

CITY OF LYNDEN

EXECUTIVE SUMMARY



Meeting Date:	1/7/2019	Legal Review: <input checked="" type="checkbox"/> Yes - Reviewed <input type="checkbox"/> No - Not Reviewed <input type="checkbox"/> Review Not Required
Department:	Public Works	
Contact Name/Phone:	Steve Banham 255-5512	
Council Committee Review:		
<input type="checkbox"/> Community Development <input type="checkbox"/> Public Safety <input type="checkbox"/> Finance <input checked="" type="checkbox"/> Public Works <input type="checkbox"/> Parks <input type="checkbox"/> Other: _____		
Attachments:		
Nooksack Valley Disposal Request for 2019 Rates Increase and Franchise Agreement Rate Adjustment Addendum		
Name of Agenda Item:		
Nooksack Valley Disposal Rates Increase		
Recommended Action:		
That City Council approve the Franchise Agreement Rates Adjustment and authorize the Mayor's signature		
Summary Statement:		
<p>Calvin DenHartog, General Manager for Nooksack Valley Disposal (NVD), presented a letter to the Public Works Committee on November 7, 2018 requesting 2019 rate increases for their services due to the increasing disposal fees and recycling services they pay to Recycling and Disposal Services (RDS) and Green Earth Technology for garbage and yard waste tip fees.</p> <p>NVD currently has a 20-year term franchise agreement in place with the City (through 2036) for curbside garbage pickup services and recycling program services.</p> <p>A public hearing is not required, however, on November 21st and November 28th the public was invited to comment on the proposed rate increases. To date, no comments have been received by staff.</p> <p>After reviewing the proposed rate adjustment, the Public Works Committee concurred to recommend approval to the full City Council, upon hearing any comments from the public. If approved, these updated rates will become part of the existing Franchise Agreement.</p>		

RATE ADJUSTMENT PURSUANT TO
FRANCHISE AGREEMENT
BETWEEN NOOKSACK VALLEY DISPOSAL
AND CITY OF LYNDEN

Pursuant to Section 7 of that certain Franchise Agreement granted to Nooksack Valley Disposal in 2016, Nooksack Valley Disposal proposes a rate adjustment (see below). The City Council of the City of Lynden approved the proposed rate adjustment at their January 7, 2019 meeting.

2019 RATES

Residential

Base Fee	\$ 6.00 per month
Per Cart	\$ 6.40 per dump
Optional Yard Waste	\$10.50 per month

Commercial

Can	\$ 3.95 per dump
Cart	\$ 7.40 per dump
1 Yard	\$20.80 per dump
1.5 Yards	\$26.90 per dump
2 Yards	\$34.95 per dump

Schools and Rest Homes

1 Yard	\$18.80 per dump
1.5 Yards	\$24.90 per dump
2 Yards	\$32.95 per dump

Dumpster Rental Fees

1 Yard	\$10.00 per month
1.5 Yards	\$11.00 per month
2 Yards	\$12.00 per month

The 2019 Rates replace the rates set forth in Section 6 of the Franchise Agreement. Any rates not replaced shall remain in full force and effect. This rate adjustment will be effective January 7, 2019.

City of Lynden

Nooksack Valley Disposal

By: Scott Korthuis
Mayor

By: Dan Leidecker, President

Dated: _____

Dated: _____

NOOKSACK VALLEY D • I • S • P • O • S • A • L

P.O. Box 267 250 Birch Bay-Lynden Rd. Lynden, WA 98264 (360) 354-3400

Mayor Scott Korthuis
Lynden City Council
Lynden, WA 98264



Dear Mayor Korthuis and Council Members,

Nooksack Valley Disposal has been happy to provide both garbage and recycling services to the City of Lynden for almost 40 years. Because of increasing disposal fees and severe changes in the recycling market, we are coming to the City with a rate increase request, to become effective January 1, 2019.

Recycling and Disposal Services has announced they will be increasing our garbage tip fees effective January 1 2019. Our cost per ton will be increased by 7%, or \$6.60 per ton, since January 1, 2015 when our rates last changed. We are requesting a 3% increase in our garbage rates, which will go to paying the increase in our disposal fees.

Green Earth Technology has also informed us that they will be increasing our yard waste tip fees effective January 1, 2019. Our cost per ton to compost yard and food waste will be increased 36%, or \$11 per ton, since our rates last changed over 15 years ago. We are requesting that our monthly collection rates move up \$1.00 per month for EOW and \$1.50 per month for 2 carts EOW, which will maintain our rates as substantially lower than anywhere in Whatcom County.

