



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: November 17, 2009

SUBJECT: 2010 Waste Management Rate Adjustments

Report in Brief

The franchise agreement between the City of Woodland and Waste Management specifies that the service rates charged by Waste Management may be adjusted annually in accordance with changes in the Consumer Price Index (CPI) for all urban consumers, and that the service rates shall be increased following an increase in the landfill disposal fees. Additionally, the City Council on October 20 approved the continuation of Phase 1 green waste services with an associated \$1.09 increase in Waste Management fees for green waste service to begin January 1, 2010, consistent with terms of the franchise agreement. Waste Management has submitted a request to adjust its rates, effective January 1, 2010. The adjustment consists of reductions based on a negative CPI from August 2008 to August 2009 and increases based on increased landfill tipping fees and the \$1.09 additional charge for green waste services.

Staff recommends that the City Council adopt this rate adjustment, as it meets the provisions of the franchise agreement between the City and Waste Management.

Background

Waste Management provides garbage, recycling, yard refuse (green waste) collection, and street sweeping services for the City of Woodland. As provided in the franchise agreement between the City and Waste Management, the rates charged for these services may be adjusted annually consistent with changes in the CPI in the most recent 12-month period for which data are available.

The franchise agreement also allows for increases in service fees based on increases in disposal fees charged by the landfill. These increases are derived by multiplying the portion of the previous service rate representing disposal costs by the percentage increase in the disposal fees, then reducing the product by the amount of the most recent CPI adjustment. Woodland uses the Yolo County Central Landfill (YCCL) for disposal of all of its garbage, recyclable materials, and yard refuse. In July 2009, YCCL increased the tipping fee for municipal solid waste from \$36.00 to \$37.08 per ton. Between July 2008 and July 2009, YCCL increased the tipping fee for yard refuse (green waste) from \$23.50 to \$25.50 per ton.

At its October 20, 2009 meeting, the City Council approved the continuation of Phase 1 green waste services with an associated \$1.09 increase in Waste Management fees for green waste service to begin January 1, 2010, consistent with terms of the franchise agreement.

Discussion

Waste Management has provided documentation stating that the CPI change for the 12-month period ending August 2009 was <-1.48%>. The documentation shows the calculated rate changes for residential, commercial, and special service categories based on a 1.48% CPI decrease, increased YCCL tipping fees, and the \$1.09 increase for green waste service customers. City staff has reviewed the rate adjustment calculations and found them to be appropriate. Overall, with all of these adjustments taken into account, average residential rates will increase by less than \$1.00 per month and commercial rates will decrease slightly.

Fiscal Impact

With the adjustments described above, the average household will pay approximately \$0.93 more per month for Waste Management's services. This result is based on the rates for a 64-gallon trash container, a single green waste container and residential street sweeping, and curbside recycling. The franchise fee payments from Waste Management to the City are expected to increase by approximately \$10,000 to \$11,000, or slightly more than 1%.

Public Contact

Posting of the City Council agenda.

Recommendation for Action

Staff recommends that the City Council adopt this rate adjustment, as it meets the provisions of the franchise agreement between the City and Waste Management.

Prepared by: Roberta Childers
Environmental Analyst

Reviewed by: Gregor G. Meyer
Public Works Director

Mark G. Deven
City Manager

Attachment: Waste Management supporting documentation and 2010 rates



WASTE MANAGEMENT
1324 Paddock Place
Woodland, California 95776

October 1, 2009

Ms. Roberta Childers
City of Woodland
300 First Street
Woodland, California 95695

SUBJECT: REFUSE RATE ADJUSTMENT, EFFECTIVE JANUARY 1, 2009

Dear Ms. Childers,

Waste Management respectfully requests a rate adjustment pursuant to the terms of our franchise agreement Section 8.3 *Adjustments To Rates*. The CPI rate change effective January 1, 2010 equals negative 1.48%.

