



City of Eustis

P.O. Drawer 68 • Eustis, Florida 32727-0068 • (352) 483-5430

TO: EUSTIS CITY COMMISSION
FROM: TOM CARRINO, CITY MANAGER
DATE: NOVEMBER 17, 2022
RE: RESOLUTION NUMBER 22-84
REFUSE COLLECTION RATE INCREASE

Introduction

Resolution Number 22-84 increases Waste Management total refuse rates for residential customers by \$0.65 cents or 3.72%, overall, effective January 1, 2023. 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 5.29%, 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 substantially lower than the overall CPI at September 2022, which registered 8.2%. 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 January 2024. We anticipate going out to bid during the first quarter of calendar year 2023. This will allow the companies to adapt to either the addition or deletion of Eustis Service.

Recommended Action

Staff recommends approval of Resolution Number 22-84.

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 collections.

<u>Breakdown of Increase in Fees</u>	<u>Jan. 1, 2023</u>	<u>% Increase</u>	<u>Jan. 1, 2022</u>
The Solid Waste Collection	\$ 7.92	5.29%	\$ 7.52
Recycling Collections	4.20	5.29%	3.99
Total Hauling Fee	\$12.12	5.29%	\$11.51
Disposal Fee	4.42	0.00%	4.42
Franchise Fee (7% Hauling & Disposal)	1.16	3.57%	1.12
Billing Charge	0.42	0.00%	0.42
Total Charges	<u>\$18.12</u>	3.72%	<u>\$17.47</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
Lake County	\$ 16.83
Leesburg	\$ 17.13
Current	\$ 17.47
Eustis Proposed	\$ 18.12
Groveland	\$ 19.88
Astatula	\$ 20.16
Mount Dora	\$ 20.93
Clermont	\$ 22.08
Umatilla	\$ 23.16
Minneola	\$ 23.41
Montverde	\$ 24.95
Tavares	\$ 25.79
Mascotte	\$ 26.81
Howey in the Hills	\$ 28.87
Fruitland Park	\$ 29.94

Residential Garbage Fees
Lowest to highest

While the hauling overall index increased 5.29% the combined total rate increased 3.72%, due to the disposal fee and billing charge remaining the same. The Franchise fee only increase 3.57% based on the combine cost of the Hauling Fee plus the Disposal Fee (\$12.12 + \$4.42 = \$16.54 x .07 = \$1.16).

The proposed collection rate for 2023 is **\$18.12** based on the Garbage and Trash Collection CPI, an increase of \$0.65 cents over the current rate. The Hauling Rate considered was **5.29%** in 2022.

Alternatives

1. Approve Resolution Number 22-84 increasing the total refuse rates by 65 cents.
2. Reject Resolution Number 22-84 and provide further direction to staff.

Discussion of Alternatives

1. Alternative 1 approves Resolution No. 22-84.
 - 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 \$14K in franchise fee revenue based on the rate increase and growth within the City.
 - b. Disadvantages
 - i. Customers will bear the \$0.65 cents per month increase in cost. However, this is lower than the overall CPI increase of 8.2%.
2. Alternative 2 rejects Resolution Number 22-84.
 - 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 17, 2022. The meeting will be advertised according to law.

Prepared By

Mike Sheppard, Finance Director

Attachments

- Resolution Number 22-84
- Exhibits 1 through 6 Residential and Commercial Rates
- Exhibit 2 Garbage and Trash Collection CPI