The recycling market landscape has changed dramatically in the past year and a half, due to national policy of China with regards to recycling. This has increased the processing costs and shipping costs as the market tries to adjust. We have always used the value of the recyclables we pick up to keep our rates as low as possible. This "value" is now an increasing negative (cost) to our company as some materials such as paper, plastic, and glass approach a cost similar to garbage. Most recycling collection companies in Washington have or will raise their recycling rates to customers between \$2 and \$5 per month. We are requesting that the base fee be raised by \$1.00 per month to mitigate the effects of these falling markets.

As outlined in our Municipal Solid Waste Agreement with the City of Lynden, Section 7A, we are giving request to revise our rates for residential and commercial services at least 60 days prior to their implementation. We have included a schedule with the current and proposed rates. The average household set out 2.4 carts of garbage per month this past year. The proposed increases would raise the average residential bill by \$1.60 per month in total for garbage and recycling.

We continue to strive to provide excellent customer service, while maintaining our position as one of the lowest priced and most efficient providers of garbage and recycling pickup in Northwest Washington. Even with the proposed changes, we will continue to have some of the lowest prices of any of the comparable nearby cities. We look forward to continuing our good relationship with the City and to providing clean, safe, and dependable garbage and recycling services in the years ahead.

Sincerely,

Dan Leidecker, President
Calvin Den Hartog, General Manager

"Our business is picking up."



Printed on Recycled Paper

NOOKSACK VALLEY

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P.O. Box 267 250 Birch Bay-Lynden Rd. Lynden, WA 98264 (360) 354-3400

The following is a comparison of garbage/recycling rates from cities in the area. The rates compare what a 60-68 gallon cart emptied every-other-week or weekly would cost. Every-other-week recycling is included in all prices. Some cities do not offer carts, so an equivalent volume using a 32-gallon container is used for comparison.

<u>City</u>	<u>EOW</u>	<u>Weekly</u>	<u>2-yd Dumpster</u>
Lynden (current)	\$17.30 per month	\$29.60 per month	\$33.85 per dump
Lynden (proposed)	\$18.80 per month	\$31.80 per month	\$34.95 per dump
Anacortes	\$22.00 per month	\$35.00 per month	\$65.00 per dump
Bellingham	\$18.88 per month	\$34.58 per month	\$33.60 per dump
Duvall	\$29.00 per month	\$38.90 per month	\$43.75 per dump
Everett	\$24.70 per month	\$33.70 per month	\$34.10 per dump
Ferndale	\$18.87 per month	\$32.36 per month	\$48.95 per dump
Friday Harbor	\$36.00 per month	\$68.00 per month	\$100.00 per dump
Marysville	\$24.61 per month	\$41.07 per month	\$42.10 per dump
Monroe	\$19.83 per month	\$29.33 per month	\$36.60 per dump
Mt. Vernon	\$24.52 per month	\$39.61 per month	\$34.40 per dump
Oak Harbor	\$19.90 per month	\$33.35 per month	\$54.10 per dump
Sedro-Wooley	\$20.65 per month	\$31.50 per month	\$52.05 per dump

The typical household in Lynden sets out an average of 2.4 carts per month.

Lynden Yardwaste Rates will be \$7.00 for EOW cart \$10.50 for weekly cart, compared to \$8.36 for EOW and \$16.72 for 2 carts EOW in Bellingham and \$11.62 for EOW cart and \$23.24 for 2 carts EOW in Ferndale.

"Our business is picking up."



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**Nooksack Valley Disposal
Current and Proposed Rates
2018 and 2019**

<u>Residential</u>	<u>Current</u>	<u>Proposed</u>
Base Fee	\$ 5.00	\$ 6.00 per month
Per Cart	\$ 6.15	\$ 6.40 per dump
Optional Yardwaste	\$ 9.00	\$ 10.50 per month

<u>Commercial</u>		
Can	\$ 3.85	\$ 3.95
Cart	\$ 7.15	\$ 7.40
1-yard	\$ 20.15	\$ 20.80 per dump
1.5 yard	\$ 26.00	\$ 26.90
2-yard	\$ 33.85	\$ 34.95

