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City of South Gate
CITY COUNCIL

Item No. 2

CITY OF SOUTH GATE
OFFICE OF THE CITY MANAGER

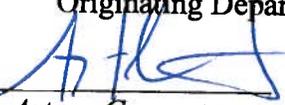
9:20am

AGENDA BILL

For the Regular Meeting of: January 26, 2021

Originating Department: Public Works

Department Director:


Arturo Cervantes

Interim City Manager:


Chris Jeffers

SUBJECT: RATE INCREASE FOR RESIDENTIAL AND COMMERCIAL REFUSE COLLECTION AND RECYCLING SERVICES AND PUBLIC HEARING AND RESOLUTION AMENDING THE SCHEDULE OF FEES TO INCREASE THE RESIDENTIAL REFUSE COLLECTION AND RECYCLING SERVICES RATES FOR FISCAL YEAR 2020/21

PURPOSE: This item was continued from the regularly scheduled City Council Meeting of November 24, 2020. The City’s Franchise Agreement with USA Waste of California, Inc., dba Waste Management of Los Angeles (WM), stipulates automatic, annual rate increases for refuse collection and recycling services based on the Consumer Price Index (CPI). The City Council requested staff to inquire if WM would either defer or reduce the CPI increase due to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic impacts upon both residents and small businesses in the community. Unfortunately, WM, while sympathetic to these impacts, is unable to comply with the requests.

The City Council Waste Management Subcommittee still feels that impacts upon the community are significant especially as Los Angeles County continues to experience surging COVID-19 infection cases. To mitigate the financial impacts of the COVID-19 pandemic, the Waste Management Subcommittee’s recommendation is to provide a temporary COVID-19 refuse CPI payment assistance program to all residential and commercial refuse collection services customers by which the City will pay, on the customers’ behalf, the costs of the CPI increase for seven months of billings, from July 1, 2020 through January 31, 2021. These costs would be covered by the City’s Refuse Collection Fund reserves, not the General Fund. Both Waste Management and the City will begin implementation of the 3.36% CPI increase to customers on their March 2021 billings, for refuse collection services performed in February 2021, as required under Contract No. 2222, the Franchise Agreement with WM.

RECOMMENDED ACTIONS: Following the conclusion of the Public Hearing, the City Council will consider the Waste Management Subcommittee’s recommendations:

- a. Approve the temporary COVID-19 refuse CPI payment assistance program for the City to pay the 3.36% CPI increase to Waste Management on behalf of residential and commercial refuse collection and recycling services customers for the billings covering services from July 1, 2020 through January 31, 2021, with the City’s Refuse Collection Funds;
- b. Approve applying a 3.36% CPI increase applicable to residential and commercial refuse collection and recycling services for Fiscal Year 2020/21, in compliance with Contract No. 2222, the Franchise Agreement with USA Waste of California, Inc., dba Waste Management of Los Angeles (Waste Management), effective February 1, 2021;

- c. Adopt Resolution amending Resolution No. 7872 (Schedule of Fees) to apply a 3.36% CPI increase to residential refuse collection and recycling services for Fiscal Year 2020/21, effective February 1, 2021;
- d. Appropriate \$193,000 from the unrestricted fund balance of the City's Refuse Collection Fund to account number 413-733-51-6720 (Refuse Collection Fund – Utilities) for the COVID-19 refuse CPI payment assistance program; and
- e. Authorize the Interim City Manager to implement the COVID-19 refuse CPI payment assistance program to compensate Waste Management \$192,136.42 which represents the full cost of the 3.36% CPI increase should it have been applied for the period of July 1, 2020 through January 31, 2021, as required under Contract No. 2222.

9/1/21
FISCAL IMPACT: The proposed COVID-19 refuse CPI payment assistance program is in the amount of \$192,136.42. The amount of the proposed appropriation to fund the program is \$193,000, which will be funded with reserves in the City's Refuse Collection Fund. The refuse collection and recycling service rates for WM services will increase by 3.36%, effective for all service sectors starting with services delivered on February 1, 2021. As an example of the new service rates, the average monthly refuse collection service charge for residential accounts will increase from \$18.78 to \$19.41. Attachment "A" contains the amended Schedule of Fees and the rates for residential refuse customers.

