

City of Lake Forest Park Collections Contract
Attachment D
(Amended 2023 for King County Disposal Rate Restructure)

Rate Modification Examples

The collection and disposal components of the Customer charges listed in Attachment B will be adjusted separately, as appropriate. The collection component of Customer charges will be adjusted annually, pursuant to this Section and as described below. The disposal component of the Customer charges listed in Attachment B will be adjusted only if the City receives notification from the County of a pending disposal fee adjustment and will not become effective until the new disposal charges become effective and are actually charged to the Contractor. Formulas for both collection and disposal rate adjustments are provided as follows:

Collection Component Adjustment

The collection fee (including the embedded Administrative Fee component) listed in Attachment B will be increased as follows:

Collection Component Adjustment Formula = $NCC = PCC \times 1.035$

Where:

NCC = The new collection (including Administrative Fee), component of the customer rate for a particular service level; and

PCC = The previous collection (including Administrative Fee) of the Customer rate for a particular service level

Disposal Component Adjustment

In the case of a disposal fee modification at County disposal facilities, the disposal component of each service level will be adjusted as follows:

The disposal composite rate shall be derived annually by adding the King County tipping fee rate per ton plus the Fixed Annual Charge (FAC) increment per ton. The City's FAC increment per ton shall be derived by dividing the City's total FAC for the year by the City's Garbage tonnage from the previous full calendar year as listed in the King County FAC Allocation Table.

After the initial year, the FAC increment per ton shall be adjusted based on updated tonnage, and the adjustment up or down shall be added to next year's rate calculations. This adjustment shall be based on the difference between the initial FAC increment per ton rate and the updated FAC increment per ton rate using tonnage from the previous 12-month period ending June 30th.

For example, if the City's 2024 FAC was \$112,000 and the 2022 (previous full calendar year) tonnage was 3,400 tons the initial FAC increment per ton for rates effective January 1, 2024 would be \$32.94 ($\$112,000 / 3,400$). If the fiscal year ending June 30, 2024 tonnage turned out to be 3,500 tons the adjusted FAC increment per ton would be \$32.00 ($\$112,000 / 3,500$) and a $-\$0.94$ per ton ($\$32.00 - \32.94) adjustment would be added to the calculations for January 1, 2025 rates.

If the City's 2025 FAC is \$120,000 and the 2023 tonnage was 3,800 tons, the initial FAC increment per ton for 2025 would be \$31.58 per ton. If the tipping fee was \$150.83 per ton, then the **initial** disposal composite rate in 2025 shall be \$182.41. With the adjustment calculated above, the new disposal composite rate shall be \$181.47 per ton.

$$(\$120,000 / 3,800) + \$150.83 - \$.94 = \mathbf{\$181.47 \text{ per ton}}$$

Disposal Component Adjustment Formula=

Step 1:

$$A = ODC \times NTF/OTF$$

Step 2:

$$NDC = A + [(A-ODC) \times (CETR + CAFR)]$$

Where:

NDC = The new disposal charge component of the customer rate for a particular service level; and

NTF = The new disposal composite rate, dollars per ton; and

ODC = The old disposal charge component of the customer rate for a particular service level;

OTF = The old disposal composite rate, dollars per ton; and

A = Pre-excise tax and Administrative Fee adjusted disposal component

CAFR = Current Administrative Fee rate

CETR = Current excise tax rate

The calculations for a disposal **and** collection increase for example, using a current charge for one 31/35-gallon cart of \$35.46 per month (disposal component of \$7.43 and collection component of \$28.03), an annual service component adjustment of 3.5%, a disposal composite rate increase from \$168.68 to \$181.47 per ton, a State Excise Tax rate of 1.75%, and the Administrative Fee at 6%, then the new customer charge for one 31/35-gallon cart per week would be:

$$\begin{aligned} \text{New Collection Component (using Collection Component Adjustment Formula above)} \\ = \$28.03 \times 1.035 = \$29.01 \end{aligned}$$

New Disposal Component (using Disposal Component Adjustment Formula above)

- Step 1 calculation: $[\$7.43 \times (181.47/168.68)] = \7.99
- Step 2 calculation: $\$7.99 + [(\$7.99 - \$7.43) \times (0.0175 + .06)] = \8.03

Thus, the new Customer charge for one 32/35-gallon cart will be the \$29.01 collection component plus the \$8.03 disposal component, equaling \$37.04.

Administrative Fee Adjustment

The Contractor's rates shown in Attachment B include an embedded Administrative Fee, which may be adjusted from time to time, pursuant to Section 4.2.1. The Initial contract rates have incorporated an Administrative Fee corresponding to a 6% fee on gross receipts from those Customers, as follows (1 32/35 gallon residential service as an example):

Collection fee (\$22.69) + Disposal Fee (\$5.83) + Administrative Fee (\$1.71) + Excise Tax at 1.5% on Administrative Fee (\$0.03) = Customer rate of \$30.26.

In the event the City Administrative Fee is adjusted, the Administrative Fee portion of the Contractor's Customer rates shall be adjusted in a manner that retains the Contractor's underlying compensation to ensure that the Contractor remains whole.