

MEMORANDUM

To: Mayor and City Council Members
Douglas Faseler, City Manager

From: Rick Cortes, Assistant City Manager

Subject: Residential Waste Hauling Services/Recycling

Date: May 6, 2016

Pursuant to the Residential Waste Hauling Services Agreement (Agreement) approved on September 2, 2008, Progressive shall adjust all rates for any six-month period in which the average price of diesel fuel during the preceding six months exceed \$3.02 per gallon; please note, per the Agreement, the \$3.02 is considered the base price while the base rate for recycling has been set at \$3.00. This adjustment is calculated in accordance with Exhibit D of the agreement, utilizing the U.S. Energy Administration/Department of Energy published price for diesel fuel; gulf coast region.

Fuel Cost Adjustment

Residential Waste Hauling – At this time there is no increase for fuel costs adjustment. From October 2015 to March 2016, fuel costs have decreased which typically would result, in a fuel cost adjustment decrease. However, the Fuel Surcharge Table's floor has been set with fuel costs of \$2.70 per gallon for a unit price of \$10.94 per month. We are currently at the lowest costs per gallon and the unit price, therefore there would not be an adjustment to the current contract price.

Recycling – Similar to waste hauling services; the semi-annual fuel costs adjustment is applicable by the percentage change in diesel fuel rates. Based on the Fuel Charge Table, there would not be an adjustment to the current contract price at this time.

Overall Impact to Customers

Based on the above information, the fees for solid waste services will remain at \$11.90 and recycling \$3.01 for a total of \$14.91, excluding the 13% administrative fee. The overall customer charge including the administrative fee remains at \$16.46. Please note that the 13% administrative fee is only applicable to residential waste hauling and not recycling.

Additionally, the fees for sludge services will remain the same.