

To: Mayor and City Council Members
Steve Parker, City Manager

From: Rick Cortes, Assistant City Manager

Subject: Residential Waste Hauling Services/Recycling

Date: August 31, 2022

Pursuant to the Residential Waste Hauling Services Agreement (Agreement) effective October 1, 2019, Waste Connections Lonestar, Inc. shall adjust all rates for any six-month period in which the average price of diesel fuel during the preceding six months exceeds \$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 & Recycling – At this time there is not an increase or decrease for fuel costs adjustment.

Consumer Price Index (CPI-U)

On each anniversary date of the Agreement, Waste Connections Lonestar, Inc. has the right, at its sole discretion, and upon giving prior notice to the City, to increase or decrease the “initial rates” established in the Agreement, equal to the percentage that the Consumer Price Index rate for all urban users has increased or decreased during the previous twelve months. Waste Connections has selected to exercise this option. The CPI-U adjustments of 10.24% is based on the timeframe of June 1, 2021 to June 1, 2022. Please note that the CPI adjustment is calculated after the “Initial Rate” has been adjusted. Based on this fee the waste hauling rate would increase by \$1.37 for a total of \$14.76 per month plus 13% for a total of \$16.68 and \$0.35 for recycling for a total of \$3.72 per month. This would equal \$20.40 plus tax.

However, Waste Connections Lonestar, Inc. met on Tuesday, August 9, 2022, with the Solid Waste Task Force consisting of Mayor Donna Dodgen, Council Members Joe Rea and Sonia Mendez, and city staff Steve Parker, Rick Cortes, Twila Wood, and Naomi Manski to inform the City of Seguin what the impact could have to our citizens. Waste Connections Lonestar, Inc. has offered a flat 5% rate adjustment to waste hauling, recycling, and sludge.

DEPUTY CITY MANAGER'S OFFICE

Overall Impact to Customers

Based on the above information, the fees for solid waste services will increase to \$14.06 and recycling \$3.55 for a total of \$17.61, excluding the 13% administrative fee. The rate of the additional cart will go from \$6.65 to \$6.98 per month. The overall customer charge including the administrative fee will be \$19.44 plus taxes. Please note that the 13% administrative fee is only applicable to residential waste hauling and not recycling.

Additionally, the fees for sludge services are scheduled to increase due to CPI-U Cost Adjustment by 5%. All fees would be effective October 1, 2022.