



## Sustainability in Action

### MEMORANDUM

TO: Meridian City Council  
FROM: Cord Stanley, General Manager, and Margaret Mingura, Finance Manager, Republic Services of Idaho  
DATE: August 20, 2024  
SUBJECT: Annual Rate Adjustment for Solid Waste Collection Services

#### Introduction

Annually, solid waste collection rates are adjusted in accordance with Section 21 of our contract with the City of Meridian with an effective date of October 1.

#### High-level Summary by Category:

- CPI Adjustment Methodology – 3.387% increase, 90% of CPI
- Household Hazardous Waste (HHW) – \$0.01 increase per household per month
- Recycling Service Charge – 8.62% increase
- Volumetric Excise Tax Credit (VETC) – (\$0.01) reduction to residential rates, (\$0.14) credit will carry over for FY2025
- Labor – 1.6% increase

#### CPI Adjustment Methodology

Our contract allows non-disposal costs to be adjusted annually based upon Ninety (90) percent of the net percentage change for May in the Consumer Price Index (CPI) for Garbage Trash. This year's change in CPI (at 90%) is 3.387%. The average CPI adjustment is \$0.56 per household per month plus tax. The commercial and industrial impact varies and is based on container size and frequency of collection.

#### Household Hazardous Waste

Residential 2024 rates include an amount for household hazardous waste (HHW) of \$0.23 per household per month. A reconciliation of actual HHW costs and the amount collected from residents was performed. The May 2024 trailing-twelve-month (TTM) net result is an amount due to Republic Services of \$17,136.74. This amount will remain on account and be included in the ongoing reconciliation. The current run rate is \$0.24 per household per month and supports an increase of \$0.01 in residential rates for FY2025.

#### Recycling Service Charge

The recycling processing fee increased 8.62% (from \$112.14 to \$121.81) per ton and reflects the current economic impact on the recycling sector (i.e., increased transportation and labor costs). Republic Services sustained unreimbursed recycling cost of \$797,683.08 for Meridian City's residential recycling program over the prior 12 months (May 2024 TTM). Republic Services requests to increase the per household per month rate for residential by \$0.10. These charges include related Meridian City



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franchise fees based on the total amount billed to customers and have been reviewed with the Meridian City staff.

### Volumetric Excise Tax Credit (VETC) on CNG Powered Trucks

The Federal Government once again awarded the alternative fuel tax credit for compressed natural gas as an alternative fuel source. This tax credit is shared with Meridian City residents as a credit to the monthly rate. The credit for the Meridian contract was \$72,641.00. This amount is reflected in the residential rate sheet as a credit of \$0.14 for 95-gallon, 65-gallon, and 48-gallon cart service. VETC was extended through December 31, 2023.

### Labor Increase

Meridian City and the Treasure Valley continue to operate in a constrained labor environment. The costs of living and conducting business in our area has been exponential these last few years. Specifically, labor and maintenance costs have been challenging. We've internalized as much of these costs as we can. However, to continue providing Meridian with excellent service, we recognize that a labor adjustment is necessary to retain our employees and pay them a competitive market rate. Republic Services therefore requests an additional 1.6% increase, which is a blended cart size average of \$0.23 per household per month for residential service. The commercial and industrial impact varies and is based on container size and frequency of collection.

### Residential Impact Per Customer

The total proposed monthly increase for residential customers with 95-gallon carts is \$1.03 comprised of:

- CPI – increased \$0.66
- HHW – increased \$0.01
- Recycling processing fee pass through – increased \$0.10
- VETC – decreased (\$0.01)
- Sales tax – increased \$0.01
- Labor – increase of \$0.26

Proposed Residential Collection Rate Structure CHANGE - FY 2025			
	48-gal	65-gal	95-gal
Service Cost	\$0.51	\$0.51	\$0.52
Transfer Station	\$0.00	\$0.05	\$0.09
VETC	(\$0.01)	(\$0.01)	(\$0.01)
Carts	\$0.05	\$0.05	\$0.05
Household Hazardous Waste	\$0.01	\$0.01	\$0.01
Recycling	\$0.10	\$0.10	\$0.10
Sales tax	\$0.01	\$0.01	\$0.01
Market Labor	\$0.20	\$0.23	\$0.26
<b>Customer Rate</b>	<b>\$0.87</b>	<b>\$0.95</b>	<b>\$1.03</b>