

RESOLUTION NO. 23-1925

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LAKE FOREST PARK, WASHINGTON, AUTHORIZING
THE MAYOR TO SIGN AN AMENDMENT TO THE
AGREEMENT WITH REPUBLIC SERVICES FOR 2018-
2028 COMPREHENSIVE GARBAGE, RECYCLABLES,
AND COMPOSTABLES COLLECTION**

WHEREAS, the City of Lake Forest Park ("City") has been contracted Republic Services as the provider for comprehensive garbage, recyclables, and compostables collection within the City; and

WHEREAS, King County has changed their rate structure beginning on January 1, 2024; and

WHEREAS, due to the new rate structure, Republic Services requires an amendment to the existing contract in order to bill customers in the city the correct rate.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Lake Forest Park, as follows:

Section 1. AWARD OF CONTRACT. The Lake Forest Park City Council hereby authorizes the Mayor to execute the Amendment to Comprehensive Garbage, Recyclables, and Compost Collection Contract, in substantially the form attached hereto as **Exhibit A**.

Section 2. CORRECTIONS. The City Clerk is authorized to make necessary corrections to this resolution including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

PASSED BY A MAJORITY VOTE of the members of the Lake Forest Park City Council this 26th day of October, 2023.

APPROVED:



Jeff Johnson
Mayor

ATTEST/AUTHENTICATED:

A handwritten signature in blue ink, appearing to read 'Matt McLean', is written over a horizontal line.

Matt McLean
City Clerk

FILED WITH THE CITY CLERK: October 20, 2023
PASSED BY THE CITY COUNCIL: October 26, 2023
RESOLUTION NO.: 23-1925

EXHIBIT A to Resolution 23-1925

AMENDMENT TO COMPREHENSIVE GARBAGE, RECYCLABLES, AND COMPOSTABLES COLLECTION CONTRACT

This Amendment to the Comprehensive Garbage, Recyclables, and Compostables Collection Contract (this "Amendment") is made and entered into effective October _____, 2023 (the "Amendment Effective Date") by and between Rabanco, Ltd., dba Republic Services of Bellevue ("Contractor"), and the City of Lake Forest Park, Washington ("City") (referred herein as a "Party", and collectively as the "Parties").

RECITALS

A. Contractor and City entered into a certain Comprehensive Garbage, Recyclables, and Compostables Collection Contract dated July 1, 2017 "Agreement".

B. Pursuant to the Agreement all Garbage and residues from Recyclables and Organics must be delivered to the King County Disposal System.

C. King County has made changes to their billing systems that impacts disposal with the King County Disposal System.

D. City and Contractor now desire to make certain changes to the Agreement to accommodate such changes, as more fully set forth below.

AGREEMENT

Now therefore, for good and valuable consideration the receipt and sufficiency of which the parties acknowledge, including but not limited to the mutual and dependent promises contained herein, the parties agree as follows:

1. Changes in Disposal Fees. Section 5.3.2. This Section is hereby modified to include the following: "Notwithstanding anything to the contrary in the Agreement, the Parties acknowledge and agree that King County Disposal System periodically makes changes to their rates and billing process which may result in increased operational costs to the Contractor that are separate and apart from the rates charged by Contractor. The Parties agree that Contractor may increase rates based on the financial impact that changes to the King County Disposal System have on the Contractor, including but not limited to increased rates, tax obligations, or increased/additional fees as more fully set forth in Attachment B."

2. Attachment D. Attachment D is hereby modified to include the provision in the attached, Attachment D, attached hereto and incorporated by reference.

3. Capitalized Terms. The parties agree that capitalized terms not otherwise defined in this Amendment shall have the meaning set forth in the Agreement.

4. Continuing Effect. Except as specifically amended by this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect. In the event of a conflict in meaning between the Agreement and this Amendment, this Amendment shall prevail.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which combined shall constitute one and the same instrument. Facsimile and/or electronic copies of the parties' signatures shall be valid and treated the same as original signatures.

IN WITNESS WHEREOF, the parties have entered into this Amendment to be effective as of the Amendment Effective Date.

