

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA, AUTHORIZING STAFF TO NEGOTIATE AND/OR APPROVE A RATE INCREASE OF 5% AND PROVIDE DIRECTION ON CALMET'S REQUEST FOR A 10-YEAR TERM EXTENSION ENDING JUNE 30, 2024 WITH A SELF RENEWING CLAUSE.

WHEREAS, the current agreement between the City of Commerce and Calmet for residential refuse and recycling services, which also includes servicing City facilities, is a 5-year term and is set to expire June 30, 2019; and

WHEREAS, the contract allows for an annual review of service and rates and for the Contractor to request a rate adjustment annually in writing based on CPI for an amount not to exceed 10% and landfill disposal cost (tipping fee) increases; and

WHEREAS, the contract indicates that the "City and Contractor will negotiate in good faith to reach an equitable adjustment in the service and/or contract rates," and

WHEREAS, on March 22, 2018, Calmet sent a letter to the City proposing to continue providing the same level of service to the City with a request for a 10-year term extension with a self-renewing clause; and

WHEREAS, Calmet's letter also requested that the City include all multi-family units as part of the residential contract; and

WHEREAS, staff does not believe a long-term self-renewing contract is in the best interests of the City since a shorter term contract period tends to retain a higher level of service and City satisfaction; and

WHEREAS, the Council may provide staff direction regarding the negotiation of an extension to the current agreement or direct staff to issue a Request for Proposals (RFP) from among the commercial haulers for commercial refuse and recycling services; and

WHEREAS, as a matter of clarification, the residential contract currently includes servicing all residential units and multi-family up to 4 units; and

WHEREAS, multi-family units with 5 or more units are considered commercial accounts as an industry standard and are included in the RFP currently out to bid for commercial refuse and recycling services; and

WHEREAS, on April 30, 2018, Calmet sent the City a letter requesting a rate increase of 8.03% (3.62% based on the Consumer Price Index [CPI] and 4.41% attributable to landfill tipping fee disposal costs increases); and

WHEREAS, should Council authorize a rate increase, staff recommends authorizing staff to negotiate and/or approve a rate increase of 5% versus 8.03% requested by Calmet resulting in an increase from \$61,420.17 to \$64,491.18 retroactive to July 1, 2018.

NOW, THEREFORE, THE CITY COUNCIL DOES HEREBY RESOLVE, DECLARE AND DETERMINE AS FOLLOWS:

Section 1. Approve a 5% rate increase of \$3,071.00 per month, \$36,852 for Fiscal Year 2018/19.

Section 2. Provide direction to staff regarding Calmet's term extension request versus issuing an RFP for residential refuse and recycling services.

Section 3. The Mayor is authorized to execute the resolution for and on behalf of the City of Commerce.

PASSED, APPROVED AND ADOPTED this 17th day of July, 2018.

Hugo Argumedo
Mayor

ATTEST:

Lena Shumway
City Clerk