Title: Waste Management Collection Service Rate Increase

Recommended Motion: Adopted Resolution 2013-34 setting the maximum amounts for Waste Management’s fees, charges and rates

Background Information: Waste Management has provided the City the required information for a 2.5% increase for the service portion of the collection fees, charges and rates ("rate"). The City does not set the "disposal" fee which is part of the total rate. The request is in accordance with the franchise agreement allowing for a 2.5% increase in the service portion of the rate based on the Consumer Price Index (CPI). This is the first rate review since the adoption of the new franchise agreement and is being updated to reflect the new cart collection system as well. The last increase was in February 2012 and was 3%. The timing of the increase was changed from February to July in the new agreement, which provided some additional time with no increases. The CPI increase for the 12 month period ending March 31, 2013 is 1.47%. A copy of the information, rate chart and CPI information is provided. Examples of a couple of common service rate portion only includes for one 64 gallon residential cart (old 2 can service) is $0.41, with the total rate increase including Disposal fee of $0.52 or 2.19%. The increase for a 2 yard commercial trash bin picked up twice a week is $7.61 and with Disposal fee $9.14 or 2.21%. Final rates include the changes to the disposal fee as well as the service rate. The rates include a fee for an additional recycle cart if requested, a fee for the replacement of more than 1 cart in a 12 month period and formalized a recycle only fee of $7.50 per month, for any size cart. Total rate paid by a customer includes the service portion of the rate plus the "disposal fee" portion, plus any rental fees or special service fees. Rental rates were not increased. Staff recommends approval of Resolution 2013-34 based on the franchise agreement and rate review process.

Funds Available: N/A

Reviewed by: City Administrator
RESOLUTION NO. 2013- 34

A RESOLUTION OF THE CITY COUNCIL OF GRASS VALLEY
AMENDING GARBAGE SERVICE COLLECTION FEES, CHARGES
AND RATES SCHEDULE PURSUANT TO GRASS VALLEY
MUNICIPAL CODE SECTION 8.24.150.

WHEREAS, Grass Valley Municipal Code Section 8.24.150 provides that maximum
garbage service collection fees, charges and rates schedule for City shall not exceed the amounts
set by resolution, and may be amended from time to time thereafter, upon majority vote of the
City Council; and

WHEREAS, pursuant to the franchise between the City of Grass Valley and USA Waste
of California, Inc., DBA Waste Management of Grass Valley (“Waste Management”), which
provides for potential annual rate adjustment to be based upon the Consumer Price Index as
provided for therein and

WHEREAS, the current Consumer Price Index for the United States (City Average - All
Urban Consumers) for the 12 month period ending March 30, 2013 is 1.47%, allowing for an
increase to the maximum service rates of 2.5%; and

WHEREAS, the residential collection system used by Waste Management to provide
services has changed to a “cart” verses a “can” system the rates have been classified to
accommodate the new collection system and rates set accordingly for new services including:
providing extra carts, recycle service only, and cart replacement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF GRASS VALLEY, as follows:

1. That the foregoing is true and correct.

3. That in accordance with Section 8.24.150 of the Grass Valley Municipal Code and
pursuant to the agreement with Waste Management of Grass Valley., as amended on October 23,
2012, the garbage collection fees, charges and rates schedule be amended by the schedule
provided hereto as Attachment A setting maximum rates.

4. That said schedules shall be the only basis upon which garbage, rubbish or waste
matter, as collected under provisions of compensation for services provided by Waste
Management is hereby adopted to become effective July 1, 2013, respectively, and to continue
thereafter until amended otherwise by the Council.

