

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

From: Rick Cortes, Assistant City Manager

Subject: Residential Waste Hauling Services/Recycling

Date: November 5, 2019

Pursuant to the Residential Waste Hauling Services Agreement (Agreement) effective October 1, 2019, Waste Connections 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 – At this time there is not an increase or decrease for fuel costs adjustment.

Recycling

The semi-annual fuel cost adjustment is applicable by the percentage change in the average price of diesel fuel during the six month period, therefore there is not an increase at this time.

Consumer Price Index (CPI-U)

On each anniversary date of the Agreement, Waste Connections 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 1.7% is based on the timeframe of September 1, 2018 to August 31, 2019. Please note that the CPI adjustment is calculated after the “Initial Rate” has been adjusted. Based on the two aforementioned rates, the CPI-U Cost Adjustment for residential waste hauling will increase by \$0.21 for a total of \$12.80 per month and \$0.05 for recycling for a total of \$3.23 per month.

ASSISTANT CITY MANAGER'S OFFICE

Overall Impact to Customers

Based on the above information, the fees for solid waste services will increase to \$12.80 and recycling \$3.23 for a total of \$16.03, excluding the 13% administrative fee. The overall customer charge including the administrative fee will be \$17.69 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 1.7%.