



Establishment of a Franchise Fee for Solid Waste Services

Public Works

Public Works Committee Meeting

January 14, 2025

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What is a Franchise Fee?

Under Proposition 218 (approved by California voters in 1996), a franchise fee refers to a fee collected for the privilege of exclusive operation within a specific jurisdiction or using public property for business purposes. Common examples include utilities, waste management companies, and cable providers.

Franchise fees compensate the public agency for granting exclusive jurisdiction and for using public property, such as streets, sidewalks, or rights-of-way.

The franchise fee must not exceed the reasonable cost of the governmental services provided.

Background

- Our Municipal code and Franchise Agreement require an exclusive solid waste collection agreement.
- Currently, the City of Upland does not collect a franchise fee as part of the solid waste rate.
- The City incurs over a million dollars annually in solid waste related expenses without passing these costs on to our customers. These costs include:
 - Internal service allocations-reprographic, utility, vehicular, etc.
 - Personnel costs
 - Landfill maintenance
 - Legal expenses

How Do We Collect A Franchise Fee?

- Council adopts a % Franchise Fee
- Add Franchise Fee to Component Billing Rate Structure
 - Service
 - Disposal
 - SB 1383
 - Solid Waste Programs
 - Franchise Fee
- Complete the Proposition 218 process
 - Mail Notices
 - Hold Public hearing
 - Implement new Rates 7/1/25

Why A New Fee?

Cost Recovery

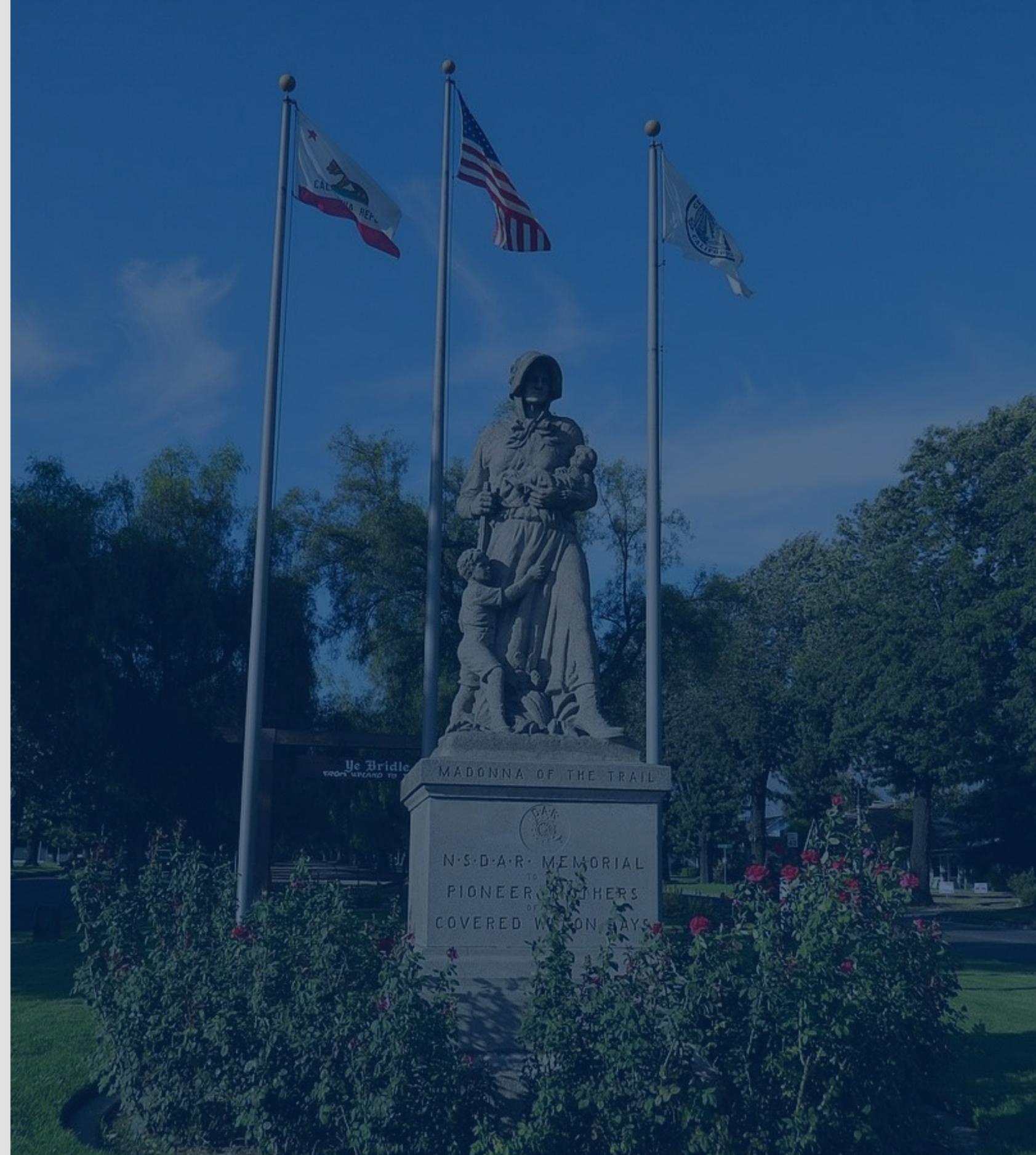
Helps recover costs incurred for solid waste services.

