

Public Works Department

STAFF REPORT



SUBJECT: Solid Waste Franchise Agreement – Annual Rate Adjustment Request
MEETING: Public Works Committee – 15 OCT 2024
DEPARTMENT: Public Works
STAFF CONTACT: Nick Williams

RECOMMENDATION:

Staff recommends review of the proposed rate adjustment for the collection, hauling, and disposal of municipal solid waste and construction and demolition waste in accordance with provisions of the existing exclusive franchise agreement.

BACKGROUND:

The City of Stephenville entered into an exclusive franchise agreement with IESI, TX Corporation in January of 2005. The agreement is currently operated by Waste Connections Lonestar, Inc.

The exclusive franchise agreement was last updated and approved in August of 2023 where the agreement term was extended to December 31, 2028.

PROPOSAL:

Attached is a copy of the rate adjustment request letter received from Waste Connections dated September 18, 2024. Attached is a copy of the proposed draft amendment. A copy of the existing agreement is also attached. The proposed rates, if approved by council, would become effective on January 1, 2025 in accordance with the agreement language.

FISCAL IMPACT SUMMARY:

The requested adjustment results in a 2.27% CPI increase and a 15.23% disposal increase to the existing rate for a total 17.50% increase. The residential and commercial polycart rates would increase \$2.44 and \$3.97 per month respectively. This rate adjustment would equate to a 3.78 percent average annual increase over the last ten years, including 2015.

Waste Connections has agreed to increase the disposal fee paid to the Stephenville Landfill from **\$70.68 to \$83.05** per ton. Waste Connections disposed of 2,029 tons per year over a three-year average. The corresponding revenue, with an increase of \$12.37/ton, yields \$25,099 in annual increased revenue from the Waste Connections account.

Waste Connections has additionally agreed to delay the increased disposal fee per ton for the Stephenville Wastewater Treatment Plant until October 1, 2025, in order to maintain the budget previously established for the treatment plant.

The franchise agreement allows for the adjustment of rates. An excerpt from the agreement is included below:

"SECTION 10. RATE ADJUSTMENT.

A. CPI-U Adjustment. On each anniversary date of this Agreement, the Service Provider shall have the right, in its sole discretion and upon giving prior notice to the City, to increase or decrease the rates set forth in Section 8 hereof (the "Initial Rates") in accordance with the CPI-U. As used herein, "CPI-U" shall mean the revised Consumer Price Index rate for all urban consumers (all items included) for the nearest available metropolitan area, based on the latest available figures from the Department of Labor's Bureau of Labor Statistics (the "Bureau"). The following website (or any successor website) will be the source for such information:

https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUUR0300SA0,CUUS0300SA0. The CPI-U used will be the CPI-U published by the Bureau during the month ninety (90) days preceding the adjustment under this Section 10.A. The amount of the increase or decrease under this Section 10.A. shall be equal to the percentage that the CPI-U has increased or decreased over the previous twelve (12) month period.

B. Operating Cost Adjustment. In addition to the rate adjustments provided for in Section 10.A., at any time during the term of this Agreement, the Service Provider may petition the City for additional rate and price adjustments at reasonable times on the basis of material or unusual changes in its cost of operations not otherwise the basis of any other rate adjustments herein. At the time of any such petition, the Service Provider shall provide the City with documents and records in reasonable form and sufficient detail to reasonably establish the necessity of any requested rate adjustment. The City shall not unreasonably withhold condition or delay its consent to any requested rate increase. In the event the City fails or refuses to consent to any such requested rate increase and the Service Provider can demonstrate that such rate increase is necessary to offset the Service Provider's increased costs in connection with performing the services under this Agreement not otherwise offset by any previous rate adjustments hereunder, the Service Provider may, in its sole discretion, terminate this Agreement upon ninety (90) days written notice to the City."

C. Landfill Cost Adjustment. The parties acknowledge that the Municipal Solid Waste and Construction and Demolition Waste covered by this Agreement will be disposed of by the Service Provider at a Landfill(s) chosen by the Service Provider in its sole discretion (the "Initial Landfill(s)"). In the event that the Service Provider is unable to use the Initial Landfill(s) due to reasons out of its control, the Service Provider (i) shall have the right, in its sole discretion, to dispose of the Municipal Solid Waste and Construction and Demolition Waste covered by this Agreement at another Landfill of its choosing, and (ii) shall have the right, upon giving prior notice to the City, to increase the Initial Rates by an amount equal to the sum of (x) the amount, if any, that the disposal fees charged to the Service Provider at such other Landfill exceed those previously charged to the Service Provider at the Initial Landfill(s), and (y) the amount, if any, that the transportation costs incurred by the Service Provider in connection with transporting the Municipal Solid Waste and Construction and Demolition Waste to such other Landfill exceed those that would have been incurred by the Service Provider if such Municipal Solid Waste and Construction and Demolition Waste was transported to the Initial Landfill(s)."

