



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

FROM: City Manager

SUBJECT: Annual CPI Rate Adjustment Request by Athens Services for Residential Refuse and Recycling Services for FY26/27

MEETING DATE: July 14, 2026

RECOMMENDATION:

The City Council will consider adopting a resolution approving a 4.73% rate adjustment for solid waste collection services to become effective July 1, 2026, as reflected on Attachment "A".

BACKGROUND AND ANALYSIS:

On July 1, 2014, the City approved an agreement with CalMet Services Inc. ("Agreement") for residential refuse and recycling services; with an expiration date of June 30, 2019.

On October 16, 2018, the City approved a First Amendment to the Agreement for residential refuse and recycling services; with an expiration date of June 30, 2023.

On April 1, 2022, Athens Services acquired CalMet and issued notification letters to Residents of a change in service provider.

On January 17, 2023, Athens submitted a letter to the City requesting an extension of the Agreement, which was set to expire on June 30, 2023.

On April 14, 2023, Athens submitted a letter to the City requesting a CPI-based rate adjustment of 6.19%. The increase was effective July 1, 2023.

On June 27, 2023, the City approved a Second Amendment to the Agreement for residential refuse and recycling services. It included provisions for:

- An annual review process for rate adjustments.
- A monthly base cost of \$91,726 for residential units, paid directly by the City.
- An annual rate adjustment based on the Trash CPI plus one percent (1%).
- An extension of the Agreement through June 30, 2028; with an option for a one-time five-year extension commencing July 1, 2028, subject to mutual agreement of the parties.

On April 12, 2024, Athens submitted a letter to the City requesting a CPI-based rate adjustment of 7.05% . The Increase was effective July 1, 2024.

On April 14, 2025, Athens submitted a letter to the City requesting a CPI-based rate adjustment of 6.14% . The Increase was effective July 1, 2025.

DISCUSSION:

Pursuant to said Second Amendment to the Agreement, Athens may request annually a rate adjustment to reflect percentage changes in the Consumer Price Index (CPI) for the 12-month period ending March 1st of each respective year, plus an unconditional one percent (1%) override (i.e., CPI + 1%). The annual request must be made in writing prior to April 15th for the period commencing the following July 1st. Any adjustment shall not be effective unless approved by the City Council.

On April 14, 2026, Athens submitted a written request for a 4.73% rate adjustment, consistent with the CPI adjustment methodology outlined in Section 17 of the agreement. Attachment "A" supports the requested increase and aligns with the formula contained in the current Agreement.

Total monthly compensation payable to Athens by the City will increase by \$4,932, resulting in a new monthly total of \$109,159, up from the previous rate of \$104,227.

CONCLUSION:

Staff recommends that the City Council approve the requested 4.73% rate adjustment for Athens Services for residential refuse and recycling services, effective July 1, 2026, in accordance with the Agreement's Second Amendment .

ALTERNATIVES:

1. Approve staff recommendation; and/or
2. Provide further direction to staff.

FISCAL IMPACT:

Sufficient funding is available in the Fiscal Year (FY) 2026-27 Adopted Budget under the Refuse Disposal account (10-5140-54062) to cover the additional monthly cost of \$4,932, increasing the new total to \$109,159 per month, with an adjusted annual payment of \$1,309,905.

Prepared by:	Natalie Hernandez, Senior Management Analyst
Fiscal Impact Reviewed by:	Alvaro Castellon, Director of Finance
Respectfully submitted:	Ernie Hernandez, City Manager
Approved as to form:	Noel Tapia, City Attorney

Enclosures: 1) Attachment A
2) Resolution