NOTICING REQUIREMENTS: A public hearing notice was duly published in *the Los Angeles Wave*, a newspaper of general circulation, on Thursday, July 30, 2020. The first public hearing was conducted on August 11, 2020, and since then, the City Council has continued the public hearing several times to allow City staff and WM to discuss the CPI increase. The scope of the public hearing was to publicize the proposed amendment to the Schedule of Fees.

ANALYSIS: On May 10, 2005, the City Council approved Contract No. 2222, a Franchise Agreement with USA Waste of California, Inc., dba Waste Management of Los Angeles (WM), authorizing WM to be the exclusive provider of refuse collection and recycling services in the City. As the City's franchise refuse hauler, WM services residential, commercial and industrial properties. WM provides numerous services which include but are not limited to: refuse collection, recyclables collection, organic waste collection, needle/sharps disposal by mail, roll-off bins, free backyard service for disabled residents, and free bulky item pick up once a month.

The Franchise Agreement provides for automatic annual rate increase for residential and commercial refuse collection and recycling services based on the CPI. Section 4.7 (Rate Adjustments) of Contract No. 2222 with WM stipulates that the service rates shall be adjusted annually, by an annual CPI adjustment, for both: (a) Commercial/Industrial Services, and (b) Residential Refuse Collection and Recycling Services.

Annually, the City Manager approves the residential and commercial refuse collection rate increase as stipulated in Contract No. 2222. The City Council subsequently adopts a Resolution to amend the Schedule of Fees to apply the approved increase to the residential refuse service rates.

The City Council requested WM to consider waiving the CPI increase for Fiscal Year 2020/21 as a mitigation measure for the financial impacts of the COVID-19 pandemic. WM, while understanding of the hardship many residents and businesses are facing, was unable to honor the request for a variety of reasons. On October 13, 2020, the City Council formed the Waste Management Subcommittee to review alternatives and selected Mayor Maria Davila and Council Member Denise Diaz to serve as the Waste Management Subcommittee Members. As of today,

the CPI increase for Fiscal Year 2020/21 has not been applied to residential or commercial refuse collection rates.

The Waste Management Subcommittee, along with the Interim City Manager Chris Jeffers, Assistant City Manager/Director of Public Works Arturo Cervantes and Director of Administrative Services Jackie Acosta, met two times to discuss the issue and consider possible solutions. The Waste Management Subcommittee recognized that residential and commercial refuse customers have been financially impacted by the COVID-19 pandemic, and that it would be prudent to provide some level of financial relief, yet realized that Contract No. 2222 does bind the City to permitting the CPI increase just as in all the previous years.

The Waste Management Subcommittee recommends that the City Council consider providing financial assistance equal to what refuse customers would have paid starting on July 1, 2020 through January 31, 2021, for the value of the CPI increase, in the amount of \$192,136.42, for all refuse customers served by Waste Management as required under the Franchise Agreement. If this is approved, refuse collection customers would start to be billed the 3.36% CPI increase in March 2021 (for services received in February 2021) through the remainder of Fiscal Year 2020/21.

Under this recommendation, residential and commercial refuse collection customers would not be retroactively billed for the 3.36% CPI increase for the period of July 1, 2020 through January 31, 2021. The total savings to residential and commercial refuse collection customers is \$73,504.20 and \$118,632.22, respectively. After the 3.36% CPI increase is applied, residential refuse collection customers can expect to pay an average increase of \$0.63 per month starting with the bill in March 2021, for refuse collection services received in February 2021.

The alternative would be for the City to retroactively bill its residential refuse collection customers for the full CPI value going back to July 1, 2020, and for Waste Management to bill the same for commercial refuse collection customers. The Waste Management Subcommittee feels that would be an undue hardship for all involved during these challenging times.

