

STAFF REPORT

City of Lancaster

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06/23/09
MVB

Date: June 23, 2009

To: Mayor R. Rex Parris and City Council Members

From: James R. Williams, 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**

Recommendation:

Adopt **Resolution No. 09-46**, 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. The franchisee then pays the City 8.11% of total gross receipts. The proposed rates will decrease the City franchise fees account 101-3102-150 by approximately \$21,150 annually.

Background:

Waste Management Inc.'s (WMI) request for this year's refuse service rate adjustment was received by the City Manager's Office on May 1, 2009, 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	21.2%	4.4%	0.9%
Fuel	11%	-49.2%	-5.4%
Equipment	13.3%	5.1%	0.7%
Disposal	36.4%	5.2%	1.9%
All Other	18.2%	0.0%	0.0%
Total	100%		-1.9%

Roll-Off Services

Cost Category	Weight Factor	Index Change	Total Weighted Percent Change
Labor	42.7%	4.4%	1.9%
Fuel	11%	-49.2%	-5.5%
Equipment	9.5%	5.1%	0.5%
All Other	36.7%	0.0%	0.0%
Total	100%		-3.1%

NOTE – For roll-off services, disposal costs are charged the posted gate rate at the landfill which is currently \$50.00/ton.

The impact of this adjustment on a typical single-family household with a standard 3-cart collection service will be an adjustment of -1.9 percent or -\$0.44 a month, bringing the standard monthly service rate down to \$22.76. Standard bin service rates (3-yard bin collected once a week) for multi-family residences will also be adjusted by -1.9 percent or -\$2.26 a month, bringing the standard monthly service rate down to \$116.85. A temporary roll-off container will be adjusted by -3.1 percent or -\$8.86, for a total rental fee of \$277.09.

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.

CJL:jrw

Attachment:

Resolution No. 09-46