

## REPORT TO CITY COUNCIL

**DATE: MAY 10, 2023**

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: NATHAN HAMBURGER, CITY MANAGER**

**BY: LOUIS CELAYA, DEPUTY CITY MANAGER**

**SUBJECT: WASTE MANAGEMENT VALET FEE INCREASE PROPOSAL**

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At the January 11, 2023, City Council meeting, during the annual escalation request, Waste Management (WM) requested consideration for increases to the valet services for both the residential cart service (multi-family complexes/condos) and residential bin valet service (residential equestrian sector). The request proposed in January was to increase the residential cart service valet to \$20.00 and the residential bin service valet fee to \$47.59.

As the proposed fee increase was substantial, the City Council, after some discussion, expressed concern about the request, and the proposed contamination fee increase (\$75.00 after three notifications). While the City Council approved the annual escalation request and extended the franchise agreement, direction was given to staff to speak with representatives from WM and have them return with options concerning the valet service fee. City staff met with WM representatives, and WM returned with the following options for consideration:

WM has proposed the same fee request but with the following conditions:

Residential Valet Service Fee: \$20.00  
Residential Bin Valet Service Fee: \$47.59

- Implement the increase incrementally over three years starting in June 2023, reaching the final rate in 2025
- During the annual escalation requests, WM will not take a Consumer Price Index (CPI) increase for the valet fees for these three years. After 2025, the valet fee would increase by CPI only.
- WM is withdrawing its request to increase the contamination fee (\$75 after three notifications)

The table below shows how the valet fee will be implemented as proposed, and the second table demonstrates the total cost of the proposed valet fee with the cost for refuse collection services:

## Revised Incremental Valet Fee Proposal

Valet Service Fee Proposal					
Service Type	Current Valet Fee	Proposed Fee	Valet Fee Yr. 1 2023	Valet Fee Yr.2 2023	Valet Fee Yr. 3 2023
Resident Cart	\$16.23	\$20.00	\$17.49	\$18.75	\$20.00
Residential Bin 1x/wk.	\$28.46	\$47.59	\$34.84	\$41.22	\$47.60

**Notes:**

Residential cart equates to \$1.26 increase per year

Residential Bin equates to \$6.38 increase per year

This does not include the regular trash fee paid for service

### Total Cost with Revised Valet Fee Proposal

Example of Total Rates				
Condos/Townhomes				
	2023			
Service Type	Regular Trash Fee	Valet Fee	Total	Total % Change
Residential Cart (Blue64/Grey 64)	\$24.14	\$16.23	\$40.37	
Proposed Yr. 1	\$24.14	\$17.49	\$41.63	3%
Proposed Yr. 2	\$24.86	\$18.75	\$43.61	5%
Proposed Yr. 3	\$25.61	\$20.00	\$45.61	5%
Residential Homes w/ Residential Bins				
	2023			
Service Type	Regular Trash Fee	Valet Fee	Total	Total % Change
Residential Bin (3yrd @ 1x/wk.)	\$100.16	\$28.46	\$128.62	
Proposed Yr. 1	\$100.16	\$34.84	\$135.00	5%
Proposed Yr. 2	\$103.25	\$41.22	\$144.47	7%
Proposed Yr. 3	\$106.44	\$47.60	\$154.04	7%

Trash fee assumes 3% increase each year

As referenced during the annual escalation request, the basis for the valet fee request is to address operational cost recovery.

WM's revised proposed increase looks to phase in the cost over three years, which reduces the dramatic increase concern expressed by the City Council. In April, the revised proposal was presented to the Public Works Subcommittee for consideration and review and received their support. The Subcommittee felt the proposal was fair as it

phased in the cost over time, resulted in the valet fee not being subject to CPI changes during this time, while at the same time providing WM with some relief to their operation costs, as they believe WM has demonstrated over the term of the agreement that they are a quality service provider.

Should the City Council approve the proposed request, the revised valet service fee for residential cart and bins service would commence in June, during the next billing period, and will not be retroactive.

### **RECOMMENDATION**

Staff respectfully recommends the City Council Approve Waste Management's proposed valet rate increase request and direct Waste Management to notify affected customers.