



WM
17700 Indian St
Moreno Valley, CA 92551

May 1, 2023

Felicia London, MPA
Purchasing & Sustainability Division Manager
Financial & Management Services
City of Moreno Valley
14177 Frederick Street
Moreno Valley, CA 92553

Re: 2023/2024 Annual Rate Adjustment Request

Dear Ms. London,

We would like to take this opportunity to thank you and your staff in advance for your assistance with the rate adjustment process.

Pursuant to Section 16 of the franchise agreement, WM respectfully requests an adjustment of trash and recycling/processing rates to be effective July 1, 2023.

Attached for your review, is the Solid Waste and Recycling Rates that reflects the 2023-2024 rate adjustment along with the supporting Rate Adjustment Percentage Calculation data.

Should you need additional information or have any question regarding this year's annual rate adjustment, please contact me at (951) 415-4389. Thank you for your time.

Respectfully,

Douglas Tani
Public Sector Manager
WM

Attachment 1
City of Moreno Valley
Solid Waste and Recycling Rates
Effective July 1, 2023

Commercial & Multi-Family Service (1)				
Size	Service Frequency	FY 2022/23		FY 2023/24
		Proposed Rate	Rate Adjustment	Proposed Rate
1.5	1	\$ 119.43	\$ 5.14	\$ 124.57
1.5	2	\$ 214.91	\$ 9.20	\$ 224.11
1.5	3	\$ 304.54	\$ 12.98	\$ 317.51
1.5	4	\$ 391.31	\$ 16.63	\$ 407.94
1.5	5	\$ 483.81	\$ 20.55	\$ 504.36
1.5	6	\$ 573.42	\$ 24.33	\$ 597.75
2	1	\$ 138.65	\$ 5.92	\$ 144.57
2	2	\$ 249.62	\$ 10.57	\$ 260.19
2	3	\$ 353.60	\$ 14.91	\$ 368.50
2	4	\$ 454.40	\$ 19.10	\$ 473.50
2	5	\$ 561.85	\$ 23.59	\$ 585.44
2	6	\$ 665.81	\$ 27.93	\$ 693.73
3	1	\$ 177.07	\$ 7.47	\$ 184.53
3	2	\$ 318.71	\$ 13.32	\$ 332.02
3	3	\$ 451.68	\$ 18.77	\$ 470.45
3	4	\$ 580.68	\$ 24.04	\$ 604.72
3	5	\$ 717.65	\$ 29.67	\$ 747.33
3	6	\$ 850.61	\$ 35.13	\$ 885.74
4	1	\$ 225.56	\$ 9.48	\$ 235.04
4	2	\$ 406.15	\$ 16.90	\$ 423.04
4	3	\$ 575.60	\$ 23.81	\$ 599.40
4	4	\$ 740.06	\$ 30.49	\$ 770.55
4	5	\$ 914.51	\$ 37.63	\$ 952.14
4	6	\$ 1,084.00	\$ 44.54	\$ 1,128.54
6	1	\$ 284.70	\$ 11.76	\$ 296.46
6	2	\$ 515.08	\$ 21.04	\$ 536.12
6	3	\$ 732.26	\$ 29.72	\$ 761.98
6	4	\$ 943.40	\$ 38.12	\$ 981.52
6	5	\$ 1,166.67	\$ 47.08	\$ 1,213.75
6	6	\$ 1,383.80	\$ 55.75	\$ 1,439.55

Commercial Compactor Service				
Size	Service Frequency	FY 2022/23		FY 2023/24
		Proposed Rate	Rate Adjustment	Proposed Rate
1.5	1	\$ 150.55	\$ 5.94	\$ 156.49
1.5	2	\$ 277.17	\$ 10.79	\$ 287.96
1.5	3	\$ 397.95	\$ 15.38	\$ 413.33
1.5	4	\$ 515.89	\$ 19.83	\$ 535.72
1.5	5	\$ 639.55	\$ 24.55	\$ 664.10
1.5	6	\$ 760.25	\$ 29.13	\$ 789.38
2	1	\$ 180.15	\$ 6.99	\$ 187.14
2	2	\$ 332.67	\$ 12.71	\$ 345.38
2	3	\$ 478.16	\$ 18.11	\$ 496.27
2	4	\$ 620.54	\$ 23.37	\$ 643.90
2	5	\$ 769.43	\$ 28.93	\$ 798.36
2	6	\$ 914.97	\$ 34.33	\$ 949.30
3	1	\$ 239.33	\$ 9.07	\$ 248.40
3	2	\$ 443.26	\$ 16.52	\$ 459.78
3	3	\$ 638.52	\$ 23.57	\$ 662.09
3	4	\$ 829.84	\$ 30.44	\$ 860.28
3	5	\$ 1,029.10	\$ 37.68	\$ 1,066.78
3	6	\$ 1,224.36	\$ 44.73	\$ 1,269.09
4	1	\$ 308.65	\$ 11.61	\$ 320.26
4	2	\$ 572.28	\$ 21.16	\$ 593.45
4	3	\$ 824.76	\$ 30.21	\$ 854.97
4	4	\$ 1,072.27	\$ 39.03	\$ 1,111.29
4	5	\$ 1,329.76	\$ 48.30	\$ 1,378.06
4	6	\$ 1,582.32	\$ 57.35	\$ 1,639.67