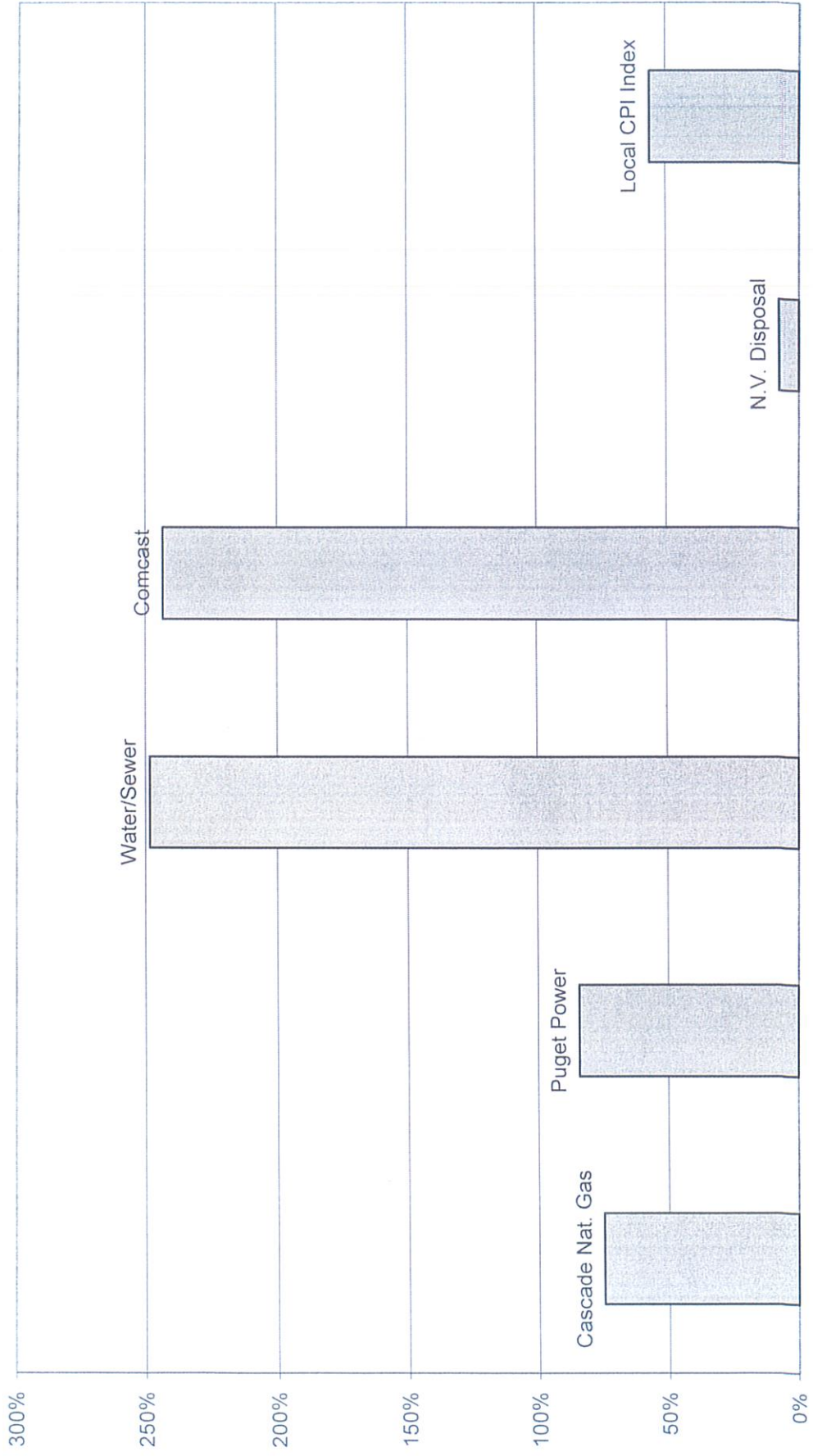
<u>Schools and Rest Homes</u>		
1-yard	\$ 18.15	\$ 18.80 per dump
1.5 yard	\$ 24.00	\$ 24.90
2 yard	\$ 31.85	\$ 32.95

<u>Dumpster Rental Fees</u>		
1-yard	\$ 9.00	\$ 10.00 per month
1.5 yard	\$ 10.00	\$ 11.00
2-yard	\$ 11.00	\$ 12.00

