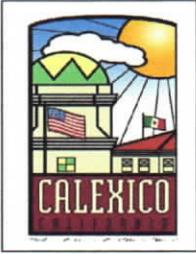


**AGENDA
ITEM**

8



AGENDA STAFF REPORT

DATE: March 18, 2020

TO: Mayor and City Council

APPROVED BY: David Dale, City Manager *DD*

PREPARED BY: David Dale, City Manager

SUBJECT: Allied Waste Services, Inc. / Republic Services – 2020 Waiver of CPI Increase for Residential Customers and Request to Pass-Through Costs Associated with Implementing 2020 Organics Waste Recycling Program

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Recommendation:

Approve the rate adjustment for the solid waste and recycling costs associated with implementing an Organics Waste Recycling Program for 2020 of \$1.88 for residential customers with no Consumer Price Index (CPI) increase in 2020, a CPI increase of 2.5% plus an additional increase of 2.5% for commercial customers for the cost associated with implementing the Organics Waste Recycling Program in 2020.

Background/Discussion:

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

On October 2, 2019, the City of Calexico City Council 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.

Per the Collection Services Agreement between the City of Calexico, Allied 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.



The last Consumer Price Index increase adjustment occurred in January 2019. A 2.9% increase on all solid waste and recycling rates went into effect as of January 1, 2019.

Assembly Bill (AB) 1826 was approved by the State Assembly on September 28, 2014. AB 1826 mandates that the City establish an Organics Waste Recycling Program. As a result, Allied Waste Services, Inc. initiated an organics audit of commercial customers to establish an organics recycling program or setup an exemption for businesses with limited organics recycling.

The Cities of Imperial, Brawley and Calexico have agreements with Allied. The requested rates are to compensate Allied for the additional work to comply with AB 1826. The proposed rate changes are the same for all three cities.

For 2020, Allied has requested to increase the commercial customer rate by 2.5%, justified by the CPI for 2020 and forego the CPI increase for residential customers. Allied has presented options to split the additional costs associated with organics recycling between residential and commercial customers. The proposals (C-E) are identified in the attached letter dated February 11, 2020. Any increases would take place beginning with March collection services and not be retroactive to January.

Due to the costs associated with the implementation and servicing of the organics program for both residential and commercial customers, staff is recommending the allocation of the organics recycling costs per Alternative (E) as follows:

	Pickup Frequency	2019 Rate	2020 CPI Increase 2.5%	Recycling Cost Recovery 2.5%	Proposed 2020 rate	Total Increase Percentage as Proposed
Residential		\$ 20.30	\$ -	\$ 1.88	\$ 22.18	9.26%
Commercial	3 yd 1x per week	\$ 103.36	\$ 2.58	\$ 2.58	\$ 108.53	5.00%

Fiscal Impact:

5.0% increase (2.5% CPI increase + additional 2.5% for recycling costs) on commercial customers and an increase rate for residential customers of \$1.88/month.

Coordinated with:

City of Brawley
City of Imperial

Attachments:

1. Republic letter dated February 11, 2020
2. 2019 Calexico Refuse Fee Schedule



February 11, 2020

Mr. David Dale
 City Manager
 City of Calexico
 608 Heber Avenue
 Calexico, CA 92231

Dear Mr. Dale;

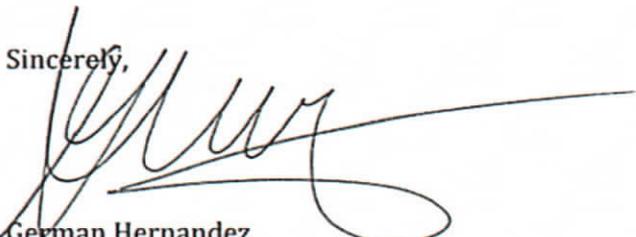
As a follow up to our meeting on January 14, 2020 regarding our request for a rate adjustment for the additional cost associated with compliance of AB 1594 and AB1826, we have evaluated the cost sharing between Commercial and Residential rates. The table below shows the rate adjustments needed to offset the additional cost incurred for processing of green waste and commercial organics.