We are also requesting a rate adjustment to recover the gate fee increase implemented by Yolo County. Effective July 1, 2009 the gate fees were increased from \$36.00 to \$37.08 per ton for solid waste and \$24.50 to \$25.50 per ton for Green waste disposal. We also included the Green waste gate fee increase of \$1.00 per ton imposed by the County in 2008.

In addition, we have added \$1.09 for the enhanced residential green waste services. We are aware that this rate increase is currently in the Proposition 218 process and will not take effect unless the Proposition is approved.

Attached for your review, please find the Annual Price Increase and City Franchise Fee calculations, CPI index, Rate Sheets, and the Disposal Increase calculations. If you have any questions, please do not hesitate to call me at (530) 406-4326.

Respectfully yours,

A handwritten signature in blue ink, appearing to read 'JAS', written over a light blue circular stamp.

Jason Smith
District Manager

Attachments



Waste Management of Woodland
CPI Adjustment Calculation
City of Woodland
Effective 1/1/2010

ELEMENTS	FORMULA	RATE ADJUSTMENT
CPI ADJUSTMENT CALCULATION		
CPI Adjustment 2008 to 2009:		
Consumer Price Index (CPI for All Urban Consumers) ¹		
Index August 2009	A 215.834	
Index August 2008	B 219.086	
Percentage change of index	C = (A-B)/B	-1.48%
CPI Adjustment 5-year average 2004 to 2009:		
Consumer Price Index (CPI for All Urban Consumers) ¹		
Index August 2009	E 215.834	
Index August 2004	F 189.500	
Gross percentage change of index for 5 years	G = (E-F)/F	13.90%
Average Annual Adjustment over 5-year period	H = G/5	2.78%
Contractually allowed maximum % of CPI (Section 8.3) (if 5 year average CPI adjustment (H) > 5%, then max. is 4%; otherwise max. is 3%)		
Contractually allowed maximum % of CPI (Section 8.3) (if 5 year average CPI adjustment (H) > 5%, then max. is 4%; otherwise max. is 3%)	I	3.00%
Allowed 2009 Price Adjustment: Lower of Annual CPI Adjustment (C) or contractually allowed max. % increase		
	J	-1.48%
Internet Hyperlink to Indices: ¹ http://data.bls.gov/PDQ/servlet/SurveyOutputServlet		

Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SA0
 Not Seasonally Adjusted
Area: U.S. city average
Item: All items
Base Period: 1982-84=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1999	164.3	164.5	165	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3	166.6	165.4	167.8
2000	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174	174.1	174	172.2	170.8	173.6
2001	175.1	175.8	176.2	176.9	177.7	178	177.5	177.5	178.3	177.7	177.4	176.7	177.1	176.6	177.5
2002	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181	181.3	181.3	180.9	179.9	178.9	180.9
2003	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185	184.5	184.3	184	183.3	184.6
2004	185.2	186.2	187.4	188	189.1	189.7	189.4	189.5	189.9	190.9	191	190.3	188.9	187.6	190.2
2005	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8	195.3	193.2	197.4
2006	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8	201.6	200.6	202.6
2007	202.42	203.5	205.35	206.69	207.95	208.35	208.3	207.92	208.49	208.94	210.18	210.04	207.34	205.71	208.98
2008	211.08	211.69	213.53	214.82	216.63	218.82	219.96	219.09	218.78	216.57	212.43	210.23	215.3	214.43	216.18
2009	211.14	212.19	212.71	213.24	213.86	215.69	215.35	215.83						213.14	

**Waste Management of Woodland
Residential Rate Adjustment as of 1/1/10**

CPI % Change	-1.48%	a
MSW Disposal Increase	4.48%	b
Green Waste Disposal Increase	\$ 0.10	c
Green Waste Contract Increase	\$ 1.09	d

