



Staff Report

City Council

Item No. {{section.number}}.{{item.number}}

Meeting Date: May 28, 2025

From: John A. Corella, Director of Public Works

Title: 2025/2026 Rate Increase Request for Solid Waste and Recycling Collection for Residential, Commercial and Roll Off Services.

RECOMMENDATION:

To hold a public hearing under Prop 218, consider any protests received, determine whether a majority protest has occurred, and if not approve a 2025/2026 tax year rate increase for the collection, recycling, and disposal of municipal solid waste for commercial, residential, and roll-off services; and approve a resolution approving tax roll billing for residential services.

BACKGROUND:

In March 2025, Burrtec Waste and Recycling LLC. (Burrtec) requested an annual rate increase for residential, commercial, and roll-off services, in accordance with Article 6 of the municipal franchise agreement (FA). Pursuant to the FA, Burrtec is eligible to request a rate increase each year based on applicable increases in the US Bureau of Labor Statistics Consumer Price Index (CPI) for Water, Sewer and Trash Collection Services. The change in the CPI from January 2024 to January 2025 was 4.43%.

The Riverside County disposal fee at the Edom Hill Transfer Station will also increase from \$64.48 to \$67.33 per ton, effective July 1, 2025, in accordance with the Edom Hill master lease agreement between Riverside County and Burrtec.

Burrtec is requesting a rate increase incorporating the following elements:

- The CPI increase in accordance with the franchise agreement.
- The County of Riverside's increase in cost per ton of disposal at County landfills.
- The annual net recycling adjustment is based on several components associated with recycling, such as processing, transportation, and recycling commodity prices.

On April 11, 2025, the City mailed written notice to all record owners of property within the city receiving solid waste collection services from Burrtec of a public protest hearing to be held on May 28, 2025. These property owners were notified that they could submit a written

protest regarding the proposed solid waste collection rate or methodology with the city on or before the day of the hearing. The notice was sent 45 days prior to the hearing and otherwise complied with Prop 218 and Government Code section 53755. The notice of hearing is attached as Exhibit 4.

DISCUSSION:

Public Hearing

In compliance with Prop 218 and Government Code 53755, the City Council should open the public hearing, hear any oral protests, receive any written protests not already received, then close the public hearing. The Council should then consider the protests received and instruct the City Clerk to tabulate the number of valid protests received. Only one protest per parcel may be counted. If the number of valid protests received is less than 50% of the number of property owners receiving solid waste collection services within the City, then the protest fails, and the rates may be approved subject to Council consideration and action.

Franchise Fee Review

A component of the solid waste collection services is a franchise fee charged by the City to recover its cost of providing the service under contract with Burrtec. The City engaged R3 Consulting firm to perform a financial analysis to ensure that the amount of the franchise fee was both necessary and not more than the reasonable cost to provide the service. The report validated the necessity and reasonable cost of the franchise fee. The R3 report is attached as Exhibit 5.

Proposed Rate Increase

The following narrative identifies how commercial and residential customers would be affected by the proposed rate increase.

Residential Customer:

The current residential rate for calendar year, January – December 2025, is \$30.80 a month for the weekly curbside service of one (1) each 96-gallon trash, recycle and organic containers.

If approved, the residential tax roll rate for calendar year, January – December 2026, will increase \$1.63 per month or \$19.56 annually. The monthly rate will increase from \$30.80 to \$32.43 in 2026.

The rate increase will be effective for the assessment on the 2025/2026 tax rolls.

Commercial Customer:

The total monthly commercial fee is composed of several elements with varying increases depending on the size of containers and the level of service. A three-yard container serviced once a week is the average service level for most Cathedral City commercial customers.

If approved, the commercial rate increase for a 3-yard container serviced one (1) time per week (most common service bin option) will be \$9.46 per month effective July 1, 2025.

Commercial customers receive direct bills from Burrtec for the services provided.

Summary of programs offered by the city and/or Burrtec for the city's residential, multi-family and commercial customers:

There are no additional charges to the customer for any of the programs listed below:

Curbside Collection:

- Weekly collection of 1-96-gallon trash, recycling and organics cart.
- Additional (1) recycling and organics cart.
- SB 1383 residential programs which include kitchen pails, liners for pails and educational programs.

Bulky Large Item Collection Program:

- Residential - 4 large items weekly – unlimited.
- Commercial - 4 large items weekly – unlimited.
- Multifamily (apartments, condos etc.) - 4 large items weekly, unlimited.

Curbside Collection Program:

- Motor oil and oil filter weekly residential curbside program.

Weekly Collection Programs:

- Electronic, batteries and tire disposal program.
- Residential household hazardous waste disposal program.
- Medication and sharp (needles) disposal program.

Document Shredding Events:

- City-wide events are October through May (first Saturday of each month).
- 55+ communities and senior center monthly service.
- All city facilities monthly service.

Cathedral City Environmental Education Program:

- S.C.R.A.P. Gallery programs.
- Garden and composting programs for 55+ communities, local schools and the Boys & Girls Club.
- Bicycle education program.

Multi-Family Recycling Program:

- Containers for the collection of recyclables and organics.
- Educational brochures and signage.
- Free waste audits.

Community Outreach:

- City-wide residential mailer distributed to 24,500 households twice annually.
- Direct mail pieces for target areas needing reminders regarding programs.

Additional Programs:

- Commercial and multi-family SB 1383 programs which include on-site waste and recycling audits at no charge.
- City sponsored events - free trash, recycling, and portable toilets for up to 5 events annually.
- Holiday Christmas tree recycling program.
- Reusable tote bags.
- Monthly residential street sweeping service.
- Backyard composting program.
- Community assistance clean-up programs.
- Special services provided for disabled persons.
- Illegal dumping collection program.
- WaterSmart Landscapes grant program for residential and multi-family communities (\$1000 rebate program for front lawn elimination of green waste).

Staff presented the above information at the City Council Study Session on May 14, 2025.

COLLECTION VIA THE TAX ROLL:

California Health and Safety Code Sections 5473 *et. seq.*, and Section 6.04.030 of the City of Cathedral City Municipal Code authorizes the city to adopt a resolution by two-thirds of the members of the City Council to collect solid waste rates on the tax roll, in the same manner and at the same time as the general taxes. In accordance with Health and Safety Code Section 5473, the City has prepared a written report containing a description of each parcel of real property receiving such services, and the amount of the charge for each parcel for the 2025-2026 tax year. This report is on file with the City Clerk and is attached to the proposed resolution as Exhibit B. By approving the proposed resolution, the City Council will be authorizing the city to collect solid waste rates on the tax roll in the same manner and at the same time as the general taxes.

FISCAL IMPACT:

This rate increase is paid by Burrtec customers. The City will receive its share of the 4.43% CPI referenced above.

FIVE-YEAR STRATEGIC PLAN:

Goal C: Fiscal Stability and Sustainability

Goal F: Embracing, Inclusive Community

ATTACHMENTS:

1. Resolution
2. Exhibit A Proposed Rates 2025-2026
3. Exhibit B Residential Tax Roll 2025-2026
4. Notice of Public Hearing
5. R3 Report