Rabanco, Ltd. dba
Republic Services of Bellevue

City of Lake Forest Park, Washington

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: Jeff Johnson
Title: Mayor
Date: _____

City of Lake Forest Park Collections Contract
Attachment D
(Amended 2023 for King County Disposal Rate Restructure)

Rate Modification Examples

The collection and disposal components of the Customer charges listed in Attachment B will be adjusted separately, as appropriate. The collection component of Customer charges will be adjusted annually, pursuant to this Section and as described below. The disposal component of the Customer charges listed in Attachment B will be adjusted only if the City receives notification from the County of a pending disposal fee adjustment and will not become effective until the new disposal charges become effective and are actually charged to the Contractor. Formulas for both collection and disposal rate adjustments are provided as follows:

Collection Component Adjustment

The collection fee (including the embedded Administrative Fee component) listed in Attachment B will be increased as follows:

Collection Component Adjustment Formula = $NCC = PCC \times 1.035$

Where:

NCC = The new collection (including Administrative Fee), component of the customer rate for a particular service level; and

PCC = The previous collection (including Administrative Fee) of the Customer rate for a particular service level

Disposal Component Adjustment

In the case of a disposal fee modification at County disposal facilities, the disposal component of each service level will be adjusted as follows:

The disposal composite rate shall be derived annually by adding the King County tipping fee rate per ton plus the Fixed Annual Charge (FAC) increment per ton. The City's FAC increment per ton shall be derived by dividing the City's total FAC for the year by the City's Garbage tonnage from the previous full calendar year as listed in the King County FAC Allocation Table.

After the initial year, the FAC increment per ton shall be adjusted based on updated tonnage, and the adjustment up or down shall be added to next year's rate calculations. This adjustment shall be based on the difference between the initial FAC increment per ton rate and the updated FAC increment per ton rate using tonnage from the previous 12-month period ending June 30th.

For example, if the City's 2024 FAC was \$112,000 and the 2022 (previous full calendar year) tonnage was 3,400 tons the initial FAC increment per ton for rates effective January 1, 2024 would be \$32.94 ($\$112,000 / 3,400$). If the fiscal year ending June 30, 2024 tonnage turned out to be 3,500 tons the adjusted FAC increment per ton would be \$32.00 ($\$112,000 / 3,500$) and a $-\$0.94$ per ton ($\$32.00 - \32.94) adjustment would be added to the calculations for January 1, 2025 rates.

If the City's 2025 FAC is \$120,000 and the 2023 tonnage was 3,800 tons, the initial FAC increment per ton for 2025 would be \$31.58 per ton. If the tipping fee was \$150.83 per ton, then the **initial** disposal composite rate in 2025 shall be \$182.41. With the adjustment calculated above, the new disposal composite rate shall be \$181.47 per ton.

$$(\$120,000 / 3,800) + \$150.83 - \$.94 = \mathbf{\$181.47 \text{ per ton}}$$

Disposal Component Adjustment Formula=

Step 1:

$$A = ODC \times NTF/OTF$$

Step 2:

$$NDC = A + [(A-ODC) \times (CETR + CAFR)]$$

Where:

NDC = The new disposal charge component of the customer rate for a particular service level; and

NTF = The new disposal composite rate, dollars per ton; and

ODC = The old disposal charge component of the customer rate for a particular service level;

OTF = The old disposal composite rate, dollars per ton; and

A = Pre-excite tax and Administrative Fee adjusted disposal component

CAFR = Current Administrative Fee rate

CETR = Current excise tax rate

The calculations for a disposal **and** collection increase for example, using a current charge for one 31/35-gallon cart of \$35.46 per month (disposal component of \$7.43 and collection component of \$28.03), an annual service component adjustment of 3.5%, a disposal composite rate increase from \$168.68 to \$181.47 per ton, a State Excise Tax rate of 1.75%, and the Administrative Fee at 6%, then the new customer charge for one 31/35-gallon cart per week would be:

New Collection Component (using Collection Component Adjustment Formula above)
= \$28.03 x 1.035 = \$29.01

New Disposal Component (using Disposal Component Adjustment Formula above)

- Step 1 calculation: $[\$7.43 \times (181.47/168.68)] = \7.99
- Step 2 calculation: $\$7.99 + [(\$7.99 - \$7.43) \times (0.0175 + .06)] = \8.03

Thus, the new Customer charge for one 32/35-gallon cart will be the \$29.01 collection component plus the \$8.03 disposal component, equaling \$37.04.

Administrative Fee Adjustment

The Contractor's rates shown in Attachment B include an embedded Administrative Fee, which may be adjusted from time to time, pursuant to Section 4.2.1. The Initial contract rates have incorporated an Administrative Fee corresponding to a 6% fee on gross receipts from those Customers, as follows (1 32/35 gallon residential service as an example):

Collection fee (\$22.69) + Disposal Fee (\$5.83) + Administrative Fee (\$1.71) + Excise Tax at 1.5% on Administrative Fee (\$0.03) = Customer rate of \$30.26.

In the event the City Administrative Fee is adjusted, the Administrative Fee portion of the Contractor's Customer rates shall be adjusted in a manner that retains the Contractor's underlying compensation to ensure that the Contractor remains whole.