

**City of Piedmont  
COUNCIL AGENDA REPORT**

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DATE: June 6, 2005

FROM: Mark Bichsel, Finance Director

SUBJECT: **Republic Services Inc. Rate Request Increase for FY 2005-06**

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RECOMMENDATION

Adopt a 1.7895% rate increase for refuse pick-up, recyclables, and green waste collection effective July 1, 2005.

BACKGROUND

On July 6, 2001 the City of Piedmont entered into an agreement with Republic Services Inc. regarding the collection and disposal of Solid Waste commencing July 6, 2001 and expiring July 5, 2008 (7 year agreement). In addition, the City of Piedmont entered into an agreement with Republic Services Inc. for the collection and processing of recyclable Materials and Green Waste beginning July 1, 2001 and expiring July 5, 2006 (5 year agreement).

All of the above agreements stipulated that rates charged by Republic Services Inc. shall be adjusted by eighty percent (80%) of the Consumer Price Index (CPI). The CPI is defined as the percent change in the December-to-December Consumer Price Index for all consumers as reported for San Francisco-Oakland-San Jose area by the United States Bureau of Labor Statistics up to a maximum rate increase of seven percent (7%) per annum. (Section 1.22, Section 1.23, Section 8.3 of the Agreement between City of Piedmont and Republic Services of California for the collection of solid waste, recyclables and green waste).

Section 8.3 of the Agreement between City of Piedmont and Republic Services of California stipulates that Republic Services is entitled to eighty percent (80%) of the CPI beginning July 1, 2002 and each July 1 thereafter. However, Republic Services must submit its calculation of the annual rate adjustment on or before March 1 of each year for the following rate year.

Republic Services submitted its request for a rate increase in February 2005, for a July 1, 2005 effective date. The last rate increase took effect on October 1, 2003. The Republic Services request encompassed two fiscal years: FY 2004-05 and FY 2005-06. In March 2004, Republic Services requested, and the City agreed, that the rate adjustment for the July 2004-June 2005 year be waived, in exchange for adding the 04-05 adjuster to current rates to be used as the base for calculation of the 2005 CPI adjustment.

## Calculation of Rate Increase

### Adjustment

Due to the delayed implementation of the 2003 rate adjustment, a “make-up” adjustment of .8% was authorized to be amortized between October 2003 and June 2004. Since the CPI for the twelve-month period of December 2002 to December 2003 was nominally greater than the make-up adjustment, Republic Services was willing to waive the adjustment for the July 2004-June 2005 year, in exchange for adding the adjuster to the current rates to be used as the base for calculation of the 2005 CPI adjustment. This adjustment will add between \$0.01 and \$0.29 to the October 1, 2003 rates (see attachments).

### Consumer Price Index (CPI)

The percent change in the December-to-December Consumer Price Index for all Urban Consumers, as reported for the San Francisco-Oakland-San Jose area by the United States Bureau of Labor Statistics for the twelve-month period December 2003 to December 2004, was 2.15% (see attachment C).

### ***Rate Calculation***

Description:	CPI	80% Rate Increase:	<i>Less make-up</i>	Total:
Adjustment effective July 1, 2005 (CPI 02-03)	1.0869%	0.8695%	0.8%	0.0695%
CPI increase effective July 1, 2005 (CPI 03-04)	2.15%	1.7200%	N/A	1.7200%
				<b>1.7895%</b>

- Attachments: A. Residential and Commercial Rates  
B. Republic Service Adjustment Request dated September 9, 2003  
C. U.S. Department of Labor: Bureau of Labor Statistics: Years 2002-2004

**EXHIBIT B**

**City of Piedmont  
Residential and Commercial Rates\***

	<b>2004 Adjuster</b>	<b>2004 CPI</b>	<b>Total</b>
<b>CPI Change Period Ending December</b>		<b>2.1500%</b>	
<b>% of CPI subject to Rate Increase</b>		<b>80%</b>	
<b>Rate Increase % Effective July 2005</b>	<b>0.0695%</b>	<b>1.7200%</b>	<b>1.7895%</b>

