



Sustainability in Action

MEMORANDUM

TO: Meridian's Solid Waste Advisory Commission (SWAC)
FROM: Bradyn Norris, Finance Manager, Republic Services of Idaho
DATE: July 27, 2022
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 – 4.898% increase, 90% of CPI
- Household Hazardous Waste – No change, Republic Services proposes to waive the \$0.01 per household per month increase
- Recycling Service Charge – 7.50% increase
- Labor Increase – Requesting approval to make FY2022 out-of-cycle adjustment permanent. For FY2023, we are not requesting an out-of-cycle adjustment. Labor will remain consistent with CPI.
- Disposal – No change
- Volumetric Excise Tax Credit (VETC) – No change, (\$0.11) reduction to residential rates will carry over for FY2023

CPI Adjustment Methodology

Our contract allows non-disposal costs 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 4.898%. The average CPI adjustment is \$0.79 per household per month plus tax. The commercial impact varies and is based on container size and frequency of collection.

Household Hazardous Waste

Residential 2022 rates include an amount for household hazardous waste (HHW) of \$0.18 per household per month. A reconciliation of actual HHW costs and the amount collected from residents was performed. The May 2022 trailing-twelve-month (TTM) net result is an amount due to Republic Services of \$6,266.10. This amount will remain on account and be included in the ongoing reconciliation. Although the current run rate is \$0.19 per household per month, we elect to leave the rate at \$0.18 for no change to FY2023.



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Recycling Service Charge

The recycling processing fee increased 7.50% (from \$97.31 to \$104.61) 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 \$195,717.18 for Meridian City's residential recycling program over the prior 12 months (May 2022 TTM). For example, Republic Services requests to increase the per household per month for residential by \$0.08. These charges include related Meridian City franchise fees based on the total amount billed to customers and have been reviewed with the Meridian City staff.

Labor Increase

The Meridian City and Treasure Valley continue to operate in a constrained labor environment; however, the 2021 market adjustment accomplished its intended purpose and we have been able to fully cover routes consistently over the last fiscal year. We are concerned about the rising cost of living, fuel prices, and inflation that all our employees are experiencing. Republic Services formally requests that the FY2022 market labor adjustment be made permanent in the proposed pricing. Our FY2023 request is consistent with CPI adjustment methodology (4.898%).

Disposal Increase

There are no changes to disposal rates in the current year.

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 \$52,031. This amount is reflected in the residential rate sheet as a credit for 95-gallon of \$0.11, 65-gallon cart of \$0.11 and 35-gallon of \$0.11. VETC was extended through December 31, 2021.

Residential Impact Per Customer

The total proposed monthly increase for residential customers with 95-gallon carts is \$0.94 comprised of:

- CPI – increased \$0.85
- HHW – unchanged \$0.00
- Uncontrollable recycling processing fee – increased \$0.08
- Uncontrollable disposal fee – unchanged \$0.00
- VETC – unchanged \$0.00
- Sales tax – increased \$0.01