CITRUS HEIGHTS
Solid roots. New growth.

CITY OF CITRUS HEIGHTS

MEMORANDUM

DATE: **February 24, 2026**

TO: Mayor and City Council

FROM: City Clerk's Office

SUBJECT: **ITEM 8 - Options for Residential Solid Waste and Recycling Collection Services Procurement – Results of 60-Day Negotiations**

Subsequent to the posting of the agenda packet, a typographical error was discovered in the staff report. The Current 2026 Rate for Citrus Heights listed in the table on Page 7 has been corrected and the updated staff report is attached for Council's review.

ATTACHMENTS:

(1)

CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM (Updated 2/24/26)

DATE: February 25, 2026

TO: Mayor and City Council Members
Ashley J. Feeney, City Manager

FROM: Regina Cave, General Services Director
Mary Poole, Operations Manager

SUBJECT: **Options for Residential Solid Waste and Recycling Collection Services Procurement – Results of 60-Day Negotiations**

Recommendation

Receive the presentation and provide direction related to procurement options for a new residential solid waste and recycling services collection contract for the term beginning on January 1, 2028. The current agreement expires December 31, 2027.

Staff recommends that the City Council either:

a.) Adopt Resolution No. 2026 – ____, A Resolution of the City Council of the City of Citrus Heights, California, Authorizing the City Manager to Execute an Amended and Restated Residential Solid Waste and Recycling Collection Services Agreement with Allied Waste Services of North America, LLC, Subject to Results of a Public Hearing Regarding Proposed Rate Increases; or

b.) Direct staff to issue a Request for Proposal (RFP) for the residential solid waste and recycling collection services contract.

Staff also seeks direction regarding potential service modifications, including:

- Inclusion of residential street sweeping in the solid waste bill,
- Refinements to the Neighborhood Cleanup (NCU) program, and
- Addition of a local Household Hazardous Waste (HHW) drop off event

City Council Strategic Goal/Objective

This item is in alignment with the following City Council priority:

Goal: "Maintain and Enhance Fiscal Stability and Operational Excellence."
Objective: "Initiate residential garbage and recycling procurement and issue a request for proposals."

Fiscal Impact

No new expenditures are proposed as part of this item. Estimated procurement pathway costs are provided in the table below.

Procurement Process	Estimated Cost
Negotiations Only	$ 50,000
RFP Only	$125,000
Negotiations + RFP	$175,000

If an RFP is pursued, procurement costs will be reimbursed by the successful proposer. Republic Services will reimburse the City for up to $50,000 for negotiations costs, if the amended agreement is approved.

Street Sweeping

The current Street Sweeping services contract term expires December 31, 2027. If residential street sweeping is not included in the residential solid waste and recycling services agreement, the City will need to procure these services separately through an RFP. A separate procurement will likely increase costs, which would continue to be borne by special revenue funds.

Residential street sweeping is currently funded through Measure A Maintenance funds, Stormwater Utility fees, and commercial Solid Waste fees. The FY 2025–26 costs are estimated at:

- Residential streets $363,961
- Arterial streets: $212,482

Street Sweeping	Estimated Cost
2027 Residential Street Sweeping Current Contractor	$ 392,196
2028 Residential Street Sweeping (Republic Services)	$ 378,400
Estimated Monthly Cost Per Customer with Republic Services	$1.19

Including residential street sweeping services into the solid waste contract would shift these costs to the customer rate structure and allow the special revenue funds to be reprogrammed for use on maintaining and enhancing transportation and stormwater-related infrastructure. Arterial street sweeping would remain funded by special revenues.

Bundling the street sweeping services into the residential solid waste and recycling services agreement will also improve pricing for arterial and on-call sweeping, which would continue to be invoiced separately to the City. Solid waste collection results in street sweeping needs, in which case many jurisdictions include street sweeping in a solid waste contract to ensure the cost for the service is aligned with the demand generator. Staff recommends the street sweeping service be included as part of the solid waste contract accordingly.

Background and Analysis

Solid Waste services are not subject to formal bidding requirements under the Public Contracting Code. Thus, the City Council may approve a negotiated agreement or direct staff to conduct a competitive RFP process. Consistent with this discretion, the existing agreement with Republic Services includes a provision allowing the City to enter negotiations near the end of the contract term, with no obligation on the City to extend the term of the contract.

The current residential franchise agreement with Republic Services expires December 31, 2027. On November 12, 2025, the City Council considered two procurement approaches:

Option 1 – Negotiate with Current Provider

- Enter a 60-day negotiation period.
- If mutually acceptable terms are reached, present key terms for City Council approval and direction
- If City Council does not approve the proposed terms and/or options thereof, initiate an RFP process.

Option 2 – Competitive Request for Proposals

- Issue an RFP allowing multiple qualified haulers to compete on service, innovation, and pricing.

The City Council directed staff to pursue Option 1 (Negotiations). Negotiations were conducted from November 14, 2025, through January 2026, and included six formal negotiation sessions.