Another alternative would be for the City to pay the entire year of the CPI increase which would be in excess of \$325,000 for the entire 2020/21 Fiscal Year. The Waste Management Subcommittee feels that this would be an unsound financial practice for the City to undertake given the recent discussion of COVID-19 financial impacts on the City's current Municipal Budget.

It is noted that the proposed Resolution is specifically focused on increasing the rates for residential refuse collection and recycling services. This is because the Schedule of Fees only contains the residential refuse collection rates, which the City bills. It does not contain commercial refuse collection rates because WM bills commercial refuse collection customers directly. Even though the proposed Resolution does not adjust the refuse collection rates for commercial and industrial services, a CPI increase of 3.36% will be applied to commercial and industrial customers. The impact of the increase for this sector of customers will depend on the services they have requested from WM. Their CPI increase will also become effective February 1, 2021.

The public hearing was originally held on August 11, 2020, and the City Council continued the public hearing to August 25, 2020, September 22, 2020, October 27, 2020, November 24, 2020 and January 26, 2021. This provided WM and City staff sufficient time to review and discuss the alternatives for waiving the CPI increase.

The amount of \$192,136.42 proposed by the City to pay WM was based on current refuse collection service billings, as follows:

- **Residential:** The current WM billing to the City for residential refuse collection service has been \$312,518.00 per month since July 1, 2020. This amount does not include the City's 15% franchise fee (FF) as the City would otherwise deduct the FF from the payment to WM for residential customer services. The CPI increase of 3.36% would increase that monthly billing to the City to \$323,018.60, an increase of \$10,500.60. If the City approved the rate increase starting February 1, 2021, WM would need to be made whole in the amount of \$73,504.20 ($\$10,500.60 \times 7$ months) for just the residential refuse collection service.
- **Commercial:** The current WM billing to commercial customers has been an average of \$400,143.66 per month since July 1, 2020. This includes the City's FF amount, which WM forwards to the City. That amount would have been \$360,649.16 with the CPI adjustment of 3.36%, but without the City FF. With a 3.36% CPI increase starting on February 1, 2021, WM would need to be made whole in the amount of \$82,067.23 ($\$11,723.89 \times 7$ months), which represents the amount that WM would have billed to customers net of the City FF payment. The City recognizes it would be forgoing any City FF in this "true up" calculation for the seven-month period.
- **Roll-Off:** The current WM billing to roll-off customers has been \$178,283.55 per month since July 1, 2020. This includes the City's FF amount, which WM has forwarded to the City. That amount would have been \$160,686.82 with the CPI adjustment of 3.36%, but without the City FF. With a 3.36% CPI increase starting on February 1, 2021, WM would need to be made whole in the amount of \$36,564.99 ($\$5,223.57 \times 7$ months), which represents the amount that WM would have billed to customers, net of the City FF payment. The City recognizes it would be forgoing any City FF in this "true up" calculation for the seven-month period covered.

In total, the City will compensate WM a total of \$192,136.42 to cover the CPI increase on refuse collection services from July 1, 2020 through January 31, 2021. This amount is based on current billings as summarized above.

To effectuate the Waste Management Subcommittee's recommendations, the City Council will need to:

1. Approve waiving the 3.36% CPI increase between July 1, 2020 and January 31, 2021 for residential and commercial refuse collection customers;
2. Approve applying a 3.36% CPI increase effective February 1, 2021 through June 30, 2021 for both residential and commercial refuse collection customers;
3. Adopt a Resolution amending the Schedule of Fees to apply the 3.36% CPI increase for residential refuse collection customers;
4. Appropriate \$193,000 from the unrestricted fund balance of the City's Refuse Collection Fund for the COVID-19 refuse CPI payment assistance program as described; and
5. Authorize the Interim City Manager to compensate WM in the amount of \$192,136.42, the full cost of the 3.36% CPI increase for the period of July 1, 2020 through January 31, 2021, as required under Contract No. 2222, and as recommended by the City Council Waste Management Subcommittee.

Waste Management agreed with the above calculations and agreed with the Waste Management Subcommittee's recommendations before the City Council tonight.