Summary	(A) Commercial Customer Count	(B) Annual Revenue	(C) CPI Percentage Increase (2.5% Total)	(D) 1.5% Commercial Share (4.0% Total)	(E) 2.5% Commercial Share (5.0% Total)	(F) 3.5% Commercial Share (6.0% Total)	(G) 4.5% Commercial Share (7.0% Total)
Imperial Valley Franchise Cities	1,623	\$ 3,123,331	\$ 78,083	\$ 46,850	\$ 78,083	\$ 109,317	\$ 140,550
Processing Costs			\$ 475,445	\$ 475,445	\$ 475,445	\$ 475,445	\$ 475,445
Variance				\$ 428,595	\$ 397,362	\$ 366,128	\$ 334,895
Residential Customer Base			17,631	17,631	17,631	17,631	17,631
Annual Increase per Residents			\$ 26.97	\$ 24.31	\$ 22.54	\$ 20.77	\$ 18.99
Residential Increase per Month			\$ 2.25	\$ 2.03	\$ 1.88	\$ 1.73	\$ 1.58

Column A: Customer count for all three franchise cities
 Column B: Revenue generated from all Commercial customers
 Column C: CPI increase for Commercial customers
 Column D – G: CPI + (1.5% - 4.5%) adjustment for green waste and organic processing

Republic Services is committed to working with the cities to meet California diversion requirements. We will provide the cities with quarterly documentation showing the cost for preprocessing the organic and commercial waste.

Please do not hesitate to contact me with any questions regarding this matter or the services we provide. I may be reached at my office at (760) 337-2412 or my cell at (818) 974-7796.

Sincerely,

 German Hernandez
 Division Manager

City of Calexico

2019 Solid Waste Rates

MONTHLY SOLID WASTE RATES						
COMMERCIAL SERVICE RATES						
Disposal Code CX 04						
	2 YD	3 YD	4 YD	5 YD	6 YD	8 YD
1 X WK	\$ 91.06	\$ 103.36	\$ 115.68	\$ 216.58	\$ 257.19	\$ 306.42
2 X WK	\$ 164.91	\$ 193.30	\$ 214.11	\$ 321.18	\$ 374.09	\$ 435.62
3 X WK	\$ 238.74	\$ 281.14	\$ 312.57	\$ 431.93	\$ 497.16	\$ 569.31
4 X WK	\$ 312.57	\$ 369.00	\$ 411.01	\$ 542.67	\$ 620.20	\$ 768.79
5 X WK	\$ 386.41	\$ 456.87	\$ 509.46	\$ 653.43	\$ 743.27	\$ 961.01
6 X WK	\$ 460.22	\$ 544.71	\$ 607.89	\$ 764.20	\$ 866.32	\$ 1,139.32
X DUMP	\$ 36.12	\$ 44.17	\$ 51.97	\$ 64.98	\$ 75.07	\$ 86.39
RECYCLE CONTAINER RATES - CX 05						
	2YD	3YD	4 YD	6 YD	8 YD	
	\$ 68.29	\$ 77.51	\$ 86.78	\$ 192.89	\$ 229.80	
Container Delivery Fee	\$ 33.80					(Pick Up Once A Week)
Commercial Recycling will be discounted 25% from Monthly Solid Waste Services						
RESIDENTIAL SERVICE RATES						
				\$ 20.30		
1 Refuse Can				Cart Delivery Fee	\$ 33.80	
1 Recycle Can				Each Additional Refuse or Green Waste Can	\$ 11.76	
1 Green Waste Can						
South of Birch St. (Hwy 989) & East of Kloke Pick Up date is on Mondays						
North of Birch St. (Hwy 98) & All West of Kloke pick up date is on Tuesdays						
ROLL-OFF & COMPACTOR / TRANSFER 40YD 30YD 20YD						
Disposal Code CX 06						
Roll-Off's		Per Pull	\$ 235.63			
Roll-Off's		Per Ton	\$ 56.78			
Delivery Fee			\$ 33.80			
Compactor		Per Pull	\$ 382.60			
Compactor		Per Ton	\$ 56.78			
Compactor Rental			\$ 458.56			
Delivery Fee			\$ 33.80			
(Customers must sign an agreement acknowledging the monthly minimum charges (either by fax, e-mail or walk-in))						
TEMPORARY CLEAN UP BINS (Minimum of one dump every 2 weeks)						
3YD Bin Per Dump	\$ 83.01			6YD Bin Per Dump	\$ 147.31	
Container Delivery Fee	\$ 33.80					
(Customers must sign an agreement acknowledging the monthly minimum charges (either by fax, e-mail or walk-in))						
MISCELLANEOUS						
Restart Service			\$ 13.39			
Administrative Charges			\$ 6.69			
New Account Delivery			\$ 33.80			Residential & Commercial
Automatic Lock Bar			\$ 6.69			Per Month
Roll Out / Lock Charge			\$ 29.01			Per Month = 1 X Per Wk/ 6.70 each Time
Steam Clean Bin			\$ 66.96			Commercial
Replace Burned Bin			\$ 167.39			Commercial
Burned / Stolen Cart / Install Wheels			\$ 100.43			Residential
1/1/19 - 12/31/19 Req Rates PI 2.9%						