



## CITY OF MARSHALL

### COMMISSION AGENDA INFORMATION SHEET:

**MEETING DATE:** June 09, 2016

**PROJECT:** Consider approval of a request by Republic Industries, Inc., in accordance with Section 14.00 of the Solid Waste and Disposal Contract, to increase the contract for services cost by .6% of 1% as based on the March Dallas-Ft Worth Consumer Price Index, effective for the annual period beginning January 1, 2017. (Public Services Director)

#### **DESCRIPTION:**

Section 14 of our Solid Waste Collection and Disposal Contract with Republic Industries provides for an annual CPI adjustment based on the March Dallas-Ft Worth Consumer Price Index (CPI). This year, the March DFW CPI for the last twelve months is 0.6% of 1%.

Section 14 of our Solid Waste Contract allows for an annual CPI adjustment, calculated as follows:

#### *14.00 RATE ADJUSTMENTS*

##### *Annual CPI*

*Any other provision of this Contract notwithstanding, beginning on January 1, 2014 and continuing on January 1 of each succeeding year during the term of this Contract, the rate schedule and fees charged by Contractor for refuse service in the City (collectively, the "Rates") shall be adjusted according to the change in the United States Department of Labor's published Consumer Price Index – All Urban Consumers (Dallas – Fort Worth, TX), but such adjustment shall not exceed 3% annually. The Rates will be adjusted using the most recent March index value compared to the preceding year's March index value. Contractor shall provide City with notice of changes by June 1<sup>st</sup> preceding the effective date of the increase.*

Republic Industries is requesting that cost for services be amended in accordance with Section 14 of the Contract, effective January 1, 2017. Based on their request to increase their rates .6% of 1%, our contractual cost for residential service would go up \$0.5 cents per month or \$.60 a year; the rate increase will also apply to all solid waste services.

As stated herein above, this annual CPI rate adjustment is allowed under Section 14 of the Solid Waste and Disposal contract. Under the contractual agreement in place with Republic Services, we charge a 10% franchise fee (for road use) on the cost specified in the contract.

The amended rates would become effective January 1, 2017:

Estimated Republic's Increased Annual Contract Cost (for 2017)	\$2,033,226.60
Estimated Current Annual Contract Cost (01-01-16)	<u>\$2,021,100.00</u>
Estimated Annual Increased Cost for the .6% of 1% Republic Increase	\$ 12,126.60

**COST:**

Approximate increased contract cost of \$12,126.60

<b>FUNDING:</b>	<b><u>Acct. Name &amp; No</u></b>	<b><u>Original Budget</u></b>
	01-0305-05-03 (sanitation contract – residential/commercial)	\$1,858,600
	01-0362-05-03 (convenience station roll-off charges)	\$ 105,000
	40-0305-20-04 (part of line item – sludge disposal)	<u>\$ 57,500</u>
		\$2,021,100

**RECOMMENDED CITY COMMISSION ACTION:**

Approve a request by Republic Industries, Inc., in accordance with Section 14.00 of the Solid Waste and Disposal Contract, to increase the contract for services cost by .6% of 1% as based on the March Dallas-Ft Worth Consumer Price Index, effective for the annual period beginning January 1, 2017. (Public Services Director)

**CITY CONTACT:** J. C. Hughes, Public Services Director – 903-505-4503 (cell)

**ATTACHMENTS:**

- Republic Services, Inc. letter of request for CPI rate increase – dated May 25, 2016



**RECEIVED**

**MAY 27 2016**

**CITY OF MARSHALL  
PROCUREMENT**

May 25, 2016

City of Marshall  
PO Box 698  
Marshall, Texas 75671

Dear Mr. Hughes:

In accordance with provisions in our contract for Solid Waste Collection & Disposal with the City of Marshall we respectfully submit this request for a .6% rate adjustment with respect to the contract agreement 14.00 that is based on the March Consumer Price Index All Urban Consumers Dallas Ft. Worth. This annual adjustment is necessary to maintain the quality and assurance in service the citizens of Marshall expect and to keep pace with maintenance insurance and labor expenses.

