



City of Eustis

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TO: EUSTIS CITY COMMISSION
FROM: TOM CARRINO, CITY MANAGER
DATE: NOVEMBER 16, 2023
RE: RESOLUTION NUMBER 23-103: REFUSE COLLECTION RATE INCREASE

Introduction

Resolution Number 23-103 increases Waste Management total refuse rates for residential customers by \$0.90 cents or 4.97%, overall, effective January 1, 2024. Commercial rates vary depending on the service but the increase is similar to the residential rate increase. While the Garbage and Trash Collection Index (G&TC) was up 6.94%, the actual percentage increase was less due to the Disposal fee holding at \$4.42, since 2014 when the rate was \$4.50. This is higher than the overall CPI in September 2023, which registered 3.70%. The G&TC measures items attributable to the prices paid by consumers for a market basket of goods and services. Factors which impact the G&TC include: tariffs, steel, tires, and fuel costs.

The contract with Waste Management will expire December 2024. We anticipate going out to bid during the first quarter of calendar year 2024. This will allow the companies to adapt to either the addition or deletion of Eustis Service.

Recommended Action

Staff recommends approval of Resolution Number 23-103.

Background

The City of Eustis contracts refuse and recycling services to Waste Management, Inc. of Florida (WMI) via an exclusive franchise agreement. The franchise agreement with WMI, states that the provider may request an annual adjustment in the collection and other non-disposal portions of the services of the curbside residential recycling collection rate, the residential solid waste collection services rates, and the commercial solid waste collection rates.

In the past, the refuse collection rate was based on the Refuse Rate Index (RRI), which factors in labor, fuel, and truck costs and repairs. Due to the volatility of the RRI, the City and Waste Management opted for the Garbage and Trash Collection CPI, which reflected a lower increase and provides less volatility as the methodology is not based on the RRI components but rather a statistic refuse collection.

<u>Breakdown of Increase in Fees</u>	<u>Jan. 1, 2023</u>	<u>% Increase</u>	<u>Jan. 1, 2024</u>
The Solid Waste Collection	\$ 7.92	6.94%	\$ 8.47
Recycling Collections	<u>4.20</u>	6.90%	<u>4.49</u>
Total Hauling Fee	\$12.12	6.93%	\$12.96
Disposal Fee	4.42	0.00%	4.42
Franchise Fee (7% Hauling & Disposal)	1.16	5.17%	1.22
Billing Charge	<u>0.42</u>	0.00%	<u>0.42</u>
Total Charges	<u>\$18.12</u>	4.97%	<u>\$19.02</u>

Below is a list of Garbage Rates within the County with the proposed Eustis rate in yellow:

<u>Comparison</u>	
<u>Residential Garbage Rates</u>	
Lady Lake	\$ 15.41
Leesburg	\$ 17.53
Current	\$ 18.12
Eustis Proposed	\$ 19.02
Fruitland Park	\$ 19.65
Groveland	\$ 19.88
Astatula	\$ 20.87
Mount Dora	\$ 22.11
Clermont	\$ 23.08
Umatilla	\$ 23.16
Minneola	\$ 23.41
Montverde	\$ 26.79
Mascotte	\$ 26.81
Tavares	\$ 27.08
Lake County	\$ 28.75
Howey in the Hills	\$ 28.87

Residential Garbage Fees
Lowest to highest

While the hauling overall index increased 6.93% the combined total rate increased 4.97%, due to the disposal fee and billing charge remaining the same. The Franchise fee only increased 5.17% based on the combined cost of the Hauling Fee plus the Disposal Fee ($\$12.96 + \$4.42 = \$17.38 \times .07 = \1.22).

The proposed collection rate for 2024 is **\$19.02** based on the Garbage and Trash Collection CPI, an increase of \$0.90 cents per month over the current rate. The Hauling Rate considered was **6.93%** for September 2023.

Alternatives

1. Approve Resolution Number 23-103 increasing the total refuse rates by \$0.90 cents per month for a single-family home.
2. Reject Resolution Number 23-103 and provide further direction to staff.

Discussion of Alternatives

1. Alternative 1 approves Resolution Number 23-103.
 - a. Advantages
 - i. The City is in compliance with the franchise agreement.
 - ii. The rate increase is determined by an independent source.
 - iii. The Eustis rate is the eleventh lowest in the County.
 - iv. The City will realize approximately \$14,000 franchise fee revenue based on the rate increase and growth within the City.
 - b. Disadvantages
 - i. Customers will bear the \$0.90 cents per month increase in cost. This is higher than the overall CPI increase for September 2023 3.70%, compared to the Garbage and Trash Collection rate of 6.94%.
2. Alternative 2 rejects Resolution Number 23-103.
 - a. Advantages
 - i. Customers will not bear the small increase in rates.
 - b. Disadvantages
 - i. City would be in violation of the contract with Waste Management.
 - ii. Non-compliance with the contract could jeopardize refuse and recycling services.

Community Input

Opportunity for community input will be provided during the regularly scheduled public commission meeting to be held on November 16, 2023. The meeting will be advertised according to law.

Prepared By

Mike Sheppard, Finance Director

Attachments

- Resolution Number 23-103
- Exhibits 1 through 7 Residential and Commercial Rates