



March 26, 2021

David Esquivel
Interim City Manager
City of Tomball
501 James St.
Tomball, TX 77375

RE: Solid Waste Collection and Disposal Services – Contract Year 3 Base Rates Adjustment

Dear David:

In accordance with the our current Solid Waste Collection and Disposal Services contract, Section 9.03 allows for Base Rate adjustments for changes in CPI and Fuel Index and will considered one time per year and submitted for consideration by June 1st of each contract year. Please consider this letter as our request for an Annual Base Rate Adjustment for Year 3 of the contract, beginning October 1, 2021. You will find below the contract year 3 base rate adjustment calculation as set forth in the contract document under Section 9.03. In addition, you will find attached all supporting documentation and data used in the base rate adjustment calculation, as set forth in Section 9.03. Please let me know if you would like to meet, at your convenience to discuss the Base Rate Adjustment. Thank you in advance for your consideration.

Item (a): Change in the Consumer Price Index, Houston, TX; All Items Less Energy; Base Period 1982-84=100, Not Seasonally Adjusted. Contract states to use data published for the June CPI Index of current contract year and the published June CPI Index of the immediately preceding year. *The June data is not published until early July, therefore can not be utilized and submitted for request prior to June 1st, as stated in Section 9.03. I have used the most current published CPI data, which is for April 2021 (current year) and April 2020 (immediately preceding year).*

Change in Consumer Price Index, April 2020 to April 2021 = 2.8%

Please see attached CPI Publication for April 2021, page 5 (highlighted in yellow)

Item (b): Percentage of change in the cost of diesel fuel during the prior 12 month period, using the weekly average price of diesel fuel, as determined by the Energy Information Administration of the US Department of Energy's Weekly Retail On-Highway Diesel Prices for the Gulf Coast, published on the last Monday of each May of the Contract Year.

Initial Fuel Base =	2.208
Current Fuel Base =	2.373
Percentage Change =	7.47%
Fuel Adjustment Component =	7.47% x 13% = 0.97%

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Item (c): **Base Rate Adjustment = 2.8% (Change in CPI) + 0.97%(Fuel Adjustment) = 3.77%**

Based on the calculated Base Rate Adjustment, all current rates for applicable services would be increased by 3.77% beginning at the start of Contract Year 3, October 1, 2021.

Please let me know if you would like to meet, at your convenience to discuss the Base Rate Adjustment. Thank you in advance for your consideration.

Best Regards,

A handwritten signature in black ink, appearing to read 'aE' followed by a long horizontal stroke.

Tony Emilio
Municipal Services Manager

NEWS RELEASE

BUREAU OF LABOR STATISTICS

U. S. DEPARTMENT OF LABOR



For Release: Wednesday, May 12, 2021

21-787-DAL

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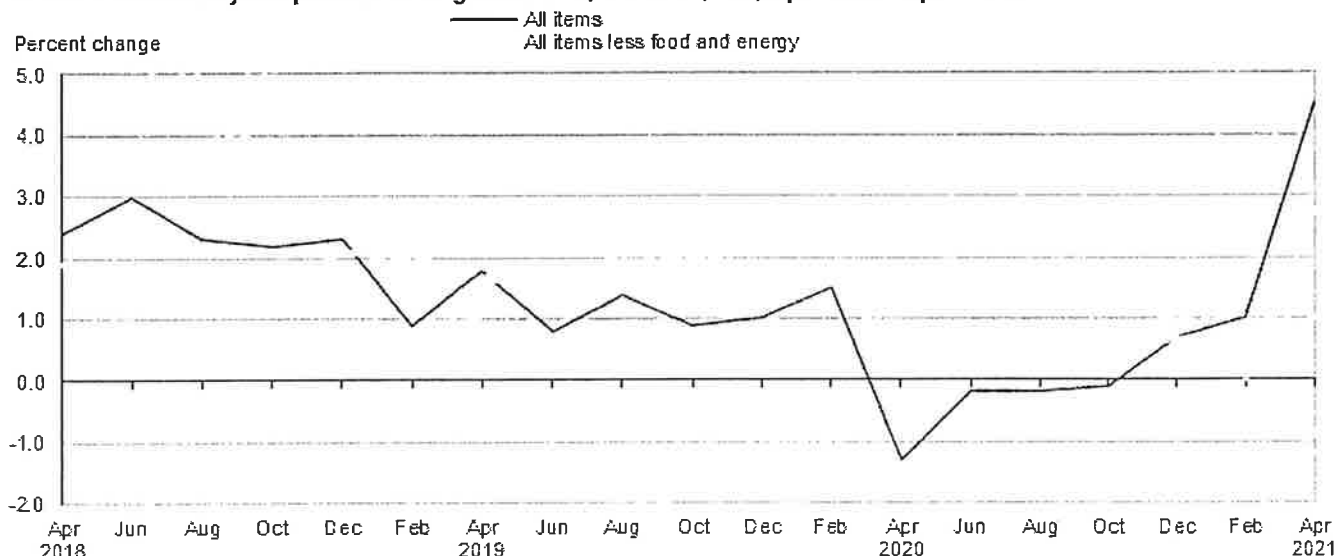
Consumer Price Index, Houston-The Woodlands-Sugar Land – April 2021

