

Policy Briefing Summary

City Council



Regarding:	Solid Waste Collection Transition, Rate Options, and FY27/F28 Funding Guidance
Staff Contact(s):	Steven Hicks, Director of Public Works, Jason Vandever, City Treasurer
Presenter:	Steven Hicks, Director of Public Works
Date of Proposed Action:	October 5, 2026

Issue

The cost of contracted curbside trash collection has continued to increase as labor, equipment and operating costs have risen and competition in the private solid waste market has become more limited. The City currently pays approximately \$1.3 million annually for contracted curbside collection, and staff expects those costs to continue increasing over time.

Approximately two decades ago, contracting was a practical alternative to making a significant City investment in collection trucks, staffing and fleet support. Today, the market has changed, and staff believes direct City operation is now the more financially and operationally practical option.

The City's solid waste program generated approximately \$1.4 million in FY26 revenue. The 2025 solid waste rate study identified approximately \$2.755 million in annual core service costs, including refuse collection, refuse disposal, recycling collection and recycling processing. The difference between program revenue and core service costs is supported in part by the General Fund.

This discussion is intended to provide Council with updated information on the City's solid waste program and seek guidance on the preferred approach as part of the FY28 budget update process. Staff is also seeking guidance on whether to proceed with the proposed FY27 purchase of five trash collection trucks in January 2027.

Background / Rule

The City currently contracts with GFL for curbside trash collection. The current agreement runs through June 30, 2028, with additional renewal options available if needed during the transition.

When the City moved away from directly providing curbside collection approximately two decades ago, contracting allowed the City to avoid a significant investment in collection equipment, employees and fleet support. That approach served the City well for many years. Over time, however, the private solid waste market has changed. Contracted collection costs have increased, competition has become more limited, and the financial advantage of outsourcing has narrowed.

Public Works has reviewed the staffing, equipment, service capacity and financial requirements needed to return curbside collection to an in-house City operation. Based on that analysis, staff believes the City can now provide the service directly at a lower recurring annual cost while improving control over the operation.

Analysis

The proposed in-house operation would include five collection trucks, with four used for daily routes and one held in reserve. The operation would require eight CDL-qualified driver/operators and one Equipment Technician. The estimated recurring annual cost of in-house collection is approximately

\$730,000 compared with approximately \$1.3 million under the current GFL contract. This represents estimated annual collection savings of approximately \$570,000.

The City also incurs approximately \$400,000 annually in tipping and disposal costs regardless of who collects the trash. Combined, the estimated recurring cost of in-house collection and disposal would be approximately \$1.13 million.

Based on FY26 results, current program revenue of approximately \$1.4 million is sufficient to cover the estimated cost of in-house trash collection and disposal. However, collection and disposal are not the only core costs of the solid waste program. Recycling collection and processing are also part of the broader core service costs and are supported in part by the General Fund.

Bringing collection in-house would reduce the collection portion of core service costs by approximately \$570,000 annually. Direct City oversight should also improve monitoring, education and enforcement of existing sticker and decal requirements. Staff estimates improved compliance could generate approximately \$100,000 in additional annual revenue.

The City's solid waste rates have not been comprehensively revisited in approximately 15 years. As part of the FY28 budget discussion, staff is seeking Council guidance on whether an adjustment to the existing sticker and decal rates should be incorporated into the budget process.

For discussion purposes, staff has evaluated an approximately 15% adjustment to the existing sticker and decal rates. Under this scenario, the small 13-gallon sticker would increase from \$1.05 to approximately \$1.20 and the large 32-gallon sticker would increase from \$2.10 to approximately \$2.40, with corresponding adjustments to decal rates.

For a household using one large sticker each week, the increase would be approximately \$0.30 per week, \$15.60 per year, or about \$1.30 per month averaged over the year.

Based on FY26 program revenue, an approximately 15% rate adjustment is estimated to generate approximately \$210,000 in additional annual revenue. Combined with the approximately \$100,000 in additional revenue anticipated through improved compliance, annual program revenue could increase from approximately \$1.4 million to approximately \$1.71 million.