Comparison of Utility Rates in Whatcom County
1998 vs. 2018 Current Rates

<u>Cascade Natural Gas</u>	<u>1998-99</u>	<u>2000-2004</u>	<u>2005-2011</u>	<u>2012-2014</u>	<u>2015-2018</u>	<u>percent of</u>
Base Fee	\$ 2.00	\$ 7.00	\$ 4.00	\$ 4.00	\$ 5.00	150%
Avg. Price per Therm	\$ 0.500	\$ 0.890	\$ 0.960	\$ 0.930	\$ 0.850	70%
Avg Monthly Bill 60 therms/month	\$ 32.00	\$ 60.40	\$ 61.60	\$ 59.80	\$ 56.00	75%
 <u>Puget Power</u>						
Base Fee	\$ -	\$ 5.50	\$ 7.25	\$ 7.87	\$ 7.49	
Avg. Price per Kwh	\$ 0.059	\$ 0.069	\$ 0.086	\$ 0.101	\$ 0.104	76%
Avg. Monthly Bill 900 kwh/month	\$ 53.10	\$ 67.60	\$ 84.65	\$ 98.77	\$ 97.85	84%
 <u>City of Lynden Water</u>						
Avg. Price per cubic ft	\$ 0.009	\$ 0.019		\$ 0.028	\$ 0.038	322%
Avg. Monthly Sewer	\$ 20.00	\$ 34.00	\$ 46.93	\$ 52.78	\$ 55.05	175%
Avg. Monthly Bill 1,500 cubic ft/month	\$ 33.50	\$ 62.80	\$ 72.80	\$ 94.80	\$ 116.72	248%
 <u>Infinity/Comcast Cable</u>						
Extended Basic	\$ 21.99	\$ 39.99	\$ 48.99	\$ 71.49	\$ 75.49	243%
Avg. Monthly Bill	\$ 21.99	\$ 39.99	\$ 48.99	\$ 71.49	\$ 75.49	243%
 <u>Nooksack Valley Disposal</u>						
Base Fee	\$ 5.35	\$ 5.35	\$ 4.00	\$ 4.50	\$ 5.00	-7%
68 gallon Cart	\$ 5.50	\$ 5.00	\$ 5.00	\$ 5.75	\$ 6.15	12%
Avg. Monthly Bill 2.4 carts/month	\$ 18.55	\$ 17.35	\$ 16.00	\$ 18.30	\$ 19.76	7%

1998-2018 Rate Changes



Average Monthly Bills

NOOKSACK VALLEY DISPOSAL AND RECYCLING
STATEMENT OF OPERATIONS - LYNDEN
FOR THE 12 MONTHS ENDING SEPTEMBER 30, 2018

	<u>Refuse</u>	<u>Recycling</u>
REVENUES:		
Residential	\$ 888,020	\$ 224,982
Commercial	\$ 914,865	
Pass-through dump fees	\$ 129,293	
 Total revenues	 \$ 1,932,178	 \$ 224,982
OPERATING EXPENSES:		
Wages	\$ 447,834	\$ 115,080
Dump fees/Recycle Fees	\$ 591,965	\$ 6,587
Pass-through dump fees	\$ 129,293	\$ -
Repairs and maintenance	\$ 64,305	\$ 11,284
Fuel and oil	\$ 90,694	\$ 13,200
Tires and tubes	\$ 24,449	\$ 5,371
Depreciation	\$ 95,307	\$ 17,919
Insurance	\$ 14,565	\$ 3,118
Medical insurance	\$ 94,523	\$ 18,457
Business taxes	\$ 31,898	\$ 3,430
Property taxes	\$ 5,213	\$ 812
Taxes and licenses	\$ 7,264	\$ 919
Payroll taxes	\$ 58,033	\$ 13,251
Retirement fund	\$ 48,889	\$ 9,543
Utilities	\$ 3,428	\$ 1,012
Telephone	\$ 2,819	\$ 833
Office	\$ 13,563	\$ 4,103
Postage	\$ 7,756	\$ 2,289
Advertising	\$ 2,277	\$ 461
Travel	\$ 4,340	\$ 951
Dues and subscriptions	\$ 5,247	\$ 805
Professional fees	\$ 5,202	\$ 678
Donations	\$ 2,550	\$ 339
Miscellaneous	\$ 1,354	\$ 208
 Total operating expenses	 \$ 1,752,768	 \$ 230,650
 INCOME (LOSS) FROM OPERATIONS	 \$ 179,410	 \$ (5,668)