



REPORT TO CITY COUNCIL

To: Honorable Mayor and Members of the City Council

From: Grant Yates, City Manager

Prepared By: Nicole McCalmont

Date: June 12, 2018

Subject: 2018 Annual Consumer Price Index Increase For Refuse Collection Services Provided by CR&R

Recommendation

Because the proposed rate increase falls within the allowable amount of the franchise agreement, staff recommends the Council receive and file this report.

Background

CR&R, Incorporated holds an exclusive franchise in the City of Lake Elsinore to collect and dispose of refuse and to collect and process recyclables in the City. The franchise contract specifies that rates be adjusted annually to reflect changes in the Consumer Price Index (CPI) and any increases in the Riverside County Landfill Fees. The current monthly residential rate is \$24.90 which includes the Landfill Fee of \$3.78.

Discussion

City staff has been notified that the County of Riverside Waste Management Department will be requesting an increase to the landfill rates this year of 3.61%, increasing the landfill fees from \$29.08 to \$30.13 per ton.

The CR&R requested increase in service rates is based on the data supplied by the Bureau of Labor Statistics for the 12 months ending March 31, 2018, in which the Consumer Price Index (CPI) for the Los Angeles, Riverside and Orange County area increased by 3.33%.

The CPI increase will result in a \$0.73 per month increase for residential refuse collection. The monthly residential rate will go from \$24.90 per month to \$25.63 per month. All other rates will be adjusted per the contractual requirements with the exception of the commercial refuse rates. After careful review of this component, CR&R discovered that there was a calculation error within the existing rate sheet. The commercial component was not accounting for frequency increases; therefore, the formula remained static whether it was one-time per week service or multiple times per week service level. The issue has been corrected in this year's commercial rate component, which includes a three-year true up. The new rates are reflected in Exhibit "C".

Fiscal Impact

No negative fiscal impact to the City. This rate adjustment will result in a slight increase in franchise revenues to the City.

Exhibits

A - 2017 Price Adjustment

B - Schedule of Rates