ALTERNATIVES:

The following alternatives are provided for council consideration:

1. Do not approve the request as presented;
2. Recommend an alternative calculation methodology to be included in the contract.

ATTACHMENTS:

[2024_09-18 Exclusive Franchise Agreement – Waste Connections Transmittal Request](#)
[2024_10-15 Amendment No. 9 – DRAFT](#)

SUPPORTING DOCUMENTATION:**CPI for All Urban Consumers (CPI-U)**

https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUUR0300SA0,CUUS0300SA0

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2014	227.673	228.664	230.095	231.346	231.762	232.269	232.013	231.611	231.762	231.131	229.845	228.451	230.552
2015	226.855	227.944	229.337	229.957	230.886	232.026	231.719	231.260	230.913	230.860	230.422	229.581	230.147
2016	229.469	229.646	230.977	231.975	232.906	233.838	233.292	233.561	234.069	234.337	234.029	234.204	232.692
2017	235.492	236.052	236.154	236.728	236.774	237.346	236.942	237.892	239.649	239.067	238.861	238.512	237.456
2018	239.772	241.123	241.595	242.486	243.279	243.770	243.776	243.605	243.640	244.163	243.484	242.150	242.747
2019	242.547	243.856	245.554	246.847	246.667	246.515	247.250	246.953	246.891	247.423	247.385	247.289	246.265
2020	248.005	248.412	248.136	246.254	245.696	247.223	248.619	249.639	250.193	250.542	250.255	250.693	250.639
2021	252.067	253.386	255.319	257.207	259.343	261.668	263.013	263.728	264.593	267.160	268.360	269.263	261.259
2022	271.634	274.688	278.598	279.879	283.307	287.427	287.608	287.168	287.656	288.836	288.991	288.205	283.666
2023	290.438	292.285	293.358	295.315	295.889	296.789	297.279	298.975	299.657	299.394	298.930	298.754	296.422
2024	300.421	303.144	304.490	305.104	305.296	305.357	305.819	305.761					

CPI RATE STRUCTURE

August 2023 = 290.438

August 2024 = 300.421

$$\Delta = [(305.761 - 298.975) / 298.975] = \underline{2.27\%} \checkmark + \text{Disposal of } 15.23\% = \underline{17.50\%}$$

Roll Out Containers			Δ17.50%	
CURRENT RATES / MONTH		PROPOSED RATES / MONTH	Δ\$↑	
Residential Polycart	\$13.97	Residential Polycart	\$16.41	\$2.44
Residential Extra Polycart	\$6.98	Residential Extra Polycart	\$8.20	\$1.22
Commercial Polycart	\$22.68	Commercial Polycart	\$26.65	\$3.97
Commercial Extra Polycart	\$11.59	Commercial Extra Polycart	\$13.62	\$2.03

Open Top Roll Off Containers			Δ17.50%	
CURRENT RATES / MONTH		PROPOSED RATES / MONTH	Δ\$↑	
Haul Fee	\$245.31	Haul Fee	\$288.24	\$42.93
Disposal Fee per ton	\$70.68	Disposal Fee per ton	\$83.05	\$12.37
Delivery and Exchange	\$143.51	Delivery and Exchange	\$168.65	\$25.14
Daily Container Rental	\$6.74	Daily Container Rental	\$7.92	\$1.18



WASTE CONNECTIONS
LONE STAR, INC.
Connect with the Future

September 18, 2024

Attn: City Administrator
City of Stephenville
298 W Washington St.
Stephenville, TX 76401

Dear City Administrator

Waste Connections appreciates the opportunity to serve the City of Stephenville this past year. We have made every effort to ensure that you receive great customer service with affordable rates.

As per our agreement, we must request from the City of Stephenville the annual Consumer Price Index (CPI) rate adjustment called for in our agreement. The percentage of the increase calculated by the mechanism within our agreement equals a 17.50% increase to your rates. Per our agreement, we are also requesting an insignificant increase; to help cover the disposal rate increases we have incurred this year. The total increase is 2.27%. The CPI and disposal rate increases would bring the total to 17.50%. I have enclosed the CPI information as well as a sheet with the revised rates for the services we provide. We ask that these new rates for services rendered become effective January 1, 2025.