Finally, if the City Council approves these recommendations, staff will notify refuse collection customers of the financial assistance being provided to them by the City for the seven-month period and will notify them of the 3.36% CPI increase starting in March 2021, for refuse collection services received in February 2021, through and including June 30, 2021.

- ATTACHMENTS:**
- A. Proposed Resolution
 - B. Notice of Public Hearing
 - C. Letter: Request from Waste Management
 - D. Section 4.7.3 of Contract No. 2222

AM:lc

RESOLUTION NO. _____

**CITY OF SOUTH GATE
LOS ANGELES COUNTY, CALIFORNIA**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH GATE, CALIFORNIA, AMENDING RESOLUTION NO. 7872 (SCHEDULE OF FEES) TO APPLY A 3.36% CPI RATE INCREASE TO RESIDENTIAL REFUSE COLLECTION AND RECYCLING SERVICES FOR FISCAL YEAR 2020/21, EFFECTIVE FEBRUARY 1, 2021.

WHEREAS, the City of South Gate (“City”) must, from time to time, adjust the schedule of fees charged for various services provided to the residents of the City;

WHEREAS, on May 10, 2005, the City Council approved Contract No. 2222, a Franchise Agreement with USA Waste of California, Inc., (“Agreement”), dba Waste Management of Los Angeles (“Waste Management”) authorizing Waste Management to be the exclusive provider of refuse collection and recycling services in the City;

WHEREAS, that Agreement provides for an automatic annual increase in the rates, based on the percentage increase in the Consumer Price Index (CPI), All Urban Consumers, for the Los Angeles/Riverside/Orange County metropolitan area, as published by the United States Department of Labor, Bureau of Labor Statistics;

WHEREAS, the CPI, All Urban Consumers, for the Los Angeles/Riverside/Orange County, as published by the United States Department of Labor, Bureau of Labor Statistics no longer exists and has been replaced with the CPI, All Urban Consumers, for the Los Angeles/Long Beach/Anaheim metropolitan area, as published by the United States Department of Labor, Bureau of Labor Statistics;

WHEREAS, the CPI, All Urban Consumers, for the Los Angeles/Long Beach/ Anaheim, as published by the United States Department of Labor, Bureau of Labor Statistics for the period of February 2019 to February 2020 is 3.36% which CPI shall be applied to increase the fees for residential refuse collection and recycling services; and

WHEREAS, a duly noticed Public Hearing concerning this matter was conducted, as required by law, on January 26, 2021.

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF SOUTH GATE DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Council does hereby approve the temporary COVID-19 refuse payment assistance program in which the City will pay the 3.36% CPI rate increase to Waste Management on behalf of residential and commercial refuse collection and recycling services customers for the billings covering services from July 1, 2020 through January 31, 2021, with Refuse Funds.

SECTION 2. The City Council hereby amends the residential refuse collection and recycling services rates contained in the Schedule of Fees, Resolution No. 7872, as follows:

Standard Monthly Service Charge for Residential Customers:	2019/20	2020/21
101 Gallon Bin	\$18.78	\$19.41
Extra Bin	\$12.08	\$12.49
64 Gallon Bin	\$17.03	\$17.60
Extra Bin	\$8.42	\$8.70

SECTION 3. The City Council hereby approves the refuse collection and recycling services fees as noted in this Resolution to be effective as of February 1, 2021.

SECTION 4. The City Clerk shall certify to the adoption of this Resolution which shall be effective upon its adoption.

PASSED, APPROVED and ADOPTED this 26th day of **January 2021**.

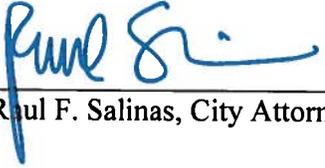
CITY OF SOUTH GATE:

By: _____
Maria Davila, Mayor

ATTESTED:

By: _____
Carmen Avalos, City Clerk
(SEAL)

APPROVED AS TO FORM:

By:  _____
Raul F. Salinas, City Attorney

Office of the
South Gate City Clerk

JUL 27 2020

FILED

**CITY OF SOUTH GATE
NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the City Council of the City of South Gate, California, will conduct a Public Hearing to consider adopting a resolution amending the City's Schedule of Fees to establish the 2020/21 residential refuse collection and recycling service fees.