	Current Monthly Rate 1/1/2009 e	CPI Adjustment f=e*a	Disposal Portion of Rate g	Disposal Adjustment h=g*b	Green Waste Adjustment c	Contracted Adjustment d	New Monthly Rate 1/1/2010 i=e+f+h+c+d	% change j=(i-e)/e
Garbage Rates/Residential								
Base Service								
35 Gallons	\$ 10.88	\$ (0.16)	\$ 1.44	\$ 0.06	\$ -	\$ -	\$ 10.78	-0.92%
64 Gallons	\$ 12.44	\$ (0.18)	\$ 2.88	\$ 0.13	\$ -	\$ -	\$ 12.39	-0.40%
101 Gallons	\$ 21.88	\$ (0.32)	\$ 4.32	\$ 0.19	\$ -	\$ -	\$ 21.75	-0.59%
Alley service - no medical justification	\$ 5.46	\$ (0.08)	\$ -	\$ -	\$ -	\$ -	\$ 5.38	-1.47%
Extra bag pickup	\$ 2.07	\$ (0.03)	\$ 0.27	\$ 0.01	\$ -	\$ -	\$ 2.05	-0.97%
Extra toter pickup	\$ 6.42	\$ (0.10)	\$ 1.41	\$ 0.06	\$ -	\$ -	\$ 6.38	-0.62%
Low income (10% discount from base)								
35 Gallons	\$ 9.79						\$ 9.70	-0.92%
64 Gallons	\$ 11.20						\$ 11.15	-0.45%
101 Gallons	\$ 19.69						\$ 19.58	-0.56%
Garbage Rates/Commercial								
1-64 Gallon Can	\$ 24.42	\$ (0.36)	\$ 5.76	\$ 0.26	\$ -	\$ -	\$ 24.32	-0.41%
1-96 Gallon Can	\$ 30.63	\$ (0.45)	\$ 8.64	\$ 0.39	\$ -	\$ -	\$ 30.57	-0.20%
Yard Refuse/Street Sweeping								
Small Lot	\$ 8.93	\$ (0.13)	\$ -	\$ -	\$ 0.10	\$ 1.09	\$ 9.99	11.87%
1-96 Gallon Toter	\$ 11.94	\$ (0.18)	\$ -	\$ -	\$ 0.10	\$ 1.09	\$ 12.95	8.46%
2-96 Gallon Toters	\$ 11.94	\$ (0.18)	\$ -	\$ -	\$ 0.10	\$ 1.09	\$ 12.95	8.46%
3-96 Gallon Toters	\$ 14.99	\$ (0.22)	\$ -	\$ -	\$ 0.20	\$ 1.09	\$ 16.06	7.14%
4-96 Gallon Toters	\$ 14.99	\$ (0.22)	\$ -	\$ -	\$ 0.20	\$ 1.09	\$ 16.06	7.14%
Each add'l toter after 4	\$ 3.09	\$ (0.05)	\$ -	\$ -	\$ 0.10	\$ -	\$ 3.14	1.62%
Street Sweeping (only)								
Type								
Residential\Condominium	\$ 4.16	\$ (0.06)	\$ -	\$ -	\$ -	\$ -	\$ 4.10	-1.44%
Apartments\Mobile Home Parks (per unit)	\$ 2.25	\$ (0.03)	\$ -	\$ -	\$ -	\$ -	\$ 2.22	-1.33%
Commercial	\$ 6.87	\$ (0.10)	\$ -	\$ -	\$ -	\$ -	\$ 6.77	-1.46%
Recycling								
Residential Curbside	\$ 1.48	\$ (0.02)	\$ -	\$ -	\$ -	\$ -	\$ 1.46	-1.35%
State Mandated Fee								
Per Household	\$ 0.73	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ 0.72	-1.37%
Bulky Waste Pickup								
Limited to 5 cubic yards - per pickup rate	\$ 66.95	\$ (0.99)	\$ 7.40	\$ 0.33	\$ -	\$ -	\$ 66.29	-0.99%