Area prices rise 1.8 percent in March and April, up 4.5 percent over the year

Prices in the Houston-The Woodlands-Sugar Land area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), rose 1.8 percent for the two months ending in April 2021, the U.S. Bureau of Labor Statistics reported today. Regional Commissioner Michael Hirniak noted this was the largest increase in the all items index since February 2012. An increase in the index for all items less food and energy was the biggest contributor to the latest bimonthly rise, but higher energy costs were also a major factor. (Data in this report are not seasonally adjusted. Accordingly, bi-monthly changes may reflect seasonal influences.)

Over the last 12 months, the CPI-U rose 4.5 percent, the largest yearly increase in the all items index since August 2008. The index for all items less food and energy rose 2.8 percent over the year, as did the food index. During the same period, energy prices jumped 32.9 percent. (See chart 1 and table 1.)

Chart 1. Over-the-year percent change in CPI-U, Houston, TX, April 2018–April 2021



Source: U.S. Bureau of Labor Statistics.

Food

Food prices increased 1.1 percent for the two months ending in April. Within the two components of the index, prices for food at home rose 2.2 percent, while prices for food away from home edged down 0.1 percent for the same period.

During the 12 months ending in April 2021, the index for food rose 2.8 percent. The rise reflected an increase in prices for both food away from home (3.8 percent) and food at home (1.9 percent).

Energy

The energy index rose 9.6 percent for the two months ending in April, after rising 7.7 percent in the two months ending in February. The latest increase was mainly due to higher prices for gasoline (21.4 percent), but prices for natural gas service also rose (2.4 percent). In contrast, prices for electricity declined 1.2 percent for the same period.

From April 2020 to April 2021, the energy index jumped 32.9 percent over the year, the largest annual rise since June 2006. All subcomponents contributed to the latest advance, but a 54.3-percent surge in gasoline prices was the biggest factor; this was the largest 12-month increase in gasoline prices since January 2010. Prices paid for electricity and natural gas service also increased during the past year, up 17.0 percent and 9.1 percent, respectively.

All items less food and energy

The index for all items less food and energy increased 1.2 percent in March and April, after rising 0.4 percent in January and February. The latest movement was fueled by higher prices for used cars and trucks (11.6 percent), motor vehicle insurance (9.5 percent), and recreation (1.2 percent).

Over the year, the index for all items less food and energy rose 2.8 percent. Higher prices for new and used motor vehicles (8.9 percent) and recreation (6.3 percent) led the increases within the index.

The June 2021 Consumer Price Index for Houston-The Woodlands-Sugar Land is scheduled to be released on Tuesday, July 13, 2021.

Coronavirus (COVID-19) Impact on April 2021 Consumer Price Index Data

Data collection by personal visit for the Consumer Price Index (CPI) program has been suspended since March 16, 2020. When possible, data normally collected by personal visit were collected either online or by phone. Additionally, data collection in April 2021 was affected by the temporary closing or limited operations of certain types of establishments. These factors resulted in an increase in the number of prices considered temporarily unavailable and imputed. While the CPI program attempted to collect as much data as possible, many indexes are based on smaller amounts of collected prices than usual, and a small number of indexes that are normally published were not published this month. Additional information is available at www.bls.gov/covid19/effects-of-covid-19-pandemic-on-consumer-price-index.htm.