A copy of the proposed service rates may be reviewed in the City Clerk's office during normal business hours. The Public Hearing is schedule for:

DATE: TUESDAY, AUGUST 11, 2020
TIME: 6:30 p.m.
LOCATION: COUNCIL CHAMBERS
SOUTH GATE CITY HALL
8650 CALIFORNIA AVENUE
SOUTH GATE, CA 90280

NOTICE IS HEREBY GIVEN that any and all persons interested in the matter hereinabove set forth are privileged to attend said hearing and then and there testify or present evidence upon any matter relating thereto.

THIS NOTICE IS GIVEN by the order of the City Clerk of said City and is dated this July 27, 2020.


Carmen Avalos, City Clerk

Publication date: July 30, 2020

Account No.: 251-714-25-6302



April 1, 2020

Mr. Mike Flad
City Manager
City of South Gate
8650 California Ave
South Gate, CA 90280

RE: 2020/2021 Residential, Commercial and Industrial Rate Adjustment

Dear Mr. Flad,

Pursuant to Section 18.5 of the exclusive solid waste agreement, we respectfully request an annual adjustment of service rates. Please find the attached files in support of this request. The index as outlined in the agreement cites usage of the Los Angeles-Riverside-Orange County for rate adjustment calculation. However, the index referenced has been eliminated and is no longer in existence, therefore, as in previous years, we have used the Los Angeles- Long Beach-Anaheim index for the rate adjustment calculation for the 2020/2021 contract year.

Calculated Adjustment Per Approved Rate Calculation Methodology 3.36%

This adjustment would increase the basic residential monthly service rate from \$18.78 per month to \$19.41 per month.

We are proud to be your partner in providing meaningful environmental programs to the City of South Gate. Thank you for your favorable consideration. We look forward to discussing this request (and future requests) in further detail.

Sincerely,

A handwritten signature in blue ink, which appears to read 'Sharon Shapiro-Fox', is written over the typed name.

Sharon Shapiro-Fox
Regional Public Affairs Manager
South Bay
Waste Management of Southern California

Schedule of Rates

Residential Collection Services Fees

For each single family residence and for each dwelling-unit within a multiple-unit residential complex (excluding those residences or dwelling units occupied by a qualified low income senior citizen), Effective as of the Effective date: July 1, 2012

a. Standard Monthly service charge for recycling services and for servicing one (1) standard residential refuse container of a 96 to 101-gallon capacity (including an administrative fee of \$2.02)	\$ 19.41
b. Reduced monthly service charge for recycling services and for servicing one (1) standard residential refuse container of a 60 to 67-gallon capacity (including an administrative fee of \$1.91)	\$ 17.60
c. Extra monthly service charge for each additional standard refuse container of a 96 to 101-gallon capacity (including an administrative fee of \$.43)	\$ 12.49
d. Extra monthly service charge for each additional standard refuse container of a 60 to 67-gallon (including an administrative fee of \$.30)	\$ 8.70

Senior Citizen-Residential

For each single family residence and for each dwelling-unit within a multiple-unit residential complex which is occupied by a low-income senior citizen, effective as of the Effective date:

a. Standard Monthly service charge for recycling services and for servicing one (1) standard residential refuse container of a 96 or 101-gallon capacity. (This reflects a discount of \$4.00 per month and includes an administrative fee of \$2.02.)	\$ 13.08
b. Reduced monthly service charge for recycling services and for servicing one (1) standard residential refused container of a 60 or 67-gallon capacity. (This reflects a discount of \$4.00 per month and includes an administrative fee of \$1.91)	\$ 11.29
c. Extra monthly service charge for each additional standard refuse container of a 96 to 101-gallon capacity. (This includes an administrative fee of \$.43)	\$ 12.49
d. Extra monthly service charge for each additional standard refuse container of a 60 to 67-gallon (This includes an administrative fee of \$.30)	\$ 8.70

