



Legistar 230174

MEMORANDUM

TO: Public Works and Environmental Committee

FROM: Carl Goldsmith, Director of Public Works *g*

SUBJECT: Solid Waste Contract for 2024-2029

DATE: June 6, 2023

As a follow-up to the discussion held at the May 9, 2023 Committee meeting regarding the negotiations of the Refuse and Recycling Contract, staff has prepared several additional fee proposals for the Committee's review. Attached, please find scenarios that look to establish rates for the residential services and the commercial services.

These scenarios will be discussed at the meeting, but should any member of the Committee has questions in advance of the meeting, please do not hesitate to contact me or Dave Gorman.

Scenario A: (STATUS QUO) Continuing with an escalator on both Commercial and Residential (CPI not to exceed 5%). Equivalent to +2% and +2% in both rates over the five years, assuming 2% annual CPI (on average).

	# Accounts	\$/Mo 2023	Rev - 2024	Rev - 2025	Rev - 2026	Rev - 2027	Rev - 2028	5-yr Total
Residential	11,400	\$16.38	\$2,285,600	\$2,331,312	\$2,377,938	\$2,425,497	\$2,474,007	\$11,894,353
Commercial	955	\$307.16	\$3,590,455	\$3,662,264	\$3,735,509	\$3,810,219	\$3,886,424	\$18,684,870
TOTAL			\$5,876,054	\$5,993,575	\$6,113,447	\$6,235,716	\$6,360,430	\$30,579,223
Res rate, incl \$0.59 VSF:		\$16.97	\$17.30	\$17.63	\$17.97	\$18.32	\$18.67	
Regional Ave +2%CPI		\$20.81	\$21.23	\$21.65	\$22.08	\$22.53	\$22.98	

Scenario B: Increase Residential rate by 5% annually, and hold Commercial rates flat for five years. Equivalent to +16% and -10% over the five years, respectively, assuming a 2% annual CPI.

	# Accounts	\$/Mo 2023	Rev - 2024	Rev - 2025	Rev - 2026	Rev - 2027	Rev - 2028	5-yr Total
Residential	11,400	\$16.38	\$2,352,823	\$2,470,464	\$2,593,988	\$2,723,687	\$2,859,871	\$13,000,833
Commercial	955	\$307.16	\$3,520,054	\$3,520,054	\$3,520,054	\$3,520,054	\$3,520,054	\$17,600,268
TOTAL			\$5,872,877	\$5,990,518	\$6,114,041	\$6,243,741	\$6,379,925	\$30,601,101
Res rate, incl \$0.59 VSF:		\$16.97	\$17.79	\$18.13	\$18.48	\$18.84	\$19.21	
Regional Ave +2%CPI		\$20.81	\$21.23	\$21.65	\$22.08	\$22.53	\$22.98	

Scenario C: Increase Residential rate by 8% annually, and reduce Commercial rates by 3% for five years. Equivalent to +34% and -28%, respectively, assuming 2% annual CPI.

	# Accounts	\$/Mo 2023	Rev - 2024	Rev - 2025	Rev - 2026	Rev - 2027	Rev - 2028	5-yr Total
Residential	11,400	\$16.38	\$2,420,047	\$2,613,650	\$2,822,742	\$3,048,562	\$3,292,447	\$14,197,448
Commercial	955	\$307.16	\$3,414,452	\$3,312,018	\$3,212,658	\$3,116,278	\$3,022,790	\$16,078,196
TOTAL			\$5,834,499	\$5,925,669	\$6,035,400	\$6,164,840	\$6,315,237	\$30,275,645
Res rate, incl \$0.59 VSF:		\$16.97	\$18.28	\$18.63	\$19.00	\$19.36	\$19.74	
Regional Ave +2%CPI		\$20.81	\$21.23	\$21.65	\$22.08	\$22.53	\$22.98	

Scenario D: (BEST ADJUSTMENT TO MARKET RATES AND EXPECTATION FOR AN RFP) Increase Residential rate in Year 1 by 25% to match regional average and then by 2%, and decrease Commercial rates by 3% for five years. Residential annual average increase is +5.4%. Equivalent to +35% and -23%, respectively, assuming 2% annual CPI.

	# Accounts	\$/Mo 2023	Rev - 2024	Rev - 2025	Rev - 2026	Rev - 2027	Rev - 2028	5-yr Total
Residential	11,400	\$16.38	\$2,800,980	\$2,857,000	\$2,914,140	\$2,972,422	\$3,031,871	\$14,576,412
Commercial	955	\$307.16	\$3,414,452	\$3,312,018	\$3,212,658	\$3,116,278	\$3,022,790	\$16,078,196
TOTAL			\$6,215,432	\$6,169,018	\$6,126,797	\$6,088,701	\$6,054,661	\$30,654,609
Res rate, incl \$0.59 VSF:		\$16.97	\$21.07	\$21.47	\$21.89	\$22.32	\$22.75	
Regional Ave +2%CPI		\$20.81	\$21.23	\$21.65	\$22.08	\$22.53	\$22.98	