Commercial Organics				
Size	Service Frequency	FY 2022/23		FY 2023/24
		Proposed Rate	Rate Adjustment	Proposed Rate
2	1	\$ 259.35	\$ 11.85	\$ 271.20
2	2	\$ 518.03	\$ 23.67	\$ 541.70
2	3	\$ 776.72	\$ 35.49	\$ 812.20
2	4	\$ 1,035.34	\$ 47.30	\$ 1,082.65
2	5	\$ 1,294.00	\$ 59.12	\$ 1,353.13
2	6	\$ 1,552.64	\$ 70.94	\$ 1,623.59
64 Gallon Cart	1	\$ 48.31	\$ 2.21	\$ 50.52
64 Gallon Cart	2	\$ 96.63	\$ 4.41	\$ 101.04
64 Gallon Cart	3	\$ 144.95	\$ 6.62	\$ 151.57
64 Gallon Cart	4	\$ 193.26	\$ 8.83	\$ 202.09
64 Gallon Cart	5	\$ 241.57	\$ 11.04	\$ 252.61
64 Gallon Cart	6	\$ 289.89	\$ 13.25	\$ 303.14

Commercial Misc Services				
	FY 2022/23		FY 2023/24	
	Proposed Rate	Rate Adjustment	Proposed Rate	Proposed Rate
Temp bin service (up to 7 days)	\$ 158.65	\$ 7.25	\$ 165.90	
Temp bin service (30 days)	\$ 350.22	\$ 16.00	\$ 366.22	
Extra empty - first bin	\$ 63.83	\$ 2.92	\$ 66.74	
Extra empty - addl bins	\$ 27.37	\$ 1.25	\$ 28.62	
Pull-out service per bin				
0-15 feet	N/C		N/C	
16-35 feet	\$ 18.39	\$ 0.84	\$ 19.23	
36-50 feet	\$ 27.60	\$ 1.26	\$ 28.86	
Over 51 feet	\$ 36.82	\$ 1.68	\$ 38.50	
Locking container	\$ 46.01	\$ 2.10	\$ 48.11	
Restart fee	\$ 55.20	\$ 2.52	\$ 57.73	
Special bin/container lid	\$ 18.16	\$ 0.83	\$ 18.99	
Overage fees	\$ 63.86	\$ 2.92	\$ 66.78	
Bin exchange - over 1 per year	\$ 54.59	\$ 2.49	\$ 57.09	
Bin exchange - service level change	\$ 54.59	\$ 2.49	\$ 57.09	
Bulky item collection	\$ 20.47	\$ 0.94	\$ 21.40	
Set up fee	\$ 31.99	\$ 1.46	\$ 33.45	
Redelivery fee	\$ 63.99	\$ 2.92	\$ 66.91	
Commercial Recycle Contamination	\$ 75.00	\$ 3.43	\$ 78.43	(2)
Replacement Lock	\$ 29.49	\$ 1.35	\$ 30.84	
Replacement Key	\$ 5.90	\$ 0.27	\$ 6.17	
Haul or Call Fee	\$ 29.49	\$ 1.35	\$ 30.84	
Extra empty - Compactor	\$ 94.35	\$ 4.31	\$ 98.66	
AB341 Non compliance fee	\$ 17.70	\$ 0.81	\$ 18.51	

Roll off				
	FY 2022/23		FY 2023/24	
	Proposed Rate	Rate Adjustment	Proposed Rate	Proposed Rate
Hauling fee	\$ 261.05	\$ 11.93	\$ 272.98	(3)
Compactor hauling fee	\$ 377.35	\$ 17.24	\$ 394.59	(3)
Monthly minimum pull fee	\$ 261.05	\$ 11.93	\$ 272.98	
Monthly minimum pull fee (compactor)	\$ 377.35	\$ 17.24	\$ 394.59	
Temporary flat fee (incl 4 tons)	\$ 472.92	\$ 27.48	\$ 500.40	(4)
Organics	\$ 642.75	\$ 29.37	\$ 672.11	(3)
C&D	\$ 506.09	\$ 23.12	\$ 529.21	(3)
Delivery	\$ 90.97	\$ 4.16	\$ 95.12	
Extra trip	\$ 90.97	\$ 4.16	\$ 95.12	
Relocation	\$ 90.97	\$ 4.16	\$ 95.12	
Set up fee	\$ 31.98	\$ 1.46	\$ 33.44	
Recycle Report Fee	\$ 29.47	\$ 1.35	\$ 30.82	