Ancillary Rates

a. Loss/Stolen Replacement are applied when a customers container is lost/stolen due to negligence (e.g. left out on non-service day).	\$ 58.27
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City of South Gate 2020-2021 Commercial and Industrial Rates

Commercial/Industrial Service Rates (Effective July 1, 2020)

1. Commercial Service

Bin Size	1X WK	2X WK	3X WK	4X WK	5X WK	6X WK
64 gallon container	\$31.59	\$63.18	\$94.76	\$126.35	\$157.94	\$189.53
96 gallon container	\$39.69	\$79.39	\$119.08	\$158.78	\$198.47	\$238.16
2 cy rate/month	\$124.68	\$201.38	\$277.74	\$354.29	\$461.80	\$540.74
3 cy rate/month	\$160.50	\$253.13	\$343.23	\$434.64	\$525.29	\$614.86
4 cy rate/month	\$185.23	\$296.35	\$411.19	\$524.77	\$638.38	\$735.93
5 cy rate/month	NA	NA	NA	NA	NA	NA
6 cy rate/month	\$281.54	\$463.78	\$643.08	\$829.73	\$1,007.53	\$1,198.78

Extra pick up charges per bin	2 yard	3 yard	4 yard	5 yard	6 Yard
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EXHIBIT A

	\$56.72	\$72.91	\$89.17	\$105.32	\$121.53
Overage fee per bin	2 yard	3 yard	4 yard	5 yard	6 Yard
	\$56.72	\$72.91	\$89.13	\$105.32	\$121.53
Front Load Compactor	2 yard	3 yard	4 yard	5 yard	6 Yard
	\$371.64	\$481.49	\$555.68	\$703.83	\$844.63
CO Compactor XPU	\$113.44	\$145.84	\$178.25	\$210.65	\$243.06

2. Other Services and Fees						
a. Push Out						
Per bin per month	\$31.89	\$62.04	\$88.62	\$115.20	\$141.80	\$159.52
Per bin per month	\$49.25	\$86.99	\$128.67	\$164.11	\$200.20	\$237.96
c. Locking Lids						
Per bin per month	\$15.95	\$23.05	\$31.89	\$40.76	\$48.75	\$56.72
d. Bulky Item pick-up (Including e-waste)						
		\$32.92				
e. Commercial Recycling Contamination Fee:						
		\$26.34				
f. Commercial Reactivation from bad debt:						
		\$26.31				

Commercial Recycling Rate

South Gate Commercial Single Stream Recycling Rate						
Commercial Recycle	Ratepayer Charges					
Bin Size	1X WK	2X WK	3X WK	4X WK	5X WK	6X WK
35 gallon container	\$20.24	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
64 gallon container	\$24.56	\$39.71	\$0.00	\$0.00	\$0.00	\$0.00
96 gallon Container	\$23.17	\$46.34	\$69.52	\$0.00	\$0.00	\$0.00
2 cy rate/month	\$64.60	\$104.32	\$143.87	\$183.53	\$0.00	\$0.00
3 cy rate/month	\$76.21	\$120.18	\$162.97	\$206.38	\$249.42	\$291.95
4 cy rate/month	\$79.95	\$127.93	\$177.50	\$226.52	\$275.56	\$317.67
6 cy rate/month	\$109.37	\$180.16	\$249.82	\$322.35	\$391.41	\$465.72

Organics Service

Bin Size	1	2	3
64 gallon container			
Collection	\$21.81	\$43.63	\$65.44
Processing	\$39.96	\$79.93	\$119.89
Total	\$61.78	\$123.56	\$185.34
Each Additional Cart	\$55.23	\$110.46	\$165.69
2 cy rate/month			
Collection	\$86.10	\$139.07	\$191.80
Processing	\$159.85	\$319.70	\$479.55
Total	\$245.96	\$458.77	\$671.35
Each Additional Cart	\$220.12	\$417.04	\$613.81

