



**ASSISTANT CITY  
MANAGER**

## 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 cost adjustment

Date: May 10, 2018

Pursuant to the City's Exclusive Franchise Agreement for the collection of municipal solid waste, Waste Connections d/b/a 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 fuel 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 – At this time there is a 0.18% proposed increase for fuel costs adjustment. This increase is based on a \$2.741 six-month average price per gallon, which results in an adjusted unit trash rate of \$10.96 as compared to the current unit trash rate of \$10.94.

Recycling – Unlike waste hauling services, the fuel surcharge table is not applicable to the recycling rates. However, the semi-annual fuel costs adjustment is applicable by the percentage change in diesel fuel rates. During this six-month period, the effective percentage of fuel costs adjustment would be \$0.00 for recycling.

### **Overall Impact to Customers**

Presently, the residential contracted costs for solid waste services is \$12.29, excluding all applicable city fees. The new contracted fees for solid waste services will be \$12.31 and recycling will remain at \$3.11 for a total of \$15.42, excluding the 13% administrative fee. The overall customer charge including the administrative fee will be \$17.02 as compared to the current fee of \$17.00 for a total increase of \$0.02. 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 increase due to Fuel Cost Adjustment by 0.18%.

Should you have any questions please do not hesitate to contact me at your convenience.