

# City of Mesquite, Texas

## Legislation Text

---

**File #:** 18-3621, **Version:** 1

---

An ordinance amending Chapter 14 of the City Code regarding commercial solid waste collection rates, effective October 1, 2018.

The current, non-exclusive contract agreement with Republic Services, Inc., (formerly Allied Waste Systems, Inc.) for commercial solid waste collection was approved with two, five-year renewal options, and the final, five year option will be up for renewal on February 9, 2019. Under provisions of the agreement, Republic is authorized to adjust commercial solid waste rates each year, effective October 1, based on annual changes in consumer inflation and average retail prices for diesel fuel in the Dallas area as measured by federal government agencies.

Commercial solid waste rates are comprised of two components, a base rate and an added fuel recovery fee. Changes to the base rate are equal to the year-over-year change in the Dallas - Fort Worth - Arlington Area Consumer Price Index for All Urban Consumers (CPI-U) for the month of July as reported by the U.S. Bureau of Labor Statistics. Changes to the fuel recovery fee are based on the average monthly retail sales price of diesel fuel for the Gulf Coast Region for the year ending in July, as reported by the U.S. Energy Information Administration, and this average fuel price figure is then applied to a *Fuel Recovery Fee Worksheet* that is included as an exhibit the contract agreement. The fuel recovery fee is added to the commercial base rate similar to the way sales tax is applied to a retail transaction.

The year-over-year change in the CPI-U for July is an increase of 3.53 percent, which would result in a corresponding increase to the current base rates. The average diesel fuel price for the past 12 months ending in July was \$2.79 per gallon and, per the Fuel Recovery Fee Worksheet, corresponds to an added fuel recovery surcharge of 3.80 percent, an increase of 1.04 percentage points in the fuel recovery surcharge. In total, commercial solid waste rates would increase by 4.57 percent for next fiscal year.

In addition, the disposal rate is based on the City's solid waste disposal contract with Waste Management of Texas, Inc. (WMTX), and is the rate Republic should charge to dispose of commercial solid waste from Mesquite at the WMTX Skyline facility in Ferris, Texas. Adjustments to the disposal rate are tied to the year-over-year change in the Consumer Price Index for All Urban Wage Earners (CPI-W) for the month of March, and the March 2018 CPI-W increased by 2.93 percent, which results in a disposal charge of \$24.05 per ton for roll-off containers.

### **Recommended/Desired Action**

Staff recommends approval of the ordinance.

### **Attachment(s)**

Ordinance

### **Drafter**

Ted Chinn

**Head of Department**

Matthew Holzapfel, P.E.