Negotiation Focus Areas

Negotiations were structured around the following policy areas:

- Maintaining high customer satisfaction and service reliability
- Preserving regional rate competitiveness
- Addressing NCU program blight and traffic safety concerns
- Evaluating cost efficiencies and service tradeoffs
- Exploring inclusion of residential street sweeping
- Evaluating feasibility of a local HHW event

Proposed Rate Framework

Republic Services proposed the following for a 10-year term:

Initial Adjustment (2028)

- One-time 2.5% market adjustment effective January 1, 2028
- 3.5% adjustment effective January 1, 2028 (equivalent to current contract Consumer Price Index [CPI] Water Sewer Trash cap)
- This would result in a total one-time rate increase of 6% effective January 1, 2028

Ongoing Adjustments for the 10-Year Term (2029–2037)

- Annual CPI cap of 4.25% based on the CPI-Water-Sewer-Trash (WST) index
- One-year rollover provision
    - If the CPI for the WST index is above 4.25% one year and lower than 4.25% the next, then the overage in the first year may be applied in the second year up to the 4.25% cap. This would only apply for two-year increments; thus a higher index in year one could not be rolled over to year three, but a higher index in year two could be rolled over to year three and so on.
- If CPI-WST index is lower, lower index applies
    - 10-year WST CPI average ~ 4.0%
    - WST CPI exceeded 5% in each of the past three years
    - WST CPI has averaged a 4.73 annual growth rate from 1997-2026

Service Options and Estimated Rate Impacts

In addition to the proposed rate adjustment, Republic Services proposed several options to reduce costs and/or enhance services. The options highlighted below represent a subset of the options discussed, specifically those with the most significant cost and service impacts related to street sweeping and the NCU services.

Under the current contract, NCU services are provided 3 times per year on a pre-scheduled cycle, allowing a maximum of 10 cubic yards per household per scheduled pickup. The following tables summarize these high-impact options and compare estimated cost impacts for combined packages.

High Impact Option	Estimated Monthly Impact
Reduce NCU from 3 to 2 times/year	($0.77)
Reduce NCU volume from 10 CY to 5 CY	($0.14)
Add residential street sweeping	$1.19

Option	Combined High Impact Options	Estimated Net Monthly Impact
1	Add residential street sweeping, no other changes	$1.19
2	Add residential street sweeping; reduce NCU from 3 to 2 times/year*	$0.42
3	Add residential street sweeping; reduce NCU to 10 CY to 5 CY	$1.05
4	Reduce NCU frequency from 3 to 2 only	($0.77)
5	Reduce NCU volume from 10 CY to 5 CY only	($0.14)

* Recommended

Should the City Council direct staff to develop an amended and restated franchise agreement with Republic Services, direction as to one of the options listed in the table above is requested.

Additional Proposed Enhancements (~Cost Neutral)

Republic Services also proposed the following service enhancements which will result in a cost neutral impact and/or a small reduction to the monthly rate

- One annual local HHW drop-off event (cost neutral to residents)
- Website interface improvements
- SB 1383 compliance monitoring enhancements
- Dedicated customer service manager
- Skid steer for community compost distribution and related activities
- Utility truck for illegal dumping response
- Increased illegal dump tonnage
- Alternative collection vehicle pilot program within 18-24 months

In advance of the presentation of procurement options to City Council on November 12, 2025, a number of surveys and opportunities for community input took place. This was discussed in more detail at the November 12, 2025, City Council meeting. A summary of the information is provided below.

Community Values

Community input was gathered through customer service satisfaction surveys, FlashVotes, neighborhood association meetings, and the customer service channels within the City. Formal survey results were discussed in more detail in the November 12, 2025, City Council meeting and are summarized below for reference. For the Republic Services annual customer satisfaction surveys, the 2021 and 2024 surveys are referenced as they had the most respondents; however, Republic Services consistently receives high marks for overall customer satisfaction in all input channels.

2021 Annual Republic Services Customer Service Survey (414 respondents):

- 90% overall satisfaction
    - 50% extremely satisfied
    - 40% satisfied

2024 Annual Republic Services Customer Service Survey (700+ respondents):

- 91% overall satisfaction
    - 62.1% very satisfied
    - 29.2 satisfied with weekly collection service

2024 City FlashVote - focused on NCU (407 respondents in August 2024):

- 90% of the respondents used the NCU service
- Vast majority strongly supportive of the NCU program
- The most common recommendation was to enforce the original 48-hour set out rule

2025 FlashVote - Focused on overall customer satisfaction as well as NCU Waste Services) 404 respondents in November 2025:

- 92% used NCU in past year
- 93% reported overall service satisfaction with Republic Services for the price paid
    - 23% Excellent
    - 36% Good
    - 23% OK

Throughout all channels of community input, the feedback consistently supports retaining the NCU program. Primary concerns relate to early set-outs and blight attributed to materials in the public right of way. The 48-hour enforcement rule reinstated in 2025 was an initial step to

address NCU concerns. Additional changes such as reducing the NCU frequency or the volume of material allowed to be set out were considered as part of the negotiation process,

In both FlashVotes, and in community outreach encounters, there has also been a consistent interest in hosting a local annual HHW drop-off event. This has been proposed by Republic Services as a cost neutral option to add to the regular service package.