Waste Connections is committed to maintaining the highest quality of service in the City of Stephenville. We would like to take this opportunity to thank the city staff, business community and residents for your continued patronage.

Respectfully,

Sean Dowden
District Manager
Waste Connections Lone Star, INC.

City of Stephenville Solid Waste Pricing Comparison

Residential Adjustment	17.50%
Commercial Adjustment	17.50%
Roll Off Adjustment	17.50%

Current Pricing Schedule

Commercial	1 x Week	2 x Week	3 x Week	4 x Week	5 x Week	6 x Week	Locks	Extra Pickups
Size / Pickup								
2 Cu Yd	\$ 78.58	\$ 132.04	\$ 185.48	\$ 224.48	\$ -	\$ -	\$ 11.63	\$ 48.55
3 Cu Yd	\$ 107.29	\$ 143.83	\$ 215.33	\$ 268.27	\$ 307.17	\$ -	\$ 11.63	\$ 58.70
4 Cu Yd	\$ 117.70	\$ 169.15	\$ 237.64	\$ 401.04	\$ 504.44	\$ 607.62	\$ 11.63	\$ 66.83
5 Cu Yd	\$ 130.49	\$ 210.95	\$ 308.14	\$ 493.67	\$ 618.81	\$ 745.95	\$ 11.63	\$ 83.10
6 Cu Yd	\$ 157.64	\$ 268.64	\$ 438.75	\$ 572.53	\$ 720.67	\$ 868.64	\$ 11.63	\$ 99.15

Open Top Roll Off Container Rates	Residential/Extra Polycart	Commercial/Extra Polycart
Haul Fee	\$ 245.31	\$ 13.07
Disposal Fee per Ton	\$ 70.68	\$ 6.88
Delivery and Exchange	\$ 143.51	\$ 22.09
Daily Container Rental	\$ 6.74	\$ 11.59

Proposed Pricing Schedule (effective January 1, 2025)

Commercial	1 x Week	2 x Week	3 x Week	4 x Week	5 x Week	6 x Week	Locks	Extra Pickups
Size / Pickup								
2 Cu Yd	\$ 92.79	\$ 156.11	\$ 217.63	\$ 224.48	\$ 419.98	\$ -	\$ 14.02	\$ 68.22
3 Cu Yd	\$ 126.06	\$ 195.00	\$ 257.71	\$ 338.71	\$ 479.98	\$ -	\$ 14.02	\$ 83.97
4 Cu Yd	\$ 138.29	\$ 198.75	\$ 348.72	\$ 471.21	\$ 592.70	\$ 714.17	\$ 14.02	\$ 78.82
5 Cu Yd	\$ 163.98	\$ 247.66	\$ 432.55	\$ 579.81	\$ 727.23	\$ 878.47	\$ 14.02	\$ 97.04
6 Cu Yd	\$ 185.23	\$ 336.14	\$ 603.78	\$ 672.71	\$ 846.77	\$ 1,018.28	\$ 14.02	\$ 116.90

Open Top Roll Off Container Rates	Residential/Extra Polycart	Commercial/Extra Polycart
Haul Fee	\$ 268.23	\$ 82.05
Disposal Fee per Ton	\$ 82.05	\$ 188.82
Delivery and Exchange	\$ 188.82	\$ 7.92
Daily Container Rental	\$ 7.92	

CPI calculation for Hauling Portion

August 2024	365,781
August 2023	298,976
Difference	6,796

2.27%

Disposal Rate Adjustment

New rate	\$ 50.00	Tons Per Month	=	\$ 90,750
Old rate	\$ 41.32	X		\$ 57,848
Difference	\$ 8.68	X		\$ 32,902

15.23%

CPI calculation for Hauling Portion

Total % Increase	2.27%
Total \$ Increase	15.23%
Total \$ Increase	\$ 37,856

% of Increase Amount:

Residential Revenue	\$ 82,325	17.50%	\$ 14,404
Commercial Revenue	\$ 133,249	17.50%	\$ 23,402
	\$ 215,574		\$ 37,806

Municipality	Begin Date	End Date	Waste Connections Services and Rates		Effective 2025 Rate
			Services Provided	#Homes	
Stephenville	1/1/1997	12/31/2028	Res, Comm, Rolloff	5,163	\$16.41
Carbon	12/1/2004	11/30/2025	Res, Comm, Rolloff	112	\$17.85
Cresson	12/1/2003	11/30/2026	Res, Comm, Rolloff	567	\$16.84
De Cordova Bend	1/1/2006	12/31/2026	Res, Comm, Rolloff	1,519	\$18.22
Dublin	2/1/2012	1/31/2027	Res, Comm, Rolloff	1,200	\$15.42
Eastland	10/31/2002	11/30/2028	Res, Comm, Rolloff	1,263	\$14.48
Granbury	5/1/2003	4/30/2029	Res, Res Recyc, Comm, Rolloff	4,048	\$17.33
Millsap	5/1/2004	5/31/2027	Res, Comm, Rolloff	56	\$18.31
Pecan Plantation	1/1/2006	12/31/2025	Res, Comm, Rolloff	3,068	\$17.95
Tolar	11/1/2010	2/1/2025	Res, Comm, Rolloff	447	\$21.98

