Randon Lane
Vice President, Government Affairs
Athens Services
687 Iowa Avenue
Riverside, California 92507

January 29, 2025

Mr. Gilbert Hernandez
Public Works Director
City of Riverside
3900 Main Street
Riverside, California 92522

RE: 2025/ 2026 and 2026/2027 Athens Commercial Rate Adjustments

Dear Mr. Hernandez,

As you are aware, the City of Riverside currently utilizes the Riverside-San Bernardino-Ontario, CA, Consumer Price Index for All Urban Consumers (CPI-U) for the City's annual rate increase. It is also our understanding the City will continue to utilize this index for its determination of rates during its three (3) year rate schedule discussion and three (3) year rate setting hearing with City Council scheduled early this year for an implementation of July 1, 2025.

As you know the Riverside-San Bernardino-Ontario, CA, Consumer Price Index for All Urban Consumers (CPI-U), utilizes a general basket of goods and services purchased by Americans specific to this region. The Riverside-San Bernardino-Ontario, CA, Consumer Price Index utilizes the following items:

1. Housing
2. Apparel
3. Transportation
4. Education and Communication
5. Recreation
6. Medical Care
7. Food and Beverages
8. Other Goods and Services

As you can see, this list does not take into consideration any items specific to the waste, recycling and organic industry and the cost of doing business in California, which historically has seen a higher rate of waste, recycling and organic cost increases than the rest of the Nation. Specifically, continued State mandates affecting recycling and organics specifically connected to SB 1383, which went into effect January 1, 2022, in addition, rising labor costs, increased fuel costs, disposal, insurance, truck repairs and maintenance. All of these costs are not considered in the Riverside-San Bernardino-Ontario, CA, Consumer Price Index for All Urban Consumers (CPI-U). All of the industry costs that we incur are rising anywhere from 3-8% per year but the regular CPI, which is based on non-waste, recycling and organic expenses for a resident in the Riverside area, are rising at approximately 2.11% per year.

SB1383 related costs are not considered in the regular CPI that adjusts the City of Riverside rates. SB1383 related costs are only a part of the rising industry costs the waste, recycling and organics industry faces in California. The Riverside contract requires Athens to maintain the City's compliance with SB1383, so we are baring those costs to keep the city compliant.

There are 8 main categories of compliance for SB1383 where Athens spends money:

1. Organics collection/processing/turning into compost
2. Route audits (lid flipping)
3. Cal Recycle Reporting
4. Outreach & Education
5. Procurement of CRNG, mulch, or compost for the city
6. Annual customer visits
7. Edible food program
8. Facility waste characterizations

All of these costs exceed what CPI provides based on the CPI data for the Riverside-San Bernardino-Ontario, CA, Consumer Price Index for All Urban Consumers (CPI-U) which the City uses for its Annual Rate Adjustments.

If you evaluate and compare the Riverside-San Bernardino-Ontario, CA, Consumer Price Index for All Urban Consumers (CPI-U) vs the Garbage and Trash Collection U.S. City Average; you will see that the 2024 average increase for Riverside-San Bernardino-Ontario was 2.61% while the Garbage and Trash Collection National Average CPI, not specific to California, was 4.44%. The difference of 1.83% which can be staggering to a waste hauler trying to keep pace with rising cost of operating in the waste, recycling and organic industry in California.

Every effort has been made by the State of California to address the Waste, Recycling and Organic diversion and reuse. However, according to CalRecycle's calculations the average per resident disposal rate continues to increase year over year. With that in mind, Athens continues to urge its City's to move to a traditional Trash CPI which takes into consideration the cost of waste, recycling and organics throughout the Nation. Historically the Garbage and Trash Collection U.S. City Average, while not staying in pace with California's cost of waste, recycling and organics industry, is more closely tied with the waste, recycling and organics industry in California and provides an Annual Rate increase more closely tied to the increase in cost of doing business in California.

While Athens continues to bear the cost of an Annual Rate Adjustment which does not keep pace with the waste, recycling and organics industry in California, we understand there are a multitude of costs affecting businesses in California. However, we believe that as long as the City of Riverside continues to utilize the Riverside-San Bernardino-Ontario, CA, Consumer Price Index for All Urban Consumers (CPI-U) which again, has no connection to the waste, recycling and organics industry in California; an ongoing annual rate increase to include CPI + 1% would help in keeping pace with the rising costs in the waste, recycling and organics industry in California.

Finally, Athens understand the sensitivity to long term pricing commitments and at this time would not request an ongoing CPI + 1% rate increase, however, we would respectfully request a CPI + 1% rate increase for the first two years to include 2025/ 2026 and 2026/2027 of the new three (3) year rate schedule currently being considered for implementation July 1, 2025.

I greatly appreciate your time and consideration and I look forward to further discussions on and support of this request.

Sincerely,

Randon Lane
Vice President, Government Affairs

Cc: Anthony Bertrand