



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

FROM: City Manager

SUBJECT: APPROVE RATE ADJUSTMENT REQUEST BY ATHENS SERVICES
FOR RESIDENTIAL REFUSE AND RECYCLING SERVICES

MEETING DATE: July 8, 2025

RECOMMENDATION:

The City Council will consider approving a 6.14% rate adjustment for solid waste collection services to become effective July 1, 2025, as reflected on Attachment "A".

BACKGROUND:

On July 1, 2014, the City approved an agreement with CalMet Services Inc. 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.

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 cost of \$91,726.41 for residential units.
- 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.

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.

DISCUSSION:

Per the Second Amendment to Athens' agreement, Athens may request a rate adjustment plus one percent (1%) annually 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.

Therefore, Athens submitted a written request for a 6.14% 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 terms of the agreement.

The standard residential monthly service rate will increase by \$6,030, resulting in a new monthly total of \$104,227, up from the previous rate of \$98,197.

CONCLUSION:

Staff recommends the City Council approve the requested 6.14% rate adjustment for Athens Services for residential refuse and recycling services, effective July 1, 2025, in accordance with the agreement's Second Amendment.

FISCAL IMPACT:

Sufficient funding is available in the Fiscal Year (FY) 2025-26 Adopted Budget under the Refuse Disposal account (10-5140-54062) to cover the additional monthly cost of \$6,030, increasing the new total to \$104,227 per month, with an adjusted annual payment of \$1,250,725.

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