DATE: May 22, 2012

AGENDA ITEM # 14

AGENDA REPORT

TO: City Council

FROM: Jim Gustafson, Engineering Services Manager

SUBJECT: Solid Waste Collection Fee adjustment notification

RECOMMENDATION:

Accept the informational item regarding Solid Waste Collection Fee adjustment notification

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SUMMARY:

Estimated Fiscal Impact:

Amount: None

Budgeted: To be evaluated as part of the FY2012-2013 Budget update

Public Hearing Notice: Not applicable

Previous Council Consideration:

CEQA Status: Not applicable

Attachments: None

BACKGROUND

The City Council adopted the current fee schedule for Solid Waste Collection Services on March 20, 2010. The Franchise Agreement with Mission Trail Waste Systems (MTWS) provides for periodic rate adjustments based on the Consumer Price Index and established that the first adjustment would apply to service beginning July 1, 2012.

Mission Trail Waste Systems provided staff a revised rate schedule on April 1, 2012 as provided in the Franchise Agreement.

The Franchise Agreement also provides that Mission Trail Waste Systems shall charge service recipients an amount not to exceed the Maximum Service Rates set by City Resolution and as may be adjusted under the terms of the Agreement.

DISCUSSION

The method of computing the price adjustment using the Consumer Price Index (CPI) is provided in the Franchise Agreement as follows:

Initial Adjustment: Using seventy-five percent (75%) of the twelve (12) month average percentage change in the CPI between February 2010 to February 2011, plus one-hundred percent (100%) of the twelve (12) month average percentage change of February 2011 and February 2012.

The Franchise Agreement defines CPI as the index published by the U.S. Department of Labor, Bureau of Labor Statistics, Series ID: CCUA422SAO, Not Seasonally Adjusted, All Items, All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose, California area.

The calculated increase that could be applied to the existing Solid Waste Collection rates is 3.86%. For a typical residential customer with a 32-gallon refuse container, 64-gallon recyclable container and 96-gallon organic waste container, the rate would increase from $26.11 to $27.12 per month.

A complete schedule of the maximum rates to be considered for adoption by Council Resolution at the June 26, 2012 Council meeting will be available by the end of May and not later than the day the notices are mailed.

FISCAL IMPACT

The proposed CPI increase will have an impact on the City's overall Franchise Fees and offsetting costs of City disposal services in a commensurate amount. This impact will be evaluated as part of the FY2012-2013 Budget update.

PUBLIC CONTACT

Posting of the meeting agenda serves as notice to the general public.

Notice of the fee adjustment will be provided to customers prior to implementation of the fee increase.

ALTERNATIVE

There is no alternative to the noticing as it is required by State Law