Organics collections is currently offered on Mondays, Wednesday and Fridays only

3. ROLL OFF SERVICE Including C&D		
Commercial - 5 ton minimum; Residential C&D - 3 ton minimum		
All Containers - any size	Haul Rate	\$348.96
	Delivery Fee	\$125.10
	Trip Charge	\$131.68
	Relocation Char	\$131.68
Compactor Service	Haul Rate	\$459.50
Disposal Fee per ton		\$68.73
Roll off Weekly Rental Fee		\$59.25

4. Residential services offered - 3-yard temporary bin

Cost per container (includes 7 day rental & disposal)	\$237.22
Additional pick-up	\$93.71
Weekly rental beyond initial 7 days	\$52.67

RO Rate Extended Businesses

	Delivery	Open Top w/ 5 tons	Compactor w/5 tons	Over Tons	Relocate	Trip	Rental/ Wk
Perm	\$125.10	\$692.58	\$803.12	\$68.73	\$131.68	\$131.68	\$8.46
Temporary	\$125.10	\$692.58	N/A	\$68.73	\$131.68	\$131.68	\$8.46

RO Rate Extended Residential

Temporary	\$125.10	\$555.13	N/A	\$68.73	\$131.68	\$131.68	\$8.46
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5. Religious and Non-Profit commercial discount services

Religious institutions or non-profit organizations registered under Section 501(c)(3) of the

Ancillary Rates

R/O recycling rate- per haul	\$	173.40
Recycling Extra Pick-up fee- \$ 50% of MSW rate		
CM delivery fee	\$	33.52
R/O auto resume	\$	26.16
Commercial Auto Resume Fee	\$	26.16
CM Set-up Fee	\$	26.16
R/O Set-up Fee	\$	17.48

Proposed Rates

AB 341 Non-Compliance Fee - per month	\$	11.28
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4.7.3 Annual C.P.I. Adjustment. Commencing January 1, 2007 (for commercial/industrial services) and July 1, 2006 (for residential services), and each January 1 or July 1 thereafter for the term of the Agreement (in accordance with the timing and procedures set forth in Section 4.7.2). Contractor shall be entitled to a cost-of-living increase or decrease tied to the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for all Urban Consumers (CPI-U) for the Los Angeles-Riverside-Orange CA All Items (1982-84=0), hereinafter referred to as the CPI, for the year prior to the month of February immediately preceding the date of the adjustment. Contractor shall provide City with the adjusted rates, if any, by April 15 to meet the July solid waste billing. Contractor's failure to provide such rates in a timely manner shall not constitute a waiver of its right to the CPI increase. In the event that publication or compilation of the CPI shall be transferred to any other government department or agency or shall be discontinued, then the parties shall utilize the index most nearly the same as the CPI to make such calculation. In the event that the Contractor and City cannot agree on such an index, the matter shall be submitted for non-judicial binding arbitration, each side to bear equal costs.

4.7.4 Extra Cost Increase Adjustment. The Contractor may apply for an increase in excess of the C.P.I. adjustment set forth in Section 4.7.3, for cost increases for certain component costs of collection. If a collection cost component of Contractor's cost is ten percent (10%) or more of the total cost of collection and Contractor shows the need for the requested cost rate increase by providing documentation that this component of Contractor's collection costs have increased by one hundred fifty percent (150%) or more than the percentage increase in the C.P.I. for the previous year, then that portion of Contractor's rate which that cost component represents shall increase by the percentage increase of the cost component. For example as to this Section 4.7.4, if the fuel component is fifteen percent (15%) of Contractor's cost of collection and the cost of fuel increases in a particular year by nine percent (9%), and the CPI for that year increases by six percent (6%), then the fuel cost component of Contractor's rate shall automatically increase by nine percent (9%) and the remaining components of the Contractor's rate shall increase by the six percent (6%) CPI for that year.

Contractor shall submit any and all data requested by and in the format prescribed by the City Manager for any requested cost increase request, The Council shall consider the