	CF	Rate to Customer	% Adjuster Rate Increase	New Rate with Adjuster	Adjuster Round Down	% CPI Rate Increase	CPI Round Down	New Rate Eff. July 01, 2005
<b>MSW Collection</b>								
SF 20-gallon can (or less)	f	\$ 12.72	0.0695%	12.7299	12.72	1.720%	\$ 12.939	12.93
SF 32-gallon can (or less)	f	\$ 19.84	0.0695%	19.854	19.85	1.720%	\$ 20.191	20.19
MFU-32-gallon can (or less)	f	\$ 19.84	0.0695%	19.854	19.85	1.720%	\$ 20.191	20.19
SF&MF-Add'l 32-gallon can	f	\$ 22.41	0.0695%	22.426	22.42	1.720%	\$ 22.806	22.80
Overage Bag	f	\$ 5.60	0.0695%	5.605	5.60	1.720%	\$ 5.696	5.69
SF-Bulky Goods (at curbside)		\$ -	0.0695%	-	0	1.720%	\$ -	-
Bulky Goods-On demand		\$ 57.59	0.0695%	57.630	57.63	1.720%	\$ 58.621	58.62
			0.0695%	-	0	1.720%	\$ -	-
			0.0695%	-	0	1.720%	\$ -	-
<b>Commercial Rate</b>								
Com. Bin-MSW-1x/wk	f	\$ 25.65	0.0695%	25.668	25.66	1.720%	\$ 26.101	26.10
Com. Bin-MSW-2x/wk	f	\$ 24.60	0.0695%	24.617	24.61	1.720%	\$ 25.033	25.03
Com. Bin-MSW-3x/wk	f	\$ 23.56	0.0695%	23.576	23.57	1.720%	\$ 23.975	23.97
Roll-out Service	f	\$ 3.66	0.0695%	3.667	3.66	1.720%	\$ 3.723	3.72
Bin Exchange/Cleaning		\$ 68.06	0.0695%	68.107	68.10	1.720%	\$ 69.271	69.27
Temporary Bin Service	f	\$ 148.83	0.0695%	148.933	148.93	1.720%	\$ 151.492	151.49
		\$ -	0.0695%	-	0	1.720%	\$ -	-
		\$ -	0.0695%	-	0	1.720%	\$ -	-
<b>Drop Box-Clean-up Debris</b>								
Drop Box-14 yard	f	\$ 26.70	0.0695%	26.719	26.71	1.720%	\$ 27.169	27.16
Drop Box-20 yard	f	\$ 25.65	0.0695%	25.668	25.66	1.720%	\$ 26.101	26.10
Drop Box-30 yard	f	\$ 24.60	0.0695%	24.617	24.61	1.720%	\$ 25.033	25.03
		\$ -	0.0695%	-	0	1.720%	\$ -	-
<b>Drop Box-Mixed C&amp;D (Home remodel by-products) (1)</b>								
Drop Box-14 yard	f	\$ 25.65	0.0695%	25.668	25.66	1.720%	\$ 26.101	26.10
Drop Box-20 yard	f	\$ 23.03	0.0695%	23.046	23.04	1.720%	\$ 23.436	23.43
Drop Box-30 yard	f	\$ 20.42	0.0695%	20.434	20.43	1.720%	\$ 20.781	20.78
		\$ -	0.0695%	-	0	1.720%	\$ -	-
<b>Drop Box-C&amp;D (Heavy Inerts) (2)</b>								
Drop Box-6 yard	f	\$ 363.38	0.0695%	363.633	363.63	1.720%	\$ 369.884	369.88
Drop Box-10 yard	f	\$ 429.24	0.0695%	429.538	429.53	1.720%	\$ 436.918	436.91
		\$ -	0.0695%	-	0	1.720%	\$ -	-
<b>Drop Box-Clean Green</b>								
Drop Box-20 yard		\$ 18.32	0.0695%	18.333	18.33	1.720%	\$ 18.645	18.64
Drop Box-30 yard		\$ 18.32	0.0695%	18.333	18.33	1.720%	\$ 18.645	18.64
Note: All bxs rates per yard are based on loose yards		\$ -	0.0695%	-	0	1.720%	\$ -	-
		\$ -	0.0695%	-	0	1.720%	\$ -	-
<b>Drop Box-other charges</b>								
On-street surcharge		\$ 34.40	0.0695%	34.424	34.42	1.720%	\$ 35.012	35.01
Drop Box Placement Fee		\$ 68.82	0.0695%	68.868	68.86	1.720%	\$ 70.044	70.04
Note: All boxes are on a 7-day max.sch. And are subject to legal load/weight limits		\$ -	0.0695%	-	0	1.720%	\$ -	-
		\$ -	0.0695%	-	0	1.720%	\$ -	-
		\$ -	0.0695%	-	0	1.720%	\$ -	-
<b>Recyclables Collection</b>								
SF-Curbside-2-12-gallon cont.		\$ 2.36	0.0695%	2.362	2.36	1.720%	\$ 2.401	2.40
MFU-Curbside-2-12-gal.cont.		\$ 2.36	0.0695%	2.362	2.36	1.720%	\$ 2.401	2.40
Commercial Bin		\$ 8.38	0.0695%	8.386	8.38	1.720%	\$ 8.524	8.52
(Plus Commercial Bin Rental/Base Charge)		\$ -	0.0695%	-	0	1.720%	\$ -	-
		\$ -	0.0695%	-	0	1.720%	\$ -	-
<b>Green Waste Collection</b>								
SF-32-gallon can-Weekly		\$ 11.20	0.0695%	11.211	11.21	1.720%	\$ 11.403	11.40
SF-32-gallon can-Biweekly		\$ 5.60	0.0695%	5.605	5.60	1.720%	\$ 5.696	5.69
Overage Bag		\$ 2.77	0.0695%	2.776	2.77	1.720%	\$ 2.818	2.81
Overage Bag discount >100		\$ 2.49	0.0695%	2.494	2.49	1.720%	\$ 2.533	2.53
		\$ -	0.0695%	-	0	1.720%	\$ -	-
<b>Emergency Services</b>								
Rate per hour (excluding disposal)		\$ 104.70	0.0695%	104.773	104.77	1.720%	\$ 106.572	106.57
		\$ -	0.0695%	-	0	1.720%	\$ -	-

Note: \*The above rates are subject to the Disposal Surcharge pass-through effective 11/1/01  
(1) This box rate is intended for mixed debris emanating from home remodels and certain household improvement activity. The acceptable mix includes wood, metals, fixtures, drywall, etc. as well as incidental amounts of aggregate material associated with these activities.  
(2) This box rate is intended for heavy inert materials such as concrete, asphalt, brick, cement, sand, rock, gravel, street rock, dirt, sod, roofing material, dry wall, etc.  
CF="f" identifies those rate categories that are subject to the City's City Fee under Article VII