

Office of the City Manager

City of Richland Hills, Texas

Memorandum

To: Honorable Mayor Bill Agan and members of the Richland Hills City Council
From: Eric Strong, City Manager
Date: January 5, 2016
Subject: Allied Waste

Council Action Requested:

Consideration of request by Allied Waste for increase in rates

Background Information:

Allied Waste, our current provider for solid waste removal, has approached staff recently about the possibility of an increase in rates charged to customers. Staff has worked with Allied Waste to attempt to understand Allied's justification for requesting higher rates.

The contract we have with Allied Waste was signed in January of 2013. One of the terms of this contract is that "...rates are subject to future market changes to be reviewed annually." The problem with this language is that it is not very clear and does not define what constitutes a "market change". As such, I feel it is incumbent upon Allied Waste to provide us with some sort of documentation and backup that justifies whatever rate increase they ultimately ask for.

Allied has provided us with some interesting backup material, which is attached. They have given us a "Commercial Rate Comparison" sheet, which shows how we compare to numerous cities that surround us. Along with the Commercial rates, they have given us a chart that shows how many customers receive each type of service. They have also given us a "Residential Rate Comparison" sheet, which shows the same type of rate information for Residential accounts as compared to other cities.

Allied has indicated that they intend to ask for as much as a 5 or 6% increase on Commercial accounts, and a slightly smaller increase on Residential accounts. In looking at their rate sheets, staff feels that we are definitely on the low side as it relates to Commercial accounts, and an increase might be justified. However, on the Residential side, more information needs to be provided before any increase is granted, in staff's opinion.

It is staff's opinion that you do NOT need to take any action on this item at this meeting. Staff recommends that you allow Allied to make their presentation and that you ask them any questions you have. As mentioned, if you feel so inclined to vote on an increase at this meeting, staff strongly recommends that you only consider an increase to Commercial accounts. If you are not yet ready to do that, tabling the item for a future meeting would be a prudent course of action.

Board/Citizen Input: N/A

Financial Impact: N/A

Staff Contacts:

Eric Strong
City Manager
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Attachments: Commercial and Residential Rate Comparisons

