

City of Piedmont
COUNCIL AGENDA REPORT

DATE: May 7, 2007

FROM: Mark Bichsel, Finance Director

SUBJECT: **Republic Services Inc. Rate Request Increase for FY 2007-08**

RECOMMENDATION

Adopt a 2.752% rate increase for refuse pick-up, recyclables, and green waste collection effective July 1, 2007.

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, 2008 (agreement extended by City Council on June 5, 2006).

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 on February 12, 2007, for a July 1, 2007 effective date. The last rate increase took effect on September 1, 2006.

Calculation of Rate Increase

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 2005 to December 2006, was 3.44% (see attachment C).

Rate Calculation

CPI Change, December 2005 – December 2006:	3.44%
	<u>X 80.00%</u>
Allowable CPI Adjuster:	2.752%

Attachments: A. Residential and Commercial Rates
B. Republic Service Adjustment Request dated February 12, 2007
C. U.S. Department of Labor: Bureau of Labor Statistics: Years 2005-2006

EXHIBIT B

City of Piedmont
Residential and Commercial Rates*

	2007 CPI	Total
CPI Change Period Ending December	3.4400%	
% of CPI subject to Rate Increase	80%	
Rate Increase % Effective July 1, 2007	2.7520%	2.7520%

	CF	Rate to Customer	% CPI Rate Increase	CPI Round Down	New Rate Eff. July 01, 2007
MSW Collection					
SF 20-gallon can (or less)	f	13.13	2.752%	\$ 13.491	13.49
SF 32-gallon can (or less)	f	20.50	2.752%	\$ 21.064	21.06
MFU-32-gallon can (or less)	f	20.50	2.752%	\$ 21.064	21.06
SF&MF-Addtl 32-gallon can	f	23.15	2.752%	\$ 23.787	23.78
Overage Bag	f	5.77	2.752%	\$ 5.929	5.92
SF-Bulky Goods (at curbside)			2.752%	\$ -	
Bulky Goods-On demand		59.53	2.752%	\$ 61.168	61.16
			2.752%	\$ -	
			2.752%	\$ -	
Commercial Rate					
Com. Bin-MSW-1x/wk	f	26.50	2.752%	\$ 27.229	27.22
Com. Bin-MSW-2x/wk	f	25.42	2.752%	\$ 26.120	26.11
Com. Bin-MSW-3x/wk	f	24.34	2.752%	\$ 25.010	25.00
Roll-out Service	f	3.77	2.752%	\$ 3.874	3.87
Bin Exchange/Cleaning		70.35	2.752%	\$ 72.296	72.28
Temporary Bin Service	f	153.85	2.752%	\$ 158.084	158.08
			2.752%	\$ -	
			2.752%	\$ -	
Drop Box-Clean-up Debris					
Drop Box-14 yard	f	27.58	2.752%	\$ 28.339	28.33
Drop Box-20 yard	f	26.50	2.752%	\$ 27.229	27.22
Drop Box-30 yard	f	25.42	2.752%	\$ 26.120	26.11
Drop Box-Mixed C&D (Home remodel by-products) (1)					
Drop Box-14 yard	f	26.50	2.752%	\$ 27.229	27.22
Drop Box-20 yard	f	23.79	2.752%	\$ 24.445	24.44
Drop Box-30 yard	f	21.10	2.752%	\$ 21.681	21.68
Drop Box-C&D (Heavy Inerts) (2)					
Drop Box-6 yard	f	375.65	2.752%	\$ 385.988	385.98
Drop Box-10 yard	f	443.72	2.752%	\$ 455.931	455.93
Drop Box-Clean Green					
Drop Box-20 yard		18.93	2.752%	\$ 19.451	19.45
Drop Box-30 yard		18.93	2.752%	\$ 19.451	19.45
Note: All boxes rates per yard are based on loose yards					
Drop Box-other charges					
On-street surcharge		35.55	2.752%	\$ 36.528	36.52
Drop Box Placement Fee		71.13	2.752%	\$ 73.087	73.08
Note: All boxes are on a 7-day max.sch. And are subject to legal load/weight limits					
			2.752%	\$ -	
			2.752%	\$ -	
Recyclables Collection					
SF-Curbside-2-12-gallon cont.		2.43	2.752%	\$ 2.497	2.49
MFU-Curbside-2-12-gal.cont.		2.43	2.752%	\$ 2.497	2.49
Commercial Bin		8.65	2.752%	\$ 8.888	8.88
			2.752%	\$ -	
			2.752%	\$ -	
Green Waste Collection					
SF-32-gallon can-Weekly		11.57	2.752%	\$ 11.888	11.88
SF-32-gallon can-Biweekly		5.77	2.752%	\$ 5.929	5.92
Overage Bag		2.85	2.752%	\$ 2.928	2.92
Overage Bag discount >100		2.56	2.752%	\$ 2.630	2.63
			2.752%	\$ -	
Emergency Services					
		108.23	2.752%	\$ 111.208	111.20
			2.752%	\$ -	

Note: *The above rates are subject to the Disposal Surcharge pass-through effective 1/1/01
 (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



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CITY CLERK
CITY OF PIEDMONT

February 12, 2007

Mr. Mark Bichsel, Finance Director
City of Piedmont
120 Vista Avenue
Piedmont, CA 94611

Dear Mr. Bichsel:

Re: 2007 CPI RATE ADJUSTMENT

The Agreement Between the City of Piedmont and Republic Services of California, II, LLC for Collection of Solid Wastes, Recyclables and Green Waste date December 4, 2000, provides for annual rate adjustments based on the change if any in the CPI for All Urban Consumers in the San Francisco-Oakland-San Jose Metropolitan Area. To be effective July 1, the CPI calculation and Annual Financial Report must be submitted by March 1 and May 1, respectively. The required annual Financial Report is expected to be available in mid-April.

We hereby submit our calculation for a CPI rate adjustment of 2.752% to be effective July 1, 2007. This adjustment is calculated as follows:

Change in the CPI All Urban Consumers in the San Francisco-Oakland-San Jose Metropolitan Area December 2005-December 2006	3.440%
	<u>x .80 %</u>
Allowable CPI Adjuster	2.752%

Your early consideration of this request will be genuinely appreciated. If you have any questions or need additional information, please call me at (510) 262-1643, or Janna Coverston at (510) 262-1644.

Very truly yours,

Shawn Moberg
General Manager

cc: Kate Black
Janna Coverston
Winnie Lau

3260 Blume Drive • Richmond, CA 94806
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Data extracted on: January 18, 2007 (11:16:25 AM)

Consumer Price Index - All Urban Consumers

Series Id: CUURA422SA0															
Not Seasonally Adjusted															
Area: San Francisco-Oakland-San Jose, CA															
Item: All items															
Base Period: 1982-84=100															
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2005		201.2		202.5		201.2		203.0		205.9		203.4	202.7	201.5	203.9
2006		207.1		208.9		209.1		210.7		211.0		210.4	209.2	207.9	210.6

12 Months Percent Change															
Series Id: CUURA422SA0															
Not Seasonally Adjusted															
Area: San Francisco-Oakland-San Jose, CA															
Item: All items															
Base Period: 1982-84=100															
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2005		1.6		2.1		1.1		2.2		2.8		2.0	2.0	1.7	2.2
2006		2.9		3.2		3.9		3.8		2.5		3.4	3.2	3.2	3.3

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