**Consumer Price Index for All Urban Consumers (CPI-U)
Original Data Value**

Series Id: CUUR0300SA0, CUUS0300SA0
 Not Seasonally Adjusted
 Series Title: All items in South urban, all urban consumers, not
 Area: South
 Item: All items
 Base Period: 1982-84=100
 Years: 2014 to 2024

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2014	227.673	228.664	230.095	231.346	231.762	232.269	232.013	231.611	231.762	231.131	229.845	228.451	230.552	230.302	230.802
2015	228.855	227.944	229.337	229.557	230.885	232.025	231.719	231.260	230.913	230.860	230.422	229.581	230.147	229.501	230.793
2016	229.489	229.645	230.977	231.975	232.906	233.838	233.262	233.561	234.069	234.337	234.029	234.204	232.682	231.469	233.915
2017	235.482	236.052	236.154	236.728	236.774	237.348	236.842	237.952	239.849	239.067	238.881	238.312	237.455	236.424	238.487
2018	239.772	241.129	241.585	242.488	243.279	243.770	243.776	243.505	243.840	244.163	243.484	242.150	242.737	242.004	243.470
2019	242.547	243.856	245.564	246.847	246.667	246.515	247.280	246.953	246.891	247.423	247.385	247.280	246.285	245.331	247.199
2020	248.005	248.412	248.136	248.254	245.696	247.223	248.619	249.639	250.193	250.542	250.295	250.683	248.939	247.288	249.990
2021	252.067	253.396	255.319	257.207	259.343	261.668	263.013	263.728	264.593	267.160	268.350	269.263	261.259	256.468	266.020
2022	271.934	274.888	278.598	279.879	283.307	287.427	297.608	287.168	287.659	288.836	288.991	288.205	283.656	279.256	288.077
2023	290.438	282.285	293.358	295.315	295.883	296.788	297.279	299.975	299.657	299.384	298.930	298.754	296.422	294.012	298.832
2024	300.421	303.144	304.490	305.104	305.298	305.357	305.819	305.751						303.959	

SECTION 10. RATE ADJUSTMENT.

A. **CPI-U Adjustment.** On each anniversary date of this Agreement, the Service Provider shall have the right, in its sole discretion and upon giving prior notice to the City, to increase or decrease the rates set forth in Section 9 hereof (the "Initial Rates") in accordance with the CPI-U. As used herein, "CPI-U" shall mean the revised Consumer Price Index rate for all urban consumers (all items included) for the nearest available metropolitan area, based on the latest available figures from the Department of Labor's Bureau of Labor Statistics (the "Bureau"). The following website (or any successor website) will be the source for such information: https://data.bls.gov/data/surveys/outputs/cpi/urban/series_id=CUUR0300SA0.C. The CPI-U used will be the CPI-U published by the Bureau during the month ninety (90) days preceding the adjustment under this Section 10.A. The amount of the increase or decrease under this Section 10.A. shall be equal to the percentage that the CPI-U has increased

C. **Landfill Cost Adjustment.** The parties acknowledge that the Municipal Solid Waste and Construction and Demolition Waste covered by this Agreement will be disposed of by the Service Provider at a Landfill(s) chosen by the Service Provider in its sole discretion (the "Initial Landfill(s)"). In the event that the Service Provider is unable to use the Initial Landfill(s) due to reasons out of its control, the Service Provider (S) shall have the right, in its sole discretion, to dispose of the Municipal Solid Waste and Construction and Demolition Waste covered by this Agreement at another Landfill of its choosing, and (R) shall have the right, upon giving prior notice to the City, to increase the Initial Rates by an amount equal to the sum of (x) the amount, previously charged to the Service Provider at the Initial Landfill(s), and (y) the amount, if any, that the transportation costs incurred by the Service Provider in connection with transporting the Municipal Solid Waste and Construction and Demolition Waste to such other Landfill exceed those that would have been incurred by the Service Provider if such Municipal Solid Waste and Construction and Demolition Waste was transported to the Initial Landfill(s).