ADOPTED as a Resolution of the Council of the City of Grass Valley at a meeting
ther eof held on the 11th day of June, 2013, by the following vote:
AYES: Council Member
NOES: Council Member
ABSENT: Council Member
ABSTAINING: Council Member

Dan Miller, Mayor

ATTEST:

Kristi K. Bashor, City Clerk

APPROVED AS TO FORM:

Michael G. Colantuono, City Attorney
### Residential Rates

<table>
<thead>
<tr>
<th>Disposal Size</th>
<th>Current Rates Effective 07/01/2013</th>
<th>Rental Fee</th>
<th>SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 6 YD BIN</td>
<td>$169.12</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>1 6 YD EXTRA</td>
<td>$290.45</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>2 1XWEEK BINS</td>
<td>$586.34</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>3 1XWEEK BINS</td>
<td>$871.11</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>4 1XWEEK BINS</td>
<td>$976.85</td>
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<tr>
<td>5 1XWEEK BINS</td>
<td>$1,082.68</td>
<td>$0</td>
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### Commercial Rates

<table>
<thead>
<tr>
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### Commercial Recycle Bins

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</table>

### Additional Information

- **Effective July 1, 2013**
- **Current Rates**
- **Rates Effective 07/01/2013**
- **CPI Increase**
- **TOTAL Rates Effective 07/01/2013**
- **Disposal Increase**
- **GATE FEE**
- **Rental Fee**
- **SERVICE**
- **RATES**
May 1, 2013

Mr. Dan Holler  
City Administrator  
City of Grass Valley  
125 E. Main Street  
Grass Valley, CA 95945

Dear Mr. Holler,

In accordance with section VI.A of our solid waste, recycling and green waste franchise agreement with the City of Grass Valley, we are requesting a rate increase effective July 1, 2013.

The adjustment is based on the contractual CPI formula for the 12-month period ending March 31, as calculated in the attached rate package. The 2013 service portion of the rate was adjusted by 2.5%. The disposal portion of the rate, due to the rate increase at the transfer station, was increased by 1.57%. The impact to the most common residential rate (35-gallon cart) of both increases is 2.28%.

Please do not hesitate to contact me at (530) 615-2011 or scameron@wm.com with any questions.

Sincerely,

Steve Cameron  
District Manager  
WM/Grass Valley Disposal

Enclosures
## CITY OF GRASS VALLEY

### CPI RATE ADJUSTMENT FACTOR CALCULATION

#### ANNUAL RATE INCREASE - EFFECTIVE JULY 1, 2013

<table>
<thead>
<tr>
<th>Index Point Change</th>
</tr>
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<tbody>
<tr>
<td>Current Year CPI</td>
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<tr>
<td>Minus Prior Year CPI</td>
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<td>Equals Index Point Change</td>
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<table>
<thead>
<tr>
<th>Percent Change</th>
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<tbody>
<tr>
<td>Index Point Change</td>
</tr>
<tr>
<td>% Calculated CPI Change</td>
</tr>
<tr>
<td>Effective CPI % Change</td>
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</table>

**Notes:**
- If % Change is more than 1% and less than or equal to 3.5%, then increase is 2.5%.
- If % change is greater than 3.5%, then increase is 2.5% plus an amount equal to 75% of the difference between the % change and 3.5%.
- If % change is less than or equal to 1%, then increase is equal to the % change, but not less than 0%.
- The % change will not exceed 10% in any single year.

---

**Source:**
[http://data.bls.gov/cgi-bin/cpiauction.pl?survey=most](http://data.bls.gov/cgi-bin/cpiauction.pl?survey=most)

**Consumer Price Index All Urban Consumers**

**Series Id:** CUUR0000SA0

**Not Seasonally Adjusted**

**Area:** U.S. city average

**Base Period:** 1982-84=100

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<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
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### Disposal Cost Change

<table>
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<tr>
<th>Description</th>
<th>Jul-13</th>
<th>Jul-12</th>
<th>Rate Change</th>
<th>% Rate Change</th>
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</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Minus Current Rate</td>
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<tr>
<td>Rate Change</td>
<td></td>
<td></td>
<td>$ 1.10</td>
<td>1.57%</td>
</tr>
</tbody>
</table>

*New Rate: Jul-13 $ 71.10, Minus Current Rate: Jul-12 $ 70.00, Rate Change: $ 1.10, % Rate Change: 1.57%*