The purpose of a potential rate adjustment would not be to shift the full cost of the solid waste program to customers. The additional revenue would provide greater support for core solid waste services, reduce General Fund support and help provide for future collection fleet replacement.

The existing pay-as-you-throw structure would remain in place. Residents who generate less trash and use fewer stickers would continue to pay less, while residents who generate more trash would contribute more toward the overall cost of the solid waste system.

The City also provides assistance for residents who qualify for help with trash service. Residents in the Rent Relief and Real Estate Relief programs qualify for free trash service, and Social Services clients may receive stickers through DSS based on need. DSS currently distributes approximately 1,300 individual stickers per month, representing approximately \$35,000 per year in trash service assistance. These assistance programs would continue if sticker and decal rates are adjusted.

Beyond the financial benefit, bringing collection in-house would give the City greater control over service quality, routes, staffing, equipment and customer service. Public Works would be able to respond directly to missed collections, route problems, customer concerns and changing operational needs.

The additional employees and equipment would also provide value beyond routine trash collection. When available, crews and equipment can support storm response, debris removal, emergency operations, special events and other high-demand Public Works needs.

The transition would be phased to protect service continuity. GFL would continue providing collection until the City has the equipment, employees, technology, training and operational readiness needed to take over the service without interruption.

Because of the lead time associated with purchasing collection trucks, staff is seeking Council guidance on whether to proceed with the approximately \$1.3 million purchase of five collection trucks in January 2027. Purchasing the trucks at that time would preserve the ability to begin City-operated collection in April 2028 if Council ultimately supports the in-house approach.

Financial Impact

The estimated initial investment required to establish the in-house collection operation is approximately \$2.047 million across FY27 and FY28. The initial investment includes approximately \$1.3 million for five collection trucks, \$550,000 for collection staffing, \$65,000 for an Equipment Technician, \$17,000 for routing and service-management software, \$25,000 for fleet maintenance and \$90,000 for fuel.

The immediate FY27 capital need would be approximately \$1.3 million for the purchase of five collection trucks. The remaining operating and startup costs would primarily occur in FY28 as the City prepares to begin collection.

Once established, the recurring annual collection cost is estimated at approximately \$730,000 compared with approximately \$1.3 million under the current GFL contract, resulting in estimated annual collection savings of approximately \$570,000.

The City generated approximately \$1.4 million in solid waste program revenue in FY26. Staff estimates improved compliance could generate approximately \$100,000 in additional annual revenue.

For planning purposes, an approximately 15% rate adjustment has been evaluated and is estimated to generate approximately \$210,000 in additional annual revenue based on FY26 results. Combined with improved compliance, total annual program revenue could increase to approximately \$1.71 million.

The City currently provides approximately \$35,000 per year in trash service assistance through DSS-distributed stickers, in addition to free trash service available to qualifying Rent Relief and Real Estate Relief recipients. These assistance programs would continue under any rate adjustment considered through the budget process.

The long-term financial plan should also include funding for future replacement of the collection fleet so truck purchases can be planned over time rather than relying on large one-time General Fund appropriations.

Recommendation

Staff is seeking Council guidance on the following items as part of the FY28 budget update process:

1. Whether to continue developing the transition from contracted curbside collection to an in-house City-operated collection program, with City-operated collection beginning in April 2028.
2. Whether to proceed with the approximately \$1.3 million FY27 purchase of five collection trucks in January 2027 in order to maintain the proposed implementation schedule.
3. Whether a solid waste sticker and decal rate adjustment should be incorporated into the FY28 budget process, with the approximately 15% scenario presented in this memo serving as a planning example.

Recommended Motion (if Applicable)

No formal action is requested at this work session. Staff is presenting the proposed in-house collection model and recommended solid waste rate adjustment for Council discussion and direction.

Attachments

1. Solid Waste Council Mtg 10 5 26