



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: APRIL 21, 2026
DEPARTMENT: PUBLIC WORKS
FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR
BY: BRYAN GARCIA, SUSTAINABILITY ANALYST
TITLE: REPUBLIC SERVICES GARBAGE & RECYCLING RATES FY 26-27

RECOMMENDED MOTION:

A motion to approve a Resolution:

1. Finding Republic Services of Salinas' (Republic Services) proposed annual adjustments to the Schedule of Service Fees and Schedule of Rates for Residential and Commercial Customers effective July 1, 2026, to be approved and consistent with the terms of the Collection Services Agreement; and
2. Approving and authorizing the Mayor to execute the First Amendment to the Collection Services Agreement with Republic Services to allow for the City to assume responsibility for performing street sweeping services.

EXECUTIVE SUMMARY:

Republic Services' proposed rates for Solid Waste, Recycling, and Organics (Green Waste) Collection Services for Fiscal Year 2026-27 reflect a total increase of 3.73% (or \$1.36) for the typical 32-gallon Single-Family Residential customer and an average of 3.76% for Multi-Family Residential customers. For commercial services, the monthly rate for a customer with a 3-cubic yard bin collected once per week will increase 3.79% (or \$21.58). These adjustments are driven by a combination of the contractual Consumer Price Index (CPI) adjustment, City franchise fees, and increased processing costs from regional waste authorities. A detailed breakdown of these cost components is provided in the Background section of this report. The proposed rates would become effective July 1, 2026.

Currently, Republic Services provides street sweeping services through a contract service provider. The proposed First Amendment to the Collection Services Agreement makes minor amendments to the street sweeping provisions of the Collection Services Agreement that would allow the City to resume the responsibility for providing street sweeping services with no additional increase to the customer rates.

BACKGROUND:

Effective October 1, 2021, the City and Republic Services entered into an Amended and Restated Collection Services Agreement for Residential and Commercial Solid Waste, Recyclable Materials and Organic Waste Collection, Transfer, Processing and Disposal Services (“Collection Services Agreement”). The Collection Services Agreement authorizes Republic Services to provide comprehensive solid waste management for the City, including the collection, transfer, processing, and disposal of residential and commercial garbage, recyclable materials, and organic waste. The total monthly rate paid by customers for such services is comprised of several distinct cost components: the Collection Element (Republic’s service fee), as well as various pass-through fees and charges including Franchise Fees, AB 939 Fees, and processing costs for Disposal, Recycling, and Organics.

The only component that Republic can directly adjust is the Collection Element, which covers Republic’s operational costs such as labor, equipment, and fuel. This adjustment is subject to a 4.0% CPI cap per Section 4.07 of the Franchise Agreement, acting under the regulatory authority of Section 14-01.10 of the Salinas Municipal Code. Republic Services submitted a request for consideration of adjustments to the Rate Schedules for fiscal year 2026-27 in accordance with the required contractual timeframe.

Under Section 4.15 of the Collection Services Agreement, Republic Services is required to notify its customers 30 days in advance of the effective date of any approved rate adjustments. For the rates to become effective July 1, 2026, Council must find the rate adjustments to be within the terms of the Collection Services Agreement prior to the end of May 2026.

The other components of the total monthly rate paid by customers are set by the City or regional entities:

- Salinas Valley Solid Waste Authority (SVSWA): Manages regional landfill operations and organics (green waste) processing.
- ReGen Monterey: Operates the regional Materials Recovery Facility (MRF) where the City’s recyclable materials are processed.

Proposed Customer Rate Adjustments by Service Level:

Across all levels of service, the average rate increase is 3.73% for Single-Family Residential, 3.76% for Multi-Family Residential, and 3.89% for Commercial customers as shown Table 1.

Table 1. Proposed Customer Rate Adjustments by Level of Service

Base Services by Rate Classification	Rate Classification	Approved FY25/26 Rates	Proposed FY 26/27 Rates	Percent Change	Increase
32-Gallon Garbage, 64-Gallon Recycle, 96-Gallon Organics	Residential	\$36.46	\$37.82	3.73%	\$1.36
32-Gallon Garbage, 64-Gallon Recycle, 96-Gallon Organics	MFD – Curbside	\$36.46	\$37.82	3.73%	\$1.36
32-Gallon Garbage, 64-Gallon Recycle, 96-Gallon Organics	MFD – Consolidated (Carts)	\$56.46	\$58.63	3.84%	\$2.17
3 Cubic Yard Garbage Bin, 1 Pickup per Week	MFD-Consolidated (Bins)	\$569.16	\$590.74	3.79%	\$21.58
3 Cubic Yard Garbage Bin, 1 Pickup per Week	Commercial	\$569.16	\$590.74	3.79%	\$21.58
2 Cubic Yard Recycle Bin, 1 Pickup per Week	Commercial	\$363.67	\$378.29	4.02%	\$14.62
64-Gallon Organics Cart, 1 Pickup per Week	Commercial	\$76.24	\$79.18	3.86%	\$2.94

Key Drivers

The annual rate adjustment is determined by two primary factors: (1) the Contractual Adjustment to Republic’s Collection Element based on inflation, and (2) Pass-Through Adjustments from external agencies and City fees.

Inflation Component

In accordance with the regulatory authority granted by Section 14-01.10 of the Salinas Municipal Code, and pursuant to the annual rate adjustment process established in the Collection Services Agreement, the City Council reviews the proposed rate adjustments for reasonableness and consistency with the Collection Services Agreement. The CPI-U adjustment is based on the 12-month average between January 2025 and December 2025. While the actual CPI-U was calculated at 4.89%, the adjustment is capped at 4.00% per the Agreement, with no rollover amount added in subsequent years.

SVSWA AB 939 Fees:

SVSWA increased AB 939 Non-disposal Program fees to \$3,360,343. This increase offsets funding required to comply with CalRecycle requirements focused on waste prevention and recovery.

Franchise Fee:

Republic Services pays the City a 15% franchise fee on gross revenues, which represents a reasonable estimate of the City's costs of providing services and facilities related to the implementation of the solid waste collection, handling, and disposal services provided to customers.

Street Sweeping

Under the Collection Services Agreement, street sweeping is to be performed by Republic Services. Staff is recommending that the City reassume these responsibilities. As such, a draft amendment has been prepared to provide the City with the option of assuming this responsibility. There will be no increase in rates upon the transfer of street sweeping responsibility from Republic to the City.

Resuming street sweeping responsibility will provide the City more flexibility and ability to respond in a timely manner to address resident concerns, as well as to help coordinate with other efforts, like the no parking – street sweeping pilot program.¹

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

This action supports the Council's Strategic Plan goal of Infrastructure by improving the condition of the City's streets via litter reduction.

GOVERNMENT CODE SECTION 84308 APPLIES:

No.

DEPARTMENTAL COORDINATION:

While the rate review is largely conducted by Public Works, coordination occurs with both the Finance and Legal Departments.

FISCAL AND SUSTAINABILITY IMPACT:

This item requires no additional expenditure or appropriations from the General Fund. Franchise Fees associated with these annual rate adjustments will generate additional revenue for the City and will be included in the upcoming FY 2026-27 budget.

ATTACHMENTS:

1. Resolution
2. Proposed Exhibit 1 - Schedule of Approved Rates of Franchise Agreement effective 7/1/26
3. Proposed Amendment to the current Collection Services Agreement with Republic Services

¹ If the amendment for the street sweeping is approved, staff will be bringing forward a complete budget and program, timeline, and all other necessary approvals required from the Council.