**Waste Management of Woodland
City of Woodland
Commercial Rate Adjustment as of 1/1/10**

CPI % Change	-1.48%
∇ Disposal Increase	4.48%

Current Monthly Rates as of 1/1/09

Size	Frequency/Week					
	1	2	3	4	5	6
1	\$ 64.69	\$ 105.90	N/A	N/A	N/A	N/A
1.5	\$ 80.95	\$ 136.26	\$ 191.05	N/A	N/A	N/A
2	\$ 97.79	\$ 164.80	\$ 231.90	\$ 298.89	\$ 366.01	\$ 432.59
3	\$ 125.11	\$ 217.62	\$ 309.94	\$ 379.91	\$ 494.81	\$ 587.33
4	\$ 156.86	\$ 276.30	\$ 395.85	\$ 515.24	\$ 646.53	\$ 754.24
6	\$ 204.36	\$ 367.47	\$ 537.62	\$ 748.54	\$ 935.67	\$ 1,143.17

CPI Adjustment

Size	Frequency/Week					
	1	2	3	4	5	6
1	\$ (0.96)	\$ (1.57)	N/A	N/A	N/A	N/A
1.5	\$ (1.20)	\$ (2.02)	\$ (2.83)	N/A	N/A	N/A
2	\$ (1.45)	\$ (2.44)	\$ (3.43)	\$ (4.42)	\$ (5.42)	\$ (6.40)
3	\$ (1.85)	\$ (3.22)	\$ (4.59)	\$ (5.62)	\$ (7.32)	\$ (8.69)
4	\$ (2.32)	\$ (4.09)	\$ (5.86)	\$ (7.63)	\$ (9.57)	\$ (11.16)
6	\$ (3.02)	\$ (5.44)	\$ (7.96)	\$ (11.08)	\$ (13.85)	\$ (16.92)

Disposal Portion of Rate

Per yard \$ 1.48

\$ 0.10

Size	Frequency/Week					
	1	2	3	4	5	6
1	\$ 6.41	\$ 12.82	N/A	N/A	N/A	N/A
1.5	\$ 9.61	\$ 19.23	\$ 28.84	N/A	N/A	N/A
2	\$ 12.82	\$ 25.63	\$ 38.45	\$ 51.27	\$ 64.08	\$ 76.90
3	\$ 19.23	\$ 38.45	\$ 57.68	\$ 76.90	\$ 96.13	\$ 115.35
4	\$ 25.63	\$ 51.27	\$ 76.90	\$ 102.53	\$ 128.17	\$ 153.80
6	\$ 38.45	\$ 76.90	\$ 115.35	\$ 153.80	\$ 192.25	\$ 230.70

Disposal Increase

Size	Frequency/Week					
	1	2	3	4	5	6
1	\$ 0.29	\$ 0.57	N/A	N/A	N/A	N/A
1.5	\$ 0.43	\$ 0.86	\$ 1.29	N/A	N/A	N/A
2	\$ 0.57	\$ 1.15	\$ 1.72	\$ 2.30	\$ 2.87	\$ 3.45
3	\$ 0.86	\$ 1.72	\$ 2.58	\$ 3.45	\$ 4.31	\$ 5.17
4	\$ 1.15	\$ 2.30	\$ 3.45	\$ 4.59	\$ 5.74	\$ 6.89
6	\$ 1.72	\$ 3.45	\$ 5.17	\$ 6.89	\$ 8.61	\$ 10.34

New Monthly Rates as of 1/1/10

Size	Frequency/Week					
	1	2	3	4	5	6
1	\$ 64.02	\$ 104.90	N/A	N/A	N/A	N/A
1.5	\$ 80.18	\$ 135.10	\$ 189.51	N/A	N/A	N/A
2	\$ 96.91	\$ 163.51	\$ 230.19	\$ 296.77	\$ 363.46	\$ 429.64
3	\$ 124.12	\$ 216.12	\$ 307.93	\$ 377.74	\$ 491.80	\$ 583.81
4	\$ 155.69	\$ 274.51	\$ 393.44	\$ 512.20	\$ 642.70	\$ 749.97
6	\$ 203.06	\$ 365.48	\$ 534.83	\$ 744.35	\$ 930.43	\$ 1,136.59

Waste Management of Woodland
City of Woodland
Additional Services Rate Adjustment as of 1/1/10

