

# STAFF REPORT

## City of Lancaster

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MVB

Date: May 25, 2010

To: Mayor Parris and City Council Members

From: Robert C. Neal, Director of Public Works

Subject: **Adopt Resolution Setting the Service Rates for the Collection of Refuse and Recyclables Pursuant to Section 13.16.080 of the Lancaster Municipal Code**

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**Recommendation:**

Adopt **Resolution No. 10-32**, setting the service rates for the collection and disposal of solid waste and recyclable materials pursuant to Section 13.16.080 of the Lancaster Municipal Code.

**Fiscal Impact:**

Refuse and recycling collection service rates are a fee-for-service that is paid directly to the franchisee by the customer. Collection rates for a typical single family household with a standard 3-cart service will increase by 5.4% (\$1.23 per month), for a standard monthly service rate of \$23.99. Roll off services will increase by 4.9%.

**Background:**

Waste Management Inc.'s (WMI) request for this year's refuse service rate adjustment was received by the Department of Public Works on May 1, 2010, per the terms of the Agreement. The Agreement contains specific provisions that entitle WMI to receive annual rate adjustments, subject to staff review and the City Council's approval. The adjustments are calculated using a complex weighting factor methodology of five (5) operational categories (i.e., changes in labor, fuel, equipment, disposal, and CPI) to determine the impact of each category. The weighted formulas are distributed based upon the type of service levels. For Residential/Commercial Services, the rate adjustment methodology is as follows:

**Residential/Commercial Services**

Cost Category	Weight Factor	Index Change	Total Weighted Percent Change
Labor	22.5%	4.0%	0.9%
Fuel	5.7%	42.0%	2.4%
Equipment	14.3%	1.9%	0.3%
Disposal	39.0%	3.9%	1.5%
All Other	18.5%	1.4%	0.3%
<b>Total</b>	<b>100%</b>		<b>5.4%</b>

## **Roll-Off Services**

<b>Cost Category</b>	<b>Weight Factor</b>	<b>Index Change</b>	<b>Total Weighted Percent Change</b>
Labor	46.0%	4.0%	1.8%
Fuel	5.8%	42.0%	2.4%
Equipment	10.3%	1.9%	0.2%
All Other	37.9%	1.4%	0.5%
<b>Total</b>	<b>100%</b>		<b>4.9%</b>

The impact of this adjustment on a typical single-family household with a standard 3-cart collection service will be an adjustment of 5.4 percent or \$1.23 a month, increasing the standard monthly service rate to \$23.99. Standard bin service rates (3-yard bin collected once a week) for multi-family residences will also be adjusted by 5.4 percent or \$2.96 a month, increasing the standard monthly service rate to \$57.69. A temporary roll-off container will be adjusted by 4.9 percent or \$13.58, for a total rental fee of \$290.67.

Staff has worked with WMI representatives and has thoroughly reviewed and verified all rate adjustment data and supporting documentation. Staff has found the information provided to be accurate and in compliance with the terms of the Agreement.

RML:jnw

**Attachment:**

Resolution No. 10-32