

MEMORANDUM

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

From: Rick Cortes, Assistant City Manager

Subject: Residential Waste Hauling Services/Recycling – Request for fuel adjustment

Date: April 7, 2015

In accordance with the current Residential Waste Hauling Services Agreement (Agreement) approved on September 2, 2008, Progressive has submitted a request for a fuel rate adjustment. Please see the attached request. The fuel rate adjustment is based upon the following factors:

Pursuant to the Agreement, Progressive shall adjust all the 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 takes place on a semiannual basis, and is calculated utilizing the U.S. Energy Administration/Department of Energy published price for diesel fuel; gulf coast region. The fuel costs adjustment shall be in accordance with Exhibit D of the agreement.

Fuel Cost Adjustment

Residential Waste Hauling– Based on the review of the August 25, 2014 to March 30, 2015 data, the fuel cost adjustment for this period will result in a \$0.032 decrease in the fuel rate. Based on the proposed decrease, the solid waste collections will decrease from the current rate of \$11.63 to the new fuel cost rate of \$11.31. Please note that the new fuel rate will be the base rate Progressive will utilize when applying the adjustment for the March 2015 to August 2015 period.

Recycling– Similar to waste hauling services; the semi-annual fuel costs adjustment is applicable by the percentage change in diesel fuel rates. Currently, the recycling fee is \$3.03; based on the review of the August 25, 2014 to March 30, 2015 data, the fuel cost adjustment for this period would result in a \$0.008 decrease in the rate. However, since the recycling base rate is set at \$3.00, the adjusted rate for recycling will be set at the recycling base rate of \$3.00.

Overall Impact to Customers

Presently, the average residential contracted costs for solid waste services including recycling are \$15.60 per month, excluding all applicable city fees. The new contracted fees for these services will be \$15.25, excluding the 13% administrative fee; including the administrative fee, the total costs for an average residential customer will be \$16.85 as compared to the current fee of \$17.24 for a total decrease of \$0.39. Please note that the 13% administrative fee is only applicable to residential waste hauling and not recycling. Additionally, the fees for sludge services are also scheduled to decrease by 2.8%.