Recycling Bins					
Size	Service Frequency	FY 2022/23		FY 2023/24	
		Proposed Rate	Rate Adjustment	Proposed Rate	
All Sizes	1	\$ 77.51	\$ 3.54	\$ 81.05	(5)
All Sizes	2	\$ 155.00	\$ 7.08	\$ 162.08	(5)
All Sizes	3	\$ 232.52	\$ 10.62	\$ 243.15	(5)
All Sizes	4	\$ 310.01	\$ 14.16	\$ 324.18	(5)
All Sizes	5	\$ 387.54	\$ 17.71	\$ 405.24	(5)
All Sizes	6	\$ 465.04	\$ 21.25	\$ 486.28	(5)
Extra empty		\$ 35.37	\$ 1.62	\$ 36.99	

Residential Service				
	FY 2022/23		FY 2023/24	
	Proposed Rate	Rate Adjustment	Proposed Rate	Proposed Rate
Recycling Material				
Offset	\$ -	\$ -	\$ -	\$ -
Single family rate	\$ 31.44	\$ 0.75	\$ 32.19	
Senior citizen discount rate	\$ 28.30	\$ 0.68	\$ 28.97	
Addl 35 gal solid waste container	\$ 5.52	\$ 0.08	\$ 5.60	
Addl 64 gal solid waste container	\$ 7.20	\$ (0.00)	\$ 7.20	
Addl 64 gal organics container	N/C		N/C	(6)
Addl 96 gal solid waste container	\$ 9.58	\$ (0.05)	\$ 9.53	
Addl 96 gal organics container	\$ 8.84	\$ 1.34	\$ 10.18	
Addl 96 gal recycle container	\$ 3.59	\$ 0.16	\$ 3.75	
Per bag charge	\$ 3.15	\$ 0.14	\$ 3.29	
Container changes over 1 per year	\$ 12.69	\$ 0.58	\$ 13.27	
Addl bulky item pick-up	\$ 20.47	\$ 0.94	\$ 21.41	(7)(8)
Curbside E-waste (over 3 free)	\$ 20.47	\$ 0.94	\$ 21.41	
Temporary bin service	\$ 158.67	\$ 7.25	\$ 165.92	
Temporary bin service	\$ 350.22	\$ 16.00	\$ 366.22	
Set up fee	\$ 15.36	\$ 0.70	\$ 16.06	
Contamination	\$ 15.00	\$ 0.69	\$ 15.69	

Footnotes

- (1) 1 Recycle Bin included with each Solid Waste Bin serviced 1 time per week service
- (2) Per P/U
- (3) + landfill
- (4) + landfill >4
- (5) Over 1 bin
- (6) Max one
- (7) minimum
- (8) In excess of one item per week

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June 6, 2023

Felicia London, MPA
Purchasing & Sustainability Division Manager
Financial & Management Services
City of Moreno Valley
14177 Frederick St.
Moreno Valley, CA 92553

Subject: Solid Waste Rate Adjustment Review – FY 2023/2024

Dear Felicia London,

HF&H Consultants, LLC (HF&H) is pleased to present its findings in the review of Waste Management of the Inland Empire's (WM) fiscal year 2023-24 rate adjustment request for the City of Moreno Valley (City).

Background

WM submitted its initial rate adjustment request to the City on early May 2023. The City retained HF&H to review WM's adjustment request, subject for approval by the City. HF&H met with WM on May 30, 2023 to clarify the methodology used in the rate adjustment. WM provided additional backup data for the commercial/multi-family adjustments, residential cart counts, and roll-off calculations. HF&H performed the following steps in completing the review of the rate adjustment application:

- Reviewed contractual requirements for WM's rate adjustment (see Attachment A);
- Reviewed rate calculations submitted by WM;
- Communicated with City and WM regarding any additional information required; and
- Updated rate adjustment calculations, as necessary.

Findings

- HF&H reviewed WM's rate adjustment schedule and confirmed the calculations were mostly consistent with the prior year application. However, during the initial review, HF&H found that WM used a different Consumer Price Index (CPI) than was stated in the Third Amended and Restated Agreement signed in July 2022 (Agreement).

In the Agreement Series Title: All items in Los Angeles-Riverside-Orange County¹, all urban consumers, not seasonally adjusted is stated as the agreed upon CPI index. In the current rate adjustment

¹The CPI index currently available from the U.S. Bureau of Labor Statistics is Los Angeles-Long Beach-Anaheim.

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proposal, WM used CPI, Series ID: CUURS49CSA0; Series Title: All items in Riverside-San Bernardino-Ontario, CA, all urban consumers, not seasonally adjusted.

