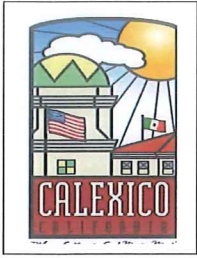


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AGENDA STAFF REPORT

DATE: December 15, 2021

TO: Mayor and City Council

APPROVED BY: Miguel Figueroa, City Manager *MV*

PREPARED BY: Miguel Figueroa, City Manager

SUBJECT: Approve Republic Services (Allied) Request for Rate Increase of 3.7% for Commercial and Residential Solid Waste Collection Services as Per the Consumer Price Index (CPI).

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Recommendation:

It is recommended that the City Council of the City of Calexico approve the following:

1. Approve Republic Services (Allied) request for rate increase of 3.7% for commercial and residential solid waste collection services as per the Consumer Price Index (CPI).

Background:

On December 2, 1997, the City of Calexico entered into an agreement with Allied Waste Services for the collection, transportation, recycling, composting and disposal of solid waste. The term for this agreement was a period of seven (7) years. On March 15, 2005, the City of Calexico extended the contract with Allied Waste Services for an additional five (5) years. On November 21, 2007, the City extended the contract for an additional ten (10) years.

On October 2, 2019, the City Council of the City of Calexico approved a new agreement with Allied Waste Transportation, Inc. d.b.a. Republic Services (Allied) for the collection, transportation, recycling, composting and disposal of solid waste, recyclable and composted materials. On March 18, 2020, the City approved the rate adjustment for the solid waste and recycling costs associated with the implementation of an Organic Waste Recycling Program for 2020 of \$1.88 for residential customers with no CPI increase in 2020. In addition, a CPI increase of 2.5% plus an additional increase of 2.5% for commercial customers for the cost associated with implantation of the Organic Waste Recycling Program in 2020.

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Discussion & Analysis:

Per the Collection Services Agreement between the City of Calexico and Republic Services (Allied), Republic Services is entitled to an annual CPI adjustment. Per Article 4, paragraph 4.08.1.1 allows for adjustments due to the CPI. The CPI rate as of November 1st of each year shall go into effect on January 1st for the contract year going forward.

For 2022, Republic Services has requested to increase commercial and residential customer rate by 3.7%, justified by the CPI for water, sewer, and trash collection service index rolling 12-month change from October 2020 thru October 2021. The commercial and residential rate of 3.7% will be effective January 1, 2022.

Fiscal Impact:

No fiscal impact at this time.

Coordinated With:

City Manager's Office.
Finance Department.
Public Works Department.

Attachment(s):

1. Republic Services lettered dated December 1, 2021.
2. Solid Waster Collection Services Agreement dates October 2, 2019



December 1, 2021

Miguel Figueroa
City Manager
City of Calexico
608 Heber Avenue
Calexico, CA 92231

Enclosed you will find our proposal for a rate adjustment based on our agreement with the City, as we attempt to navigate the increased industry costs while attempting to keep the rates reasonable to the City.

Per Section 4.08 of the Solid Waste Collection Services Agreement between the City of Calexico and Republic Services, the Water and Sewer and Trash Collection Services index rolling 12-month change from Oct 2020 – Oct 2021 is 3.7%. We propose, with your consent, to apply that percentage to the current rates effective January 1, 2022.

As a good community member and business partner, we value the relationship with the City and see it as a privilege to provide the residents with trash collection services and street sweeping. If you have any questions or would like discuss further, please feel free to call me at (760) 337-2412.

Sincerely,

A handwritten signature in black ink, appearing to read "George Taylor", written over a horizontal line.

George Taylor
Operations Manager
gtaylor@republicservices.com

Attachment (table 2 CPI index)



Economic News Release



Table 2. Consumer Price Index for All Urban Consumers (CPI-U): U. S. city average, by detailed expenditure category

Table 2. Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by detailed expenditure category, October 2021
[1982-84=100, unless otherwise noted]

Expenditure category	Relative importance Sep. 2021	Unadjusted percent change		Seasonally adjusted percent change		
		Oct. 2020- Oct. 2021	Sep. 2021- Oct. 2021	Jul. 2021- Aug. 2021	Aug. 2021- Sep. 2021	Sep. 2021- Oct. 2021
All items	100.000	6.2	0.8	0.3	0.4	0.9
Food	13.977	5.3	1.0	0.4	0.9	0.9
Food at home	7.716	5.4	1.1	0.4	1.2	1.0
Cereals and bakery products	0.979	3.5	0.9	0.0	1.1	1.0
Cereals and cereal products	0.296	3.1	1.3	0.3	0.6	1.6
Flour and prepared flour mixes	0.042	5.0	-0.1	2.0	1.1	2.0
Breakfast cereal(1)	0.136	4.3	3.3	0.0	-0.3	3.3
Rice, pasta, cornmeal	0.119	1.0	-0.3	-0.5	1.6	0.0
Rice(1)(2)(3)		0.7	0.0	0.3	0.5	0.0
Bakery products(1)	0.682	3.6	0.7	-0.3	1.5	0.7
Bread(1)(2)	0.194	2.3	0.8	-0.1	1.8	0.8
White bread(1)(2)		1.3	0.6	-0.5	2.5	0.6
Bread other than white(1)(2)		3.2	1.1	0.2	1.2	1.1
Fresh biscuits, rolls, muffins(2)	0.100	4.8	0.2	-1.8	3.7	-0.1
Cakes, cupcakes, and cookies(1)	0.174	2.7	-0.1	0.1	0.4	-0.1
Cookies(1)(2)		-0.2	-0.6	0.1	0.3	-0.6
Fresh cakes and cupcakes(1)(2)		6.6	0.7	-0.6	0.7	0.7
Other bakery products	0.214	5.2	1.5	-0.3	1.2	1.7
Owners' equivalent rent of primary residence(12)	22.408	3.1	0.5	0.3	0.4	0.4
Tenants' and household insurance(1)(2)	0.346	-0.4	-0.3	-0.2	0.3	-0.3
Water and sewer and trash collection services(2)	1.081	3.7	0.2	0.3	0.5	0.2
Water and sewerage maintenance	0.787	3.1	0.3	0.2	0.2	0.3
Garbage and trash collection(1)(19)	0.294	5.3	0.0	0.6	1.1	0.0
Household operations(1)(2)	0.693	6.9	0.5	0.7	-0.2	0.5
Domestic services(1)(2)	0.302	7.5	0.1	0.9	-2.3	0.1
Gardening and lawn care services(1)(2)	0.301		1.1	0.5	1.9	1.1
Moving, storage, freight expense(1)(2)	0.096	7.9	-2.2	1.7	-0.8	-2.2
Repair of household items(1)(2)						
Medical care services	7.024	1.7	0.5	0.3	-0.1	0.5
Professional services	3.578	2.8	0.0	0.4	-0.2	0.1

Footnotes

- (1) Not seasonally adjusted.
- (2) Indexes on a December 1997=100 base.
- (3) Special index based on a substantially smaller sample.
- (4) Indexes on a December 2007=100 base.
- (5) Indexes on a December 2005=100 base.
- (6) Indexes on a December 1986=100 base.
- (7) Indexes on a December 1993=100 base.
- (8) Indexes on a December 2009=100 base.
- (9) Indexes on a December 1990=100 base.
- (10) Indexes on a December 1983=100 base.
- (11) Indexes on a December 2001=100 base.
- (12) Indexes on a December 1982=100 base.
- (13) Indexes on a December 1996=100 base.