



City of Keller

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Legislation Text

File #: 19-572, **Version:** 1

To: Mark R. Hafner, City Manager

From: Sarah Hensley, Administrative Services Manager

Subject:

Consider a resolution approving an amendment to Contract No. 15-64 with Community Waste Disposal, of Dallas, Texas; by amending Article 22, Remuneration - Disposal; to allow the change in the Disposal component of the Annual Adjustment to exceed the 6% up or down cap; for citywide garbage rates for the period January 1 - August 31, 2020; and authorizing the City Manager to execute said amendment on behalf of the City of Keller, Texas.

Action Requested:

Consider a resolution approving an amendment Agreement for Citywide Solid Waste Collection and Recycling Services with Community Waste Disposal (CWD) by amending Article 22-Remuneration to allow a 27.17% increase to the disposal portion of the city's commercial and residential garbage rates.

Background:

Garbage and recycling rates are calculated by assigning percentages to each of three components: Consumer Price Index, Fuel and Disposal. The percentage of each component adjusts according to the type of service. For example, CPI makes up 48% of the residential trash rate, and 80% of the residential recycle rate. Page 21 of the attached Contract 15-64 shows the full detail.

The city's current franchise agreement with CWD allows for an annual rate adjustment in the third, fourth and fifth year of the five-year agreement. The agreement will expire at the end of August 2020, so CWD's proposed changes would be effective starting January 1, 2020 through the end of the contract.

The agreement provides a maximum and minimum cap to the annual change allowed to each portion of the rates; fuel is capped up or down at 15% and CPI and disposal are capped up or down at 6%. CWD is requesting a CPI increase of 1.70%, which is allowed by contract, a 3.04% fuel decrease, which is also allowed by contract, and a 27.17% increase to the disposal component, which exceeds the 6% cap allowed by contract. CWD attributes the requested increase to the impending closure of the DFW Landfill; they have submitted a market adjustment request letter that is included in your agenda packet and a company representative will also be at the meeting.

Financial Impact:

The total residential rate will increase from \$13.10 before tax to \$14.10, an increase of \$1.00 or 7.6%.

Citizen Input/Board Review:

N/A

Legal Review:

The city attorney has reviewed the proposed Resolution.

Alternatives:

City Council has the following alternatives:

- Approve as submitted
- Approve with changes
- Denial