Technical Note

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 93 percent of the total U.S. population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers approximately 29 percent of

the total U.S. population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 75 urban areas across the country from about 6,000 housing units and approximately 22,000 retail establishments—department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

The index measures price changes from a designated reference date; for most of the CPI-U the reference base is 1982-84 equals 100. An increase of 7 percent from the reference base, for example, is shown as 107.000. Alternatively, that relationship can also be expressed as the price of a base period market basket of goods and services rising from \$100 to \$107. For further details see the CPI home page on the internet at www.bls.gov/cpi and the CPI section of the BLS Handbook of Methods available on the internet at www.bls.gov/opub/hom/cpi/.

In calculating the index, price changes for the various items in each location are averaged together with weights that represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Because the sample size of a local area is smaller, the local area index is subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar. **NOTE: Area indexes do not measure differences in the level of prices between cities; they only measure the average change in prices for each area since the base period.**

The **Houston-The Woodlands-Sugar Land, Texas, Core Based Statistical Area** includes the counties of Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller.

Information in this release will be made available to individuals with sensory impairments upon request. Voice phone: (202) 691-5200; Federal Relay Service: (800) 877-8339.

Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Houston-The Woodlands-Sugar Land, TX, April 2021 (1982-84=100 unless otherwise noted)

Item and Group	Indexes			Percent change from -		
	Feb. 2021	Mar. 2021	Apr. 2021	Apr. 2020	Feb. 2021	Mar. 2021
All items.....	232.442	-	236.604	4.5	1.8	-
All items (1967 = 100)	745.525	-	758.874			
Food and beverages	243.397	-	246.208	2.9	1.2	-
Food	243.716	-	246.306	2.8	1.1	-
Food at home	230.282	235.889	235.290	1.9	2.2	-0.3
Cereals and bakery products	271.327	-	278.915	0.6	2.8	-
Meats, poultry, fish, and eggs.....	253.681	-	251.794	0.4	-0.7	-
Dairy and related products	174.172	-	198.663	8.6	14.1	-
Fruits and vegetables	295.368	-	301.012	1.2	1.9	-
Nonalcoholic beverages and beverage materials(1)	278.217	-	279.624	-0.2	0.5	-
Other food at home	202.651	-	206.013	3.4	1.7	-
Food away from home.....	253.276	-	253.124	3.8	-0.1	-
Alcoholic beverages	226.847	-	232.196	4.2	2.4	-
Housing	231.542	-	231.900	2.2	0.2	-
Shelter	273.853	274.342	274.407	0.5	0.2	0.0
Rent of primary residence	270.111	270.876	270.503	0.7	0.1	-0.1
Owners' equivalent rent of residences(2)	256.192	256.202	255.898	0.9	-0.1	-0.1
Owners' equivalent rent of primary residence(2)	256.192	256.202	255.898	0.9	-0.1	-0.1
Fuels and utilities.....	197.867	-	196.730	14.9	-0.6	-
Household energy	171.745	172.991	170.501	15.9	-0.7	-1.4
Energy services	169.195	170.376	167.889	15.9	-0.8	-1.5
Electricity	172.155	173.533	170.017	17.0	-1.2	-2.0
Utility (piped) gas service	138.361	138.359	141.723	9.1	2.4	2.4
Household furnishings and operations	138.681	-	139.406	3.0	0.5	-
Apparel	166.961	-	167.857	1.1	0.5	-
Transportation	178.642	-	193.812	15.6	8.5	-
Private transportation	180.664	-	194.079	15.8	7.4	-
New and used motor vehicles(3).....	90.930	-	94.632	8.9	4.1	-
New vehicles(1)	171.396	-	172.275	3.4	0.5	-
Used cars and trucks(1)	246.337	-	274.999	21.0	11.6	-
Motor fuel	190.741	223.080	231.339	53.6	21.3	3.7
Gasoline (all types).....	190.700	223.277	231.531	54.3	21.4	3.7
Gasoline, unleaded regular(4).....	191.765	225.281	234.107	56.6	22.1	3.9
Gasoline, unleaded midgrade(4)(5).....	215.137	238.471	252.813	49.4	17.5	6.0
Gasoline, unleaded premium(4)	217.248	249.958	253.356	36.9	16.6	1.4
Motor vehicle insurance(1)	602.649	-	659.856	11.9	9.5	-
Medical care	535.541	-	538.142	1.7	0.5	-
Recreation(3).....	111.846	-	113.193	6.3	1.2	-
Education and communication(3).....	120.626	-	122.088	2.2	1.2	-
Tuition, other school fees, and childcare(1) ...	1,270.204	-	1,268.905	1.8	-0.1	-
Other goods and services	423.974	-	423.825	2.2	0.0	-
Commodity and service group						
Commodities	175.816	-	181.429	7.4	3.2	-
Commodities less food and beverages	144.319	-	150.644	10.2	4.4	-
Nondurables less food and beverages.....	184.824	-	196.171	13.1	6.1	-
Durables	103.480	-	106.396	7.6	2.8	-
Services.....	290.407	-	293.105	2.7	0.9	-
Special aggregate indexes						
All items less shelter.....	216.908	-	222.498	6.6	2.6	-
All items less medical care	218.188	-	222.348	4.8	1.9	-
Commodities less food	147.042	-	153.367	9.9	4.3	-

