

September 1, 2004

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular Meeting of
September 14, 2004

**CONSOLIDATED DISPOSAL SERVICE: NOTICE OF 3% RATE INCREASE
EFFECTIVE JANUARY 1, 2005**

Recommendation:

That the City Council receive and file this notice of the 3% rate increase for solid waste and recycling to residential and commercial accounts effective January 1, 2005 as set forth in the contract with Consolidated Disposal Service (CDS).

Background:

The contract between the City and CDS provides for annual adjustments of 3% or the percentage change in the Consumer Price Index (CPI) for the most recent 12 month period for which data is available, whichever is less. The change in the CPI for the period July 2003 – July 2004 is 3.8% (a copy of the CPI from the Bureau of Labor Statistics is attached). CDS has submitted a request for a 3% adjustment in accordance with the contract (a copy of the applicable contract section is attached).

Analysis:

This adjustment will result in a 29¢ increase in the cost for each residential customer. Commercial rates will also increase at the same rate of 3%. Monthly rates would be as follows:

TYPE OF SERVICE	PRESENT RATES	3% INCREASE	PROPOSED NEW RATES	AB939 FEE	TOTAL RATE
RESIDENTIAL SOLID WASTE & RECYCLING	\$9.78	\$.29	\$10.07	\$.25	\$10.32
COMMERCIAL 3 YARD/1 X WK	72.64	\$2.18	\$74.82	\$3.25	\$78.07

For comparison purposes, the rates for our neighboring cities are provided below:

	REDONDO BEACH	MANHATTAN BEACH	TORRANCE	PROPOSED HERMOSA BEACH
RESIDENTIAL PER MONTH	\$11.05	\$12.44	\$18.25	\$10.32

A copy of the rates charged in other cities at attached and, as you can see, even with the adjustment, the City's rate is very good.

As you may recall, the agreement with CDS is for seven years. They were not permitted to increase rates for the first two years of the contract and chose not to request an increase for the 2004 calendar year.

Respectfully submitted,

Stephen R. Burrell
City Manager