



DATE: February 3, 2026

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt a Resolution Approving Garbage and Recycling Rate Adjustment for 2026-2027

RECOMMENDATION

That Council adopts a resolution (Attachment II) approving the recommended garbage and recycling annual rate adjustment of 3.2% for all residential and commercial accounts effective March 1, 2026.

SUMMARY

This action will result in increased revenue of \$300,000 to on the City's General Fund.

Refuse rates typically increase on March 1 of each year, in accordance with the Franchise Agreement between the City and Waste Management of Alameda County (WMAC) that became effective on March 1, 2023, and expires February 28, 2033. Rate Year Four (RY4) of the Franchise Agreement will commence on March 1, 2026. Per the Franchise Agreement, the rates for RY4 shall be set based on a Consumer Price Index (CPI) adjustment to WMAC's current revenues. The calculated RY4 increase is 3.2%.

FISCAL IMPACT

It is projected that City revenues related to this agreement, including those dedicated for street impacts and street cleaning, will increase by approximately \$400,000 annually, of which \$300,000 will be the General Fund's share.

BACKGROUND

The Franchise Agreement between the City and WMAC for garbage, recycling, and organics collection and processing was approved by Council on June 28, 2022¹. The Agreement includes Tri-CED continuing to provide residential recycling services to Hayward as a subcontractor to WMAC. The Agreement is in effect for ten years and details a specific rate

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=5709695&GUID=E5867537-1E85-495D-95E4-BB7A6B590715&Options=&Search=>

adjustment process for each year. In the first year of the contract, rates were negotiated and agreed upon at an initial rate. The rates for years two through four are set by a CPI-based calculation. The Franchise Agreement requires the rates for RY5 be set by following a detailed cost-based adjustment to ensure that WMAC receives an after-tax return on its investment of 5.5%. Rate Years Six through Ten are to be set through an index-type of adjustment process considering the CPI, government fees, and other factors.

DISCUSSION

Staff received WMAC's rate adjustment application for RY4 in December 2025 and performed a detailed review of WMAC's application and ensured all calculations were consistent with the procedures outlined in the Franchise Agreement and confirmed the validity of the proposal. While the annual percentage change in CPI between 2024 and 2025 was 2.1%, the contract agreement specifies that a minimum of 3% be used as a CPI floor in the rate calculation. After the 3% CPI adjustment, further contractual procedures are applied that adjust the rate calculation for fees assessed by the State, County, and City, and for projected tonnage hauled and revenues for WMAC. The resulting increase applied to the RY4 rates is 3.2%.

Separate from the rate-setting process conducted according to Hayward's franchise agreement with WMAC, there may be an Alameda County regulatory fee added to Hayward garbage bills in 2026. According to a memo presented to the Alameda County Waste Management Authority (ACWMA, also known as StopWaste) Board of Directors on September 24, 2025², a solid waste regulatory fee is under consideration. The ACWMA Board may approve the fee on January 28, 2026. If approved, the fee would appear on all garbage bills in Alameda County starting in July 2026 and would help alleviate an ACWMA budget shortfall. The ACWMA determined that the amount needed to cover their budget shortfall will result in approximately a 0.7% increase to most monthly bills throughout the County. The fee would increase monthly bills by approximately \$0.34 for single-family homes, \$6.13 for the average multi-family account, and \$8.13 for the average commercial account. Table 1 below shows more detail about the proposed fee. The proposed fee would increase annually by the CPI. Should the ordinance be approved, the ACWMA plans to perform extensive outreach about the fee for three months before enacting the fee in July.

² https://www.stopwaste.org/sites/default/files/meeting/Cost%20Recovery%20Options%20Board%20Memo_25-09-24_0.pdf

Table 1. Proposed County-wide Solid Waste Regulatory Fee

| Account Type | Approximate FY27 Fee Amount | Approximate Increase in Monthly Bills | Approximate % Increase in Monthly Bills |
|---------------------------------------|--|--|--|
| Single Family | \$0.34 per account per month | \$0.34 | 0.7% |
| Multi-Family | \$1.20 per weekly cubic yard per month | \$6.13 per account/ \$0.26 Per unit | 0.7% |
| Commercial | \$1.20 per weekly cubic yard per month | \$8.13 per account | 0.7% |
| Typical Restaurant with 3cy trash bin | \$1.20 per weekly cubic yard per month | \$3.60 per month | 0.7% |

ECONOMIC IMPACT

If approved, residents and businesses would pay 3.2% more for refuse and recycling services for the period of March 1, 2026, through February 28, 2027. With a 3.2% increase, the new monthly service charge for residential customers with the standard 32-gallon cart for garbage service would be \$47.05, or \$1.46 higher than the existing rate. For residents subscribing to the smaller 20-gallon cart, the new service charge would be \$32.20, or \$1.00 higher than the existing rate. A comparison of rates with several nearby communities is included as Attachment III. If the ACWMA regulatory fee is approved, all customers county-wide would pay an additional 0.7% beginning July 1, 2026.

STRATEGIC ROADMAP

This agenda item is a routine operational item and does not relate to one of the Council's six Strategic Priorities.

SUSTAINABILITY FEATURES

The rate increase will allow the City, WMAC, and Tri-CED to continue to provide Hayward residents and businesses with recycling and composting services, so they can maximize the diversion of waste from the landfill. Solid waste management involves the safe and responsible management of discarded material from generation through processing to disposal. Reducing waste landfilled by maximizing the reuse, recycling, and composting of materials increases diversion, conserves natural resources, and plays an important role in making a community sustainable. No additional programs are contemplated as part of RY4 services.

PUBLIC CONTACT

The public was notified of the rate increase in 2022 as part of the new Franchise Agreement announcement mailed to all rate-payers. That notice provided an estimated

increase for each year of the Franchise Agreement and indicated that the increase that would be effective on March 1, 2026, would not exceed 6%. The Franchise Agreement also includes a provision of the pass-through of government fees. If Council approves the proposed rate increase, customers will be notified of the actual increase through bill inserts included with their garbage bill and a message printed on their garbage bill.

NEXT STEPS

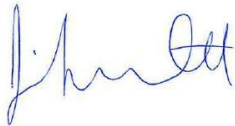
If Council approves the rate adjustment, it would be effective on March 1, 2026. Staff will work with WMAC to implement the new rates and advise customers. A brief statement regarding the fee increase will be included as a bill insert and printed on the customer's garbage bills. If the county-wide regulatory fee is approved, in the spring of 2026, staff will also work with StopWaste to perform outreach to Hayward customers regarding the County's fee that will be added to garbage bills.

In addition, in the summer of 2026, staff will begin reviewing WMAC's financials for the cost-based RY5 adjustment required by the franchise agreement to ensure WMAC receives an after-tax return on its investment of 5.5%.

Prepared by: Jeff Krump, Solid Waste Program Manager
Erik Pearson, Environmental Services Manager

Recommended by: Alex Ameri, Director of Public Works

Approved by:

A handwritten signature in blue ink, appearing to read "Jennifer Ott", is positioned above a horizontal line.

Jennifer Ott, City Manager