - USA Waste of California, Inc. FY 25-26 Rate Adjustment Final.pdf
Final Approval Date:	May 12, 2025

This report and all of its attachments were approved and signed as outlined below:

No Signature found

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