2015 Commercial Rate Comparison

Franchise Fee	Bedford 9%	Colleyville 8%	Eules 10%	Richland Hills 12%	Grapevine 12%	Hurst** 10%	Haltom City 8%	NRH 10%	Southlake 10%
2 yard									
1 times a week	\$ 62.78	60.76	\$ 57.45	\$ 43.74	\$ 64.61	\$ 63.38	\$ 53.99	\$ 58.22	\$ 68.21
2 times a week	\$ 122.14	95.99	\$ 108.10	\$ 69.16	\$ 108.09	\$ 123.34	\$ 88.88	\$ 109.60	\$ 107.98
3 times a week	\$ 183.18	130.02	\$ 143.95	\$ 97.00	\$ 145.84	\$ 184.98	\$ 108.25	\$ 145.95	\$ 147.73
4 times a week	\$ 244.26	166.67	\$ 210.05	\$ 123.26	\$ 205.07	\$ 246.65	\$ 131.53	\$ 212.95	\$ 187.53
5 times a week	\$ 305.33	199.28	\$ 254.36	\$ 151.11	\$ 266.25	\$ 308.33	\$ 152.28	\$ 257.89	\$ 225.39
6 times a week	\$ 366.40	234.53	\$ 294.41	\$ 178.95	\$ 307.97	\$ 369.99	\$ 179.98	\$ 291.15	\$ 265.18
3 yard									
1 times a week	\$ 72.88	76.27	\$ 81.50	\$ 59.20	\$ 73.45	\$ 73.60	\$ 71.99	\$ 82.63	\$ 85.21
2 times a week	\$ 142.39	125.15	\$ 142.53	\$ 79.61	\$ 121.26	\$ 143.78	\$ 110.76	\$ 144.52	\$ 142.07
3 times a week	\$ 213.57	177.41	\$ 188.28	\$ 139.56	\$ 173.98	\$ 215.67	\$ 145.39	\$ 190.87	\$ 200.77
4 times a week	\$ 284.75	227.23	\$ 251.00	\$ 181.31	\$ 231.44	\$ 287.53	\$ 193.81	\$ 254.50	\$ 257.60
5 times a week	\$ 355.94	279.47	\$ 309.50	\$ 219.91	\$ 290.60	\$ 359.43	\$ 224.27	\$ 313.78	\$ 316.33
6 times a week	\$ 427.14	329.29	\$ 354.13	\$ 265.63	\$ 329.73	\$ 431.33	\$ 263.02	\$ 368.19	\$ 373.15
4 yard									
1 times a week	\$ 83.00	92.35	\$ 98.47	\$ 80.23	\$ 93.21	\$ 83.82	\$ 88.59	\$ 99.82	\$ 104.17
2 times a week	\$ 162.63	153.11	\$ 172.44	\$ 132.74	\$ 149.79	\$ 164.23	\$ 146.74	\$ 174.83	\$ 172.37
3 times a week	\$ 243.92	215.08	\$ 237.95	\$ 186.84	\$ 209.75	\$ 246.32	\$ 189.66	\$ 241.24	\$ 243.30
4 times a week	\$ 325.25	273.39	\$ 310.41	\$ 240.94	\$ 267.06	\$ 328.43	\$ 256.12	\$ 314.72	\$ 310.65
5 times a week	\$ 406.55	335.38	\$ 374.74	\$ 295.04	\$ 325.91	\$ 410.55	\$ 289.35	\$ 379.94	\$ 380.75
6 times a week	\$ 487.89	396.13	\$ 427.99	\$ 353.89	\$ 356.61	\$ 492.68	\$ 346.09	\$ 454.45	\$ 448.94
6 yard									
1 times a week	\$ 103.26	140.96	\$ 124.72	\$ 95.41	\$ 110.89	\$ 104.26	\$ 106.80	\$ 126.45	\$ 159.11
2 times a week	\$ 203.13	204.15	\$ 236.60	\$ 175.79	\$ 187.02	\$ 205.12	\$ 199.36	\$ 239.59	\$ 231.09
3 times a week	\$ 304.67	284.34	\$ 334.76	\$ 224.51	\$ 262.70	\$ 307.65	\$ 250.59	\$ 339.41	\$ 321.99
4 times a week	\$ 406.25	365.75	\$ 436.51	\$ 306.59	\$ 337.83	\$ 410.21	\$ 292.12	\$ 442.56	\$ 414.82
5 times a week	\$ 507.81	447.17	\$ 539.89	\$ 388.38	\$ 423.62	\$ 512.78	\$ 373.79	\$ 547.37	\$ 507.65
6 times a week	\$ 609.35	528.58	\$ 613.50	\$ 454.50	\$ 490.47	\$ 615.35	\$ 436.09	\$ 647.20	\$ 598.56
8 yard									
1 times a week	\$ 123.51	159.18	\$ 144.41	\$ 124.84	\$ 233.37	\$ 124.72	\$ 131.53	\$ 146.62	\$ 179.95
2 times a week	\$ 243.61	260.05	\$ 290.46	\$ 229.87	\$ 333.99	\$ 246.01	\$ 250.59	\$ 294.47	\$ 295.51
3 times a week	\$ 365.42	362.11	\$ 405.33	\$ 315.93	\$ 426.94	\$ 369.00	\$ 330.83	\$ 410.96	\$ 411.05
4 times a week	\$ 487.22	462.97	\$ 513.63	\$ 405.15	\$ 521.25	\$ 492.00	\$ 373.79	\$ 520.74	\$ 524.69
5 times a week	\$ 609.03	563.82	\$ 644.91	\$ 488.02	\$ 593.97	\$ 615.00	\$ 442.95	\$ 653.85	\$ 640.26
6 times a week	\$ 730.84	667.11	\$ 737.59	\$ 574.07	\$ 692.97	\$ 738.03	\$ 539.92	\$ 786.95	\$ 755.77

<i>Total Subscriptions</i>	Number of containers for each frequency of pickup					
	1X per week	2X per week	3X per week	4X per week	5X per week	6X per week
2 CY Container	39	5	0	0	0	0
3 CY Container	12	9	2	0	1	0
4 CY Container	21	6	0	0	0	0
6 CY Container	12	7	7	0	0	0
8 CY Container	35	24	16	6	4	3
Total Containers	119	51	25	6	5	3

2015 Residential Rate Comparison

	Bedford	Colleyville	Eules	Richland Hills	Grapevine	Hurst	Haltom City	NRH	Southlake
Franchise Fee	9%	8%	10%	12%	12%	10%	8%	10%	10%
Trash	\$ 7.70	9.77	\$ 8.73	\$ 8.70	\$ 9.77	\$ 7.57	\$ 8.11	\$ 8.96	\$ 9.50
Recycle	\$ 3.78	3.22	\$ 2.60	\$ 2.39	\$ 2.99	\$ 3.74	\$ 1.93	\$ 3.91	\$ 3.80
Total	\$ 11.48	12.99	\$ 11.33	\$ 11.09	\$ 12.76	\$ 11.31	\$ 10.64	\$ 12.87	\$ 13.30
Next PI Date	5/1/2017	10/1/2015	3/1/2016	8/1/2015	10/1/2015	11/1/2015	5/1/2016	3/1/2016	10/1/2015
Type of PI	3.75%	CPI	3.00%	Market Chg	CPI	CPI	CPI	2.75%	CPI
Carts Recycle	Proposed	Yes	Yes - Options	No	Yes	Yes	Yes - Options	Yes	Yes