CPI % Change	-1.48%
MSW Disposal Increase	4.48%

	Current Monthly Rate 1/1/2009	CPI Adjustment	Disposal Increase	New Monthly Rate 1/1/2010
Commercial Bin Recycling				
All sizes - per month/per bin	\$ 27.05	\$ (0.40)	\$ -	\$ 26.65
State Mandated Fee				
Per yard times 4.3 weeks/month	\$ 0.26	\$ -	\$ -	\$ 0.26
Additional Weekly Front-Load Commercial Services				
Dismount and Push Charge per Bin Serviced per Week	\$ 5.56	\$ (0.08)	\$ -	\$ 5.48
Key Charge per Bin Serviced per Week	\$ 6.61	\$ (0.10)	\$ -	\$ 6.51
Enclosure Charge per Bin Serviced per Week	\$ 7.30	\$ (0.11)	\$ -	\$ 7.19
Gate Service Charge per Bin Serviced per Week	\$ 7.30	\$ (0.11)	\$ -	\$ 7.19
Long Walk per Bin Serviced per Week	\$ 17.44	\$ (0.26)	\$ -	\$ 17.18
Maximum Additional Weekly Charges per Bin Serviced per Week	\$ 22.58	\$ (0.33)	\$ -	\$ 22.25
Scout Truck (Container Truck) Container Pull Out	\$ 31.51	\$ (0.47)	\$ -	\$ 31.04
Per Yard Surcharge for Customers Pre-compacting Trash	\$ 18.90	\$ (0.28)	\$ 0.27	\$ 18.89
Additional One Time Front-Load Commercial Charges				
Overloaded Container for First Cubic Yard, No Dismount Required	\$ 6.46	\$ (0.10)	\$ 0.07	\$ 6.43
Overloaded Container for Each Cubic Yard in excess of 1	\$ 2.27	\$ (0.03)	\$ 0.07	\$ 2.31
No Dismount Required	\$ -	\$ -	\$ -	\$ -
Additional Pickup, 1 Cubic Yard Bin	\$ 39.03	\$ (0.58)	\$ 0.07	\$ 38.52
Additional Pickup, 1.5 Cubic Yard Bin	\$ 40.16	\$ (0.59)	\$ 0.10	\$ 39.67
Additional Pickup, 2 Cubic Yard Bin	\$ 41.29	\$ (0.61)	\$ 0.13	\$ 40.81
Additional Pickup, 3 Cubic Yard Bin	\$ 43.57	\$ (0.64)	\$ 0.20	\$ 43.13
Additional Pickup, 4 Cubic Yard Bin	\$ 45.65	\$ (0.68)	\$ 0.27	\$ 45.24
Additional Pickup, 6 Cubic Yard Bin	\$ 50.37	\$ (0.75)	\$ 0.40	\$ 50.02
Additional Trip to Customer Location at Customer Request	\$ 26.25	\$ (0.39)	\$ -	\$ 25.86
Temporary Commercial Bin				
3 Yd Temporary Commercial Bin	\$ 154.50	\$ (2.29)	\$ 0.20	\$ 152.41