Equitable Distribution

Ensures all users share the cost burden fairly.

Financial Relief

Reduces strain on General Fund and allows reallocation of these funds



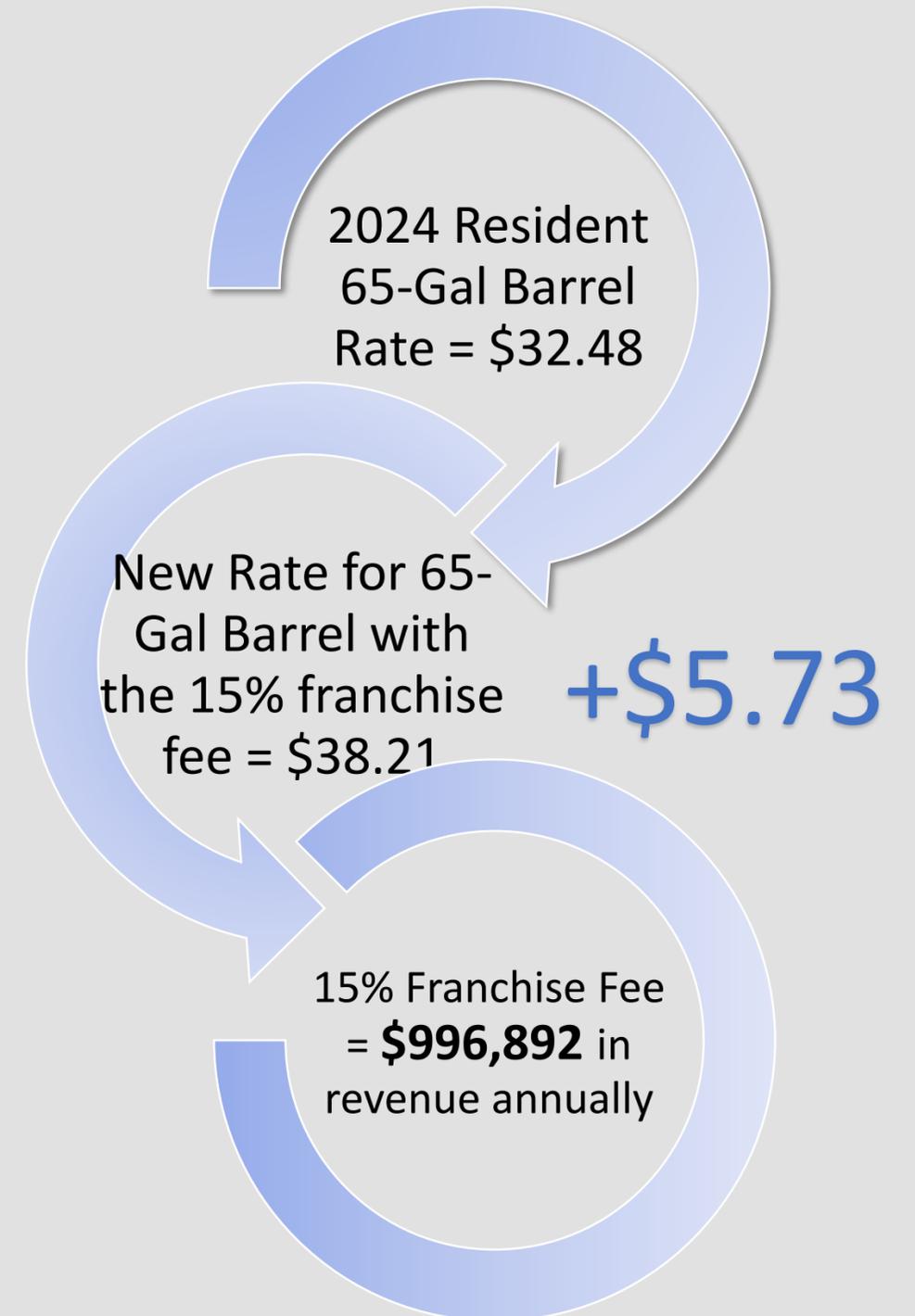
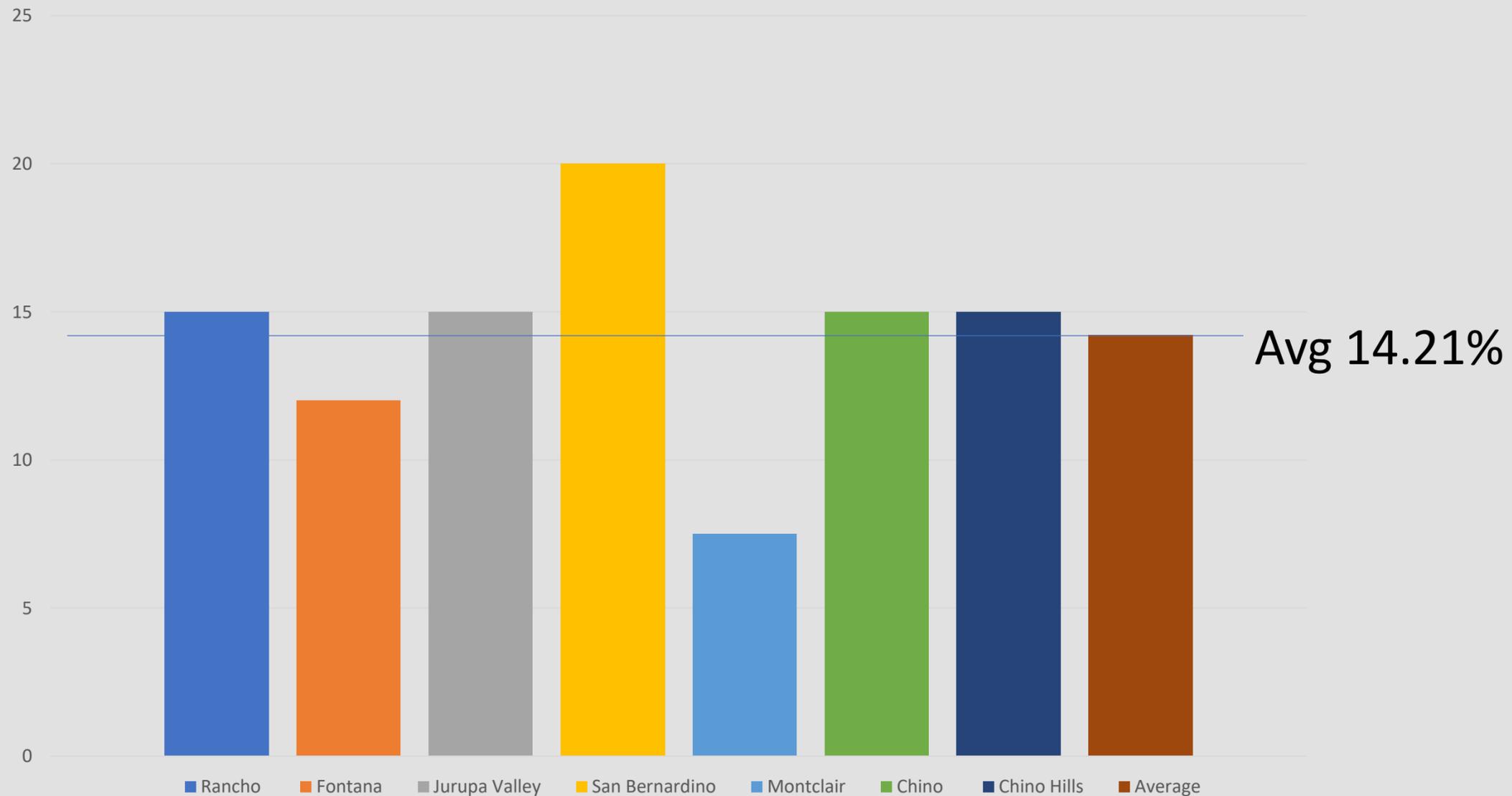
Fiscal Impacts

UPLAND CITY HALL

- No immediate fiscal impact from this discussion.
- Establishing a franchise fee will provide:
 - ✓ A recurring revenue stream.
 - ✓ Offset costs currently impacting the General Fund and Utility Funds.
- Staff Recommend a 15% franchise fee be collected in the solid waste rate.

Fiscal Impacts Cont.

Franchise Fee Percentage by City



Recommended Action

The Public Works Committee is asked to review and discuss the proposed establishment of a franchise fee for solid waste services.



Q & A