In previous years the City and WM have agreed to use the Riverside-San Bernardino-Ontario, CA all consumers, not seasonally adjusted CPI index.

The accepted CPI used for calculation of the rates correspond to a 4.57% increase in the base rate and ancillary services, such as extra charges, delivery fees, and distance charge.

- The base rates for commercial/multi-family services, residential, and compactor fees include a base service charge and disposal component.

For commercial and multi-family accounts the base charge increased by the CPI index of 4.57%. The disposal component of the commercial and multi-family rate adjustment was calculated based on the percentage change in disposal charges from FY 2021-22 to FY 2022-23; this calculation accounted for the increase in both disposal tonnage and disposal gate fees. HF&H confirmed the disposal rate for Riverside County Landfills used by WM by confirming the rate as approved by Riverside County Ordinance No. 779.24. The disposal component corresponded to a 1.95% increase over the prior year rate adjustment.

Initially, HF&H calculated a 1.96% increase for the disposal component and WM calculated a 1.95% increase. We met with WM and confirmed the difference was due to rounding methodology in calculating the disposal gate fee. WM calculated the 2023 Riverside County Landfill disposal gate fee by multiplying the 2022 disposal gate fee by the percentage increase used to calculate the 2023 disposal gate fee. HF&H hard coded the 2023 disposal gate fee as approved by Riverside County. Both WM and HF&H had the same dollar amount, but the difference in inputs caused a slight difference in the rate increase calculation. The difference in inputs did not affect the proposed customer rates.

- For standard service residential rates, there is also a base charge and disposal component for solid waste and organics services. HF&H recalculated the rate based on the current Riverside County landfill Rates used by WM and confirmed the rates submitted from WM were calculated consistently with those of prior years.

WM used a blended rate for the organics disposal based on the tonnage processed at two facilities and the rates at those facilities. There is not language in the Agreement that specifies how the organics rate should be calculated. WM provided and HF&H confirmed that the blended rate was calculated as shown in the table below.

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Facility	Tons from Apr 2022 - Mar 2023	Cost per Ton	% of Total Tons	% of Cost per Ton
Ecology Composting	32,535.54	\$ 88.66	82%	\$ 72.95
South Valley Compost	7,006.28	\$ 100.57	18%	\$ 17.82
Total	39,541.82	N/A	100%	\$ 90.77

- HF&H reviewed and confirmed that WM is calculating the total cart count to reflect the actual number of extra organics and extra solid waste carts. In a prior review, WM had been including customers with a single cart and customers with an extra cart in their total cart count. The total cart count used for the disposal adjustment was based on the total count for both solid waste and organics customers. Calculating the total cart count for solid waste and organics separately provides a more accurate disposal component for the rate.

Prior to 2022, WM adjusted extra residential solid waste and organics carts by a flat CPI adjustment and did not adjust the service and disposal component separately, as done for all other residential rates. In 2023, WM adjusted extra residential solid waste and organics carts by adjusting the service component by CPI and calculating the disposal/processing cost per gallon per week to adjust the disposal component based on the cart size of the extra container. The methodology used is noted below:

- To determine the disposal component, WM calculated the pounds per gallon per week of disposal for both solid waste and organics. This was used to determine the disposal/processing cost per gallon per week.
- To determine the service component, the rate was adjusted using the negotiated increase at the start of the new Agreement in 2022. The rate for FY 2022-23 included a disposal and service component, which provided the basis for the adjustment rate for this year.
- The base roll-off service includes the haul rate plus four (4) tons of disposal per haul. HF&H confirmed that the calculations WM used to calculate the change in the haul rate and the correct disposal rate for Riverside County Landfills were accurate.

Recommendations

- As the CPI indexes have changed, the City may want to consider memorializing the use of the Riverside-San Bernardino-Ontario, CA all consumers, not seasonally adjusted CPI index, in an Amendment or Memorandum of Understanding (MOU) to ensure the Agreement language is consistent with current practices.
- For future rate adjustment reviews, the City should request from WM all backup documentation used for the review including: tonnage reports for the prior year, the "Detail Increase" in excel format (in lieu of, or in addition to, the PDF provided), and the Commercial Multi-Family Current Methodology Breakdown excel file to confirm the commercial/multi-family rate adjustment. As the Agreement is

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vague in the adjustment methodology, receipt of these documents will ensure that the adjustment calculations are consistent each year.

* * * *

HF&H appreciates the opportunity to be of service to the City and thanks WM staff for their cooperation throughout our review. Should you have any questions or concerns, please do not hesitate to reach out to Philip Mainolfi at (949) 504-5150 or pmainolfi@hfh-consultants.com.

Sincerely,
HF&H CONSULTANTS, LLC



Philip Mainolfi
Senior Project Manager



Rachel Adell
Senior Associate

Attachments

- Attachment A – Rate Methodology
- Attachment B – Rate Adjustment Application