Note: See footnotes at end of table.

Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Houston-The Woodlands-Sugar Land, TX, April 2021 (1982-84=100 unless otherwise noted) - Continued

Item and Group	Indexes			Percent change from -		
	Feb. 2021	Mar. 2021	Apr. 2021	Apr. 2020	Feb. 2021	Mar. 2021
Nondurables	213.950	-	221.182	7.4	3.4	-
Nondurables less food.....	187.146	-	198.062	12.4	5.8	-
Services less rent of shelter(2).....	305.205	-	310.522	5.1	1.7	-
Services less medical care services.....	265.873	-	268.527	2.8	1.0	-
Energy	180.415	195.487	197.772	32.9	9.6	1.2
All items less energy	240.956	-	243.902	2.8	1.2	-
All items less food and energy	240.360	-	243.361	2.8	1.2	-

Footnotes

(1) Indexes on an April 1978=100 base.

(2) Indexes on a December 1982=100 base.

(3) Indexes on a December 1997=100 base.

(4) Special index based on a substantially smaller sample.

(5) Index on a December 1993=100.

- Data not available.

Weekly Gulf Coast No 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices

https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMD_EPD2DXL0_PTE_R30_DPG&f=W

14:08:07 GMT-0500 (Central Daylight Time)

Source: U.S. Energy Information Administration

Week of Weekly Gulf Coast No 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices Doll

5/24/2021	3.029
5/17/2021	3.029
5/10/2021	2.968
5/3/2021	2.924
4/26/2021	2.917 Last Monday of April
4/19/2021	2.923
4/12/2021	2.924
4/5/2021	2.934
3/29/2021	2.955
3/22/2021	2.991
3/15/2021	2.988
3/8/2021	2.929
3/1/2021	2.837
2/22/2021	2.722
2/15/2021	2.627
2/8/2021	2.566
2/1/2021	2.5
1/25/2021	2.483
1/18/2021	2.461
1/11/2021	2.429
1/4/2021	2.398
12/28/2020	2.393
12/21/2020	2.379
12/14/2020	2.307
12/7/2020	2.276
11/30/2020	2.254
11/23/2020	2.21
11/16/2020	2.18
11/9/2020	2.132
11/2/2020	2.131
10/26/2020	2.146
10/19/2020	2.143
10/12/2020	2.148
10/5/2020	2.141
9/28/2020	2.154
9/21/2020	2.157
9/14/2020	2.172
9/7/2020	2.184
8/31/2020	2.188
8/24/2020	2.174
8/17/2020	2.177
8/10/2020	2.183

8/3/2020	2.175	
7/27/2020	2.183	
7/20/2020	2.198	
7/13/2020	2.198	
7/6/2020	2.204	
6/29/2020	2.194	
6/22/2020	2.197	
6/15/2020	2.174	
6/8/2020	2.172	
6/1/2020	2.171	
5/25/2020	2.175	
5/18/2020	2.175	
5/11/2020	2.178	
5/4/2020	2.169	
4/27/2020	2.208	Initial Fuel Base
4/20/2020	2.272	
4/13/2020	2.289	
4/6/2020	2.325	
3/30/2020	2.363	
3/23/2020	2.438	
3/16/2020	2.504	
3/9/2020	2.577	
3/2/2020	2.627	
2/24/2020	2.654	
2/17/2020	2.658	
2/10/2020	2.675	
2/3/2020	2.71	
1/27/2020	2.773	
1/20/2020	2.797	
1/13/2020	2.81	
1/6/2020	2.828	

ars per Gallon