



City of Dripping Springs

Post Office Box 384
511 Mercer Street
Dripping Springs, Texas 78620

Agenda Item Report from:

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| Council Meeting Date: | June 7, 2022 |
| Agenda Item Wording: | Discuss and consider approval of a rate increase request from Waste Connections related to the 2020 Franchise Agreement between the City of Dripping Springs and Waste Connections. Applicant: John Harris, Waste Connections |
| Agenda Item Requestor: | John Harris, Waste Connections |
| Council Member Sponsor: | |

Summary/Background:

We currently have a Contract and Franchise Agreement with Waste Connections Lone Star for solid waste services within the City Limits. In the Agreement, Waste Connections can request a rate increase up to once annually based on an increase in "fuel costs, taxes, fee, or regulations." On May 10, 2022, Waste Connections has requested an 8.5% increase in rates for residential services based on an increase in the cost of fuel, wages, and equipment. The back up information related to this request includes equipment increase tracking reports, increase in raw materials and CPI costs, Exxon Mobil price increase including gas, and Diesel Pricing. These increases are in excess of 8.5% as documented. The changes will be as follows:

| | <u>July,</u> <u>2020</u> | <u>July,</u> <u>2022</u> | <u>% Increase</u> |
|---|-----------------------------|-----------------------------|-------------------|
| Residential Services | | | |
| 95-Gallon Solid Waste Collection | \$13.75 | \$14.92 | 8.5% |
| 95-Gallon Recycle Collection (Optional) | \$5.50 | \$5.97 | 8.5% |

The increase in prices, if approved, will be staggered as the summer bills go out.

11.02. Modification to Rates

- The rates and prices set by Exhibit "A" and Exhibit "C" are to remain in place through the entire contact period as stated, including stated increases. If the Contractor wishes to modify the rates or prices, Contractor must give sixty (60) days notice to the City and rates may only be increased with the approval of the City. If rates are increased, the Contractor shall give sixty (60) days notice to the affected customers. Notice to customers of rate or price increases shall be in a form prescribed by the City. Notice to the City must be by certified mail, return receipt requested.
- At any time during the term of this Agreement, the Contractor may petition the City for rate and price adjustments based on an increase in cost of operations from increased fuel costs, taxes, fee, or regulations. Contractor may seek a rate increase no more than once per year. Any such adjustment of the rates and/or prices requires prior written approval by the City, which approval shall not be unreasonably conditioned, withheld or denied. Failure by the City to act within thirty (30) days of a petition constitutes a denial.
- The rates may only be adjusted by the proportionate share of any change in expenditures (whether capital or operational) required by federal, state or local law, regulation, rule, ordinance, or order that

becomes effective after the Effective Date of this Agreement, if it was not imposed as a penalty or sanction because of action or inaction of Contractor to comply with a legal requirement. The rates may only be adjusted by the proportionate share of any change in expenditures (whether capital or operational) necessitated by increased fuel or other costs. The Contractor shall furnish the City with calculations showing the basis for any such adjustment.

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| Commission Recommendations: | N/a |
| Actions by Other Jurisdictions/Entities: | N/a |
| Previous Council Action: | N/a |
| Recommended Council Action: | Approval of the rate adjustment. |
| Alternatives/Options: | Deny rate adjustment; ask for additional information. |
| Budget/Financial Impact: | Increase in charges will lead to a slight increase in franchise fees. |
| Attachments: | Attachments are listed in report above. |
| Related Documents at City Hall: | Solid Waste Agreement Documents |
| Public Notice Process: | If approved, the City and Waste Connections will issue a press release. |
| Public Comments: | |
| Enforcement Issues: | |
| Comprehensive Plan Element: | |
| Next Step/Schedule: | If approved, a press release will be issued. |