**Waste Management of Woodland
City of Woodland**
Debris (RO) Box Rate Adjustment as of 1/1/10

Disposal inc. per ton	\$ 1.08
CPI % Change	-1.48%

Box Size	Current Monthly Haul Rate 1/1/2009 a	CPI Adjustment b=a*CPI %	New Monthly Haul Rate Rate c=a+b	Current State Mandated Fees d	CPI Adjustment e=d*CPI %	New State Mandated Fees f=d+e	Disposal Increase g	New Total Monthly Rate 1/1/2009 h=c+f+g	Maximum Weight
15 Yards	\$ 152.40	\$ (2.26)	\$ 150.14	\$ 3.86	\$ (0.06)	\$ 3.80	\$ 1.62	\$ 155.56	Concrete, Dirt, and Wood only. Haul plus disposal.
20 Yards	\$ 201.75	\$ (2.99)	\$ 198.76	\$ 5.15	\$ (0.08)	\$ 5.07	\$ 2.16	\$ 205.99	4,000 Pounds
25 Yards	\$ 252.33	\$ (3.73)	\$ 248.60	\$ 6.44	\$ (0.10)	\$ 6.34	\$ 2.70	\$ 257.64	5,000 Pounds
30 Yards	\$ 302.46	\$ (4.48)	\$ 297.98	\$ 7.73	\$ (0.11)	\$ 7.62	\$ 3.24	\$ 308.84	6,000 Pounds
40 Yards	\$ 403.32	\$ (5.97)	\$ 397.35	\$ 10.30	\$ (0.15)	\$ 10.15	\$ 4.32	\$ 411.82	8,000 Pounds
50 Yards	\$ 490.32	\$ (7.26)	\$ 483.06	\$ 12.88	\$ (0.19)	\$ 12.69	\$ 5.40	\$ 501.15	10,000 Pounds

Compactor Rate (per yd) \$ 18.61 \$ (0.28) \$ 18.33 \$ 0.26 \$ - \$ 0.26 \$ 0.07 \$ 18.66

**Waste Management of Woodland
City of Woodland
Disposal Increase Calculations**

Subject to the provisions of subparagraph d) regarding the time for making such a request, the Service Rates shall be increased following an increase in the Disposal Fees. Such increases shall be equal to the amount derived by multiplying (A) the portion of the previous Service Rate representing Disposal Costs by (B) the percentage increase in the Disposal Fees, and reducing that product (but not below zero) by an amount equal to: (i) the most recent CPI Adjustment (or, if less, the change in the U.S.C.P.I. between the date of the most recent Disposal Fee increase and the most recent month for which the U.S.C.P.I. is available) if the Disposal Fee increase takes effect on or before June 30, 2010, or (ii) the cumulative amount of the two most recent CPI Adjustments (or, if less, the change in the U.S.C.P.I. between the date of the most recent Disposal Fee increase and the most recent month for which the U.S.C.P.I. is available) if the Disposal Fee increase takes effect between July 1, 2010 and December 31, 2015.

Yolo County Landfill - MSW Disposal Adjustment Calculation		
	\$	
2009 Disposal Rate	\$ 37.08	a
2008 Disposal Rate	\$ 36.00	b
Inc (Dec) in Disposal Rate	\$ 1.08	c=a-b
% Inc (Dec) in Disposal Rate	3.00%	d=c/b
Current CPI %	-1.48%	e
% Inc (Dec) in Disposal Rate Adjustment	4.48%	f=d-e

Green Waste Disposal Adjustment Calculation		
	<u>7/07-6/08</u>	<u>7/08-6/09</u>
2009 Green Waste Disposal Rate		\$ 25.50 m
2008 Green Waste Disposal Rate	\$ 24.50 g	\$ 24.50 n
2007 Green Waste Disposal Rate	\$ 23.50 h	
Inc (Dec) in Green Waste Disposal Rate	\$ 1.00 i=g-h	\$ 1.00 o=m-n
% Inc (Dec) in Green Waste Disposal Rate	4.26% j=i/h	4.08% p=o/n
2010 CPI % Adjustment		-1.48% q
2009 CPI % Adjustment	3.00% k	
% Inc (Dec) in Green Waste Disposal Rate Adjustment	1.26% l=j-k	4.08% r=p-q

Impact on customer rates			
	<u>7/07-6/08</u>	<u>7/08-6/09</u>	<u>Total Increase</u>
City of Woodland GW tons	11,813.10	11,435.80	
Current GW rate	\$ 23.50	\$ 24.50	
GW Disposal Expense	\$ 277,607.85	\$ 280,177.10	
GW % Increase	1.26%	4.08%	
GW Disposal Increase	\$ 3,497.86	\$ 11,431.23	
# of Current GW customers	12,911	12,699	
Annual \$ Inc/customer	\$ 0.27	\$ 0.90	
Monthly \$ Inc/customer	\$ 0.02	\$ 0.08	\$ 0.10