Regional Rate Comparison

Citrus Heights continues to maintain its position as having one of the lowest residential garbage and recycling rates in the region. The tables that follow showcase the current (2026) and projected (2028) Citrus Heights rates in comparison to Sacramento County jurisdictions.

Current 2026 Rates in Sacramento County

Jurisdiction	Service Provider	Default 64-gallon Rate
City of Sacramento	Municipal	$54.08 *
Folsom	Municipal	$51.00
Rancho Cordova	Atlas	$41.28 *
Sacramento County	Municipal	$41.03
Elk Grove	Republic Services	$36.54
Citrus Heights	**Republic Services**	~~**$33.04**~~ **$34.20**

* *includes street sweeping*

Estimated 2028 Rates (Factoring in a 3.5% estimated CPI) in Sacramento County

Jurisdiction	Service Provider	Default 64-gallon Estimated 2028 Rates
City of Sacramento	Municipal	$57.93 *
Folsom	Municipal	$54.63
Sacramento County	Municipal	$43.95
Rancho Cordova	Atlas	$44.22*
Elk Grove	Republic Services	$39.14
Citrus Heights	**Republic Services**	**$37.52- 38.71****

*Includes street sweeping
**Options selected will determine rates.

Regardless of what service options are selected, moving forward with a negotiated service agreement with Republic Services will result in Citrus Heights continuing to have the lowest rates in Sacramento County (not including Isleton and Galt) and the lowest or close to the lowest rates in the greater Sacramento region.

Final 2028 Rates

The customer rates will be finalized as part of the contract package and will be subject to a public hearing and approval process prior to the start of the new agreement term.

Additional Policy Considerations

Road Impacts
Heavy collection vehicles contribute an estimated:

- $2.9 million annually in residential street wear
- $334,000 annually on arterials

Republic Services is evaluating alternative fleet pilot options that it intends to implement in the next 18-24 months. They have advised staff that they have had several discussions with original equipment chassis manufacturers regarding Citrus Heights' desire to reduce truck impacts to roadways. As steerable rear-axel waste trucks are not currently available in the industry, Republic Services is moving forward with partnering with these manufacturers to develop a steerable rear-axel pilot program. The development of the pilot program will take 4-6 months, and building the truck will take another 12-18 months. The pilot program will be cost neutral for the trial period. If the results of the pilot project warrant consideration of transitioning to a new collection vehicle type, a proposal would be presented for City Council consideration. Should the amended agreement be approved, this option will be included in the agreement.

Tri-Monthly Billing
Republic has suggested moving to a billing frequency of every three months versus every two months. A tri-monthly billing cycle is becoming common in many jurisdictions and does achieve some administrative savings of approximately $0.10 per month. Staff is supportive of this cost saving measure.

Proposed Timeline

The proposed timeline for the procurement options is as follows:

Timeline	Action
Nov 2025	City Council directed staff to enter into negotiations
Nov 2025 – Jan 2026	60-day negotiation period
Feb 2026	Present negotiated terms; City Council decision point, if negotiated amendment is supported, move forward with contract amendment

Timeline	Action
March 2026	If negotiated amendment is not supported by City Council, staff to finalize and release RFP (if directed)
May 2026	Finalize negotiated contract amendment (if directed); IF RFP, proposals due
August 2026	IF RFP, consideration of contract award
August – November 2027	Noticing and Public Hearing on final customer rates for new contract term
January 2028	New contract term begins

Summary of Requested Policy Direction

Staff requests direction on the following:

Procurement Path

1. Proceed with a negotiated amended and restated agreement; **or**
2. Initiate a competitive RFP.

Service Package Considerations

1. Include residential street sweeping in the franchise agreement – Staff recommends including street sweeping in the franchise agreement.
2. Modify NCU program:
    - Reduce frequency (3 to 2 per year) – Staff recommends reducing the frequency from 3 to 2 times per year.
    - Reduce volume (10 CY to 5 CY) - Staff recommends retaining the 10 CY volume

Conclusion

The 60-day negotiation period resulted in a proposed rate framework and options for service adjustments that met City goals to maintain competitive rates, achieve continued high customer satisfaction, and provide opportunities to continue to address blight and traffic safety concerns with the NCU while preserving the highly valued bulky waste collection program benefits.

Based on results of the 60-day negotiations, staff recommends proceeding with a negotiated amended and restated agreement. City Council direction is requested on the procurement path

and service options so that staff may proceed with contract amendment preparation or RFP issuance.

Attachment

1) Resolution No. 2026-___, A Resolution of the City Council of the City of Citrus Heights, California, Authorizing the City Manager to Execute an Amended and Restated Residential Solid Waste and Recycling Collection Services Agreement with Allied Waste Services of North America, LLC, Subject to Results of a Public Hearing Regarding Proposed Rate Increases

Resources

Link to November 12, 2025, City Council agenda packet:
https://citrusheights.net/AgendaCenter/ViewFile/Item/9530?fileID=45851

Link to November 12, 2025, City Council Meeting Item on YouTube video
https://www.youtube.com/live/GiuIvfiFqcs?si=v3HzYMtN-PO1IDYl&t=6622