The effective date of the .6% adjustment will be effective January 1, 2017. Additional information is attached. Feel free to contact me with any questions

Sincerely,

  
Gene Keenon  
Manager Government Affairs  
903-986-0463

## Southwest Consumer Price Index Indicators

CPI for All Urban Consumers (CPI-U): U.S. City Average, Dallas-Fort Worth, and Houston-Galveston-Brazoria, March 2016  
(1982-84=100 unless otherwise noted)

Item and group	U.S. City Average				Dallas-Fort Worth				Houston-Galveston-Brazoria			
	Index	Percent change			Index	Percent change			Index	Percent change		
	Mar. 2016	12-month	1-month	2-month	Mar. 2016	12-month	1-month	2-month	Mar. 2016	12-month	1-month	2-month
All Items	238.132	0.9	0.4	0.5	218.877	0.6		0.8				
Food and beverages	247.677	0.8	-0.3	-0.2	249.669	0.2		-0.4				
Food	247.978	0.8	-0.3	-0.3	244.392	0.3		-0.3				
Food at home	240.329	-0.5	-0.7	-0.7	217.788	-1.2	-1.1	-0.5	223.443	-0.3	-0.1	-0.7
Food away from home	260.883	2.7	0.2	0.4	285.666	2.1		0.0				
Alcoholic beverages	242.230	1.2	-0.1	0.3	318.366	-2.6		-1.4				
Housing	241.485	2.1	0.2	0.4	201.544	2.0		0.0				
Shelter	285.196	3.2	0.3	0.6	220.225	3.8	0.4	0.4	248.920	5.1	0.1	0.2
Rent of primary residence (1)	293.489	3.7	0.2	0.5	231.213	5.0	0.3	0.5	242.967	6.7	0.7	0.9
Owners' equivalent rent of primary residences (1) (2)	292.080	3.1	0.2	0.4	236.609	4.4	0.5	1.0	230.967	4.8	0.2	0.1
Owners' equivalent rent of primary residence (1) (2)	292.039	3.1	0.2	0.4	236.609	4.4	0.5	1.0	230.967	4.8	0.2	0.1
Fuels and utilities	223.918	-2.6	-0.1	-0.3	210.681	-6.0		-2.7				
Household energy	186.198	-4.5	-0.2	-0.5	191.256	-9.7	-3.5	-4.1	119.409	-15.1	-8.2	-10.7
Energy services (1) (3)	191.203	-3.3	-0.2	-0.5	188.194	-9.7	-3.5	-4.1	117.232	-15.1	-8.3	-10.9
Electricity (1)	202.487	-1.7	0.0	-0.3	183.367	-12.0	-4.1	-4.1	115.214	-15.8	-9.8	-11.6
Utility (piped) gas service (1)	154.822	-9.2	-0.7	-1.1	168.189	10.0	-0.3	-4.3	117.385	-11.6	0.0	-6.8
Household furnishings & operations	122.389	-0.3	-0.1	0.0	126.194	-0.1		0.7				
Apparel	127.427	-0.6	1.5	4.6	112.400	-6.0		9.8				
Transportation	191.257	-4.1	2.1	0.6	193.954	-3.5		1.7				
Private transportation	185.706	-4.4	2.2	0.5	195.614	-3.5		1.7				
Motor fuel	171.050	-21.1	10.1	-0.8	173.335	-16.8	17.2	7.9	152.695	-23.3	9.5	0.8
Gasoline (all types)	170.356	-20.9	10.2	-0.7	172.632	-16.5	17.4	8.1	152.836	-23.0	9.8	1.1
Medical care	458.620	3.3	0.1	1.0	431.261	4.8		0.6				
Recreation (4)	117.071	1.1	0.4	0.9	110.811	-0.9		1.1				
Education and communication (4)	139.279	1.2	0.0	-0.1	142.248	3.8		2.1				
Other goods and services	420.632	2.0	0.2	0.4	387.268	1.7		0.6				
<b>SPECIAL INDEXES (CPI-U)</b>												
Energy	179.017	-12.6	4.0	-0.6	183.913	-13.1	5.0	1.1	134.266	-19.9	-0.3	-5.4
All items less shelter	222.363	-0.3	0.5	0.5	219.040	-0.8		1.0				
All items less food and energy	246.358	2.2	0.3	0.7	222.744	2.1		0.9				
All Items (1967 = 100)	713.339				686.605							
<b>CPI FOR URBAN WAGE EARNERS AND CLERICAL WORKERS (CPI-W)</b>												
All items	232.209	0.5	0.5	0.5	223.430	0.6		0.9				
All items (1967 = 100)	691.681				688.984							
<p>(1) This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.</p> <p>(2) Index on a December 1982=100 base.</p> <p>(3) This index series was formerly titled Gas (piped) and electricity.</p> <p>(4) Index on a December 1997=100 base.</p> <p>Note: The Consumer Price Index (CPI) measures changes in prices of all goods and services purchased for consumption by urban households. The indexes for food at home, energy, and shelter are compiled monthly for Dallas-Fort Worth and Houston. Full surveys, which produce the All Items indexes and major components, are compiled every two months. These full surveys are published for the odd-numbered months for Dallas-Fort Worth and for the even-numbered months for Houston.</p> <p><a href="#">Southwest CPI Indicators Previous Issues</a></p> <p><a href="#">Southwest Homepage</a></p> <p><a href="#">Schedule of Upcoming Releases for the Consumer Price Index</a></p>												