



On March 10, 2022, the Business Integrity Commission announced a proposed increase of the rate cap on solid waste licensees of 9%. This would increase the price/cubic yard from \$20.76 to \$22.63 and the price/100 pounds from \$13.62 to \$14.84. This is the first announced rate increase in four years, despite a requirement to address the rate cap every two years. In fairness to the BIC, the delay from two to four years is in part due to the Covid pandemic. However, by any measure, the 9% increase is woefully inadequate in addressing rising costs over the past four years and should be revised to reflect the actual inflation pressure on key input costs such as labor, fuel, disposal etc.

DSNY provided a methodology for how maximum rate adjustments would be calculated after the NYC Commercial Waste Zones (CWZ) are implemented using a weighted average formula combination of labor, fuel, truck maintenance, and general CPI. Using the DSNY methodology for the 2018-2021 period yields a cumulative impact of 11.1%. Including the 2022 inflation rate of ~8%, the cumulative impact totals ~20%. Please see the table below for the year over year impact.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual weighted average calculation based on DSNY's proposed methodology	2.8%	1.9%	1.4%	4.5%	7.9%
Cumulative year over year impact	2.8%	4.8%	6.3%	11.1%	19.9%

If implemented in 2022, the BIC proposed rate cap increase will be less than 50% of the actual realized inflation rates. Therefore, we urge BIC to reconsider and adjust to a level that more closely tracks the DSNY inflation model and actual reported results.

The solid waste industry in New York City has seen and will continue to see rising costs based on a number of factors. This is evidenced by the Consumer Price Index that is at a 40 year high. In addition to the labor, fuel, and truck maintenance components explicitly called out by DSNY above, new equipment and disposal costs are also rising much faster than general inflation with a cumulative impact of 30%+ over the past 3-4 years. These costs alone represent more than 50% of a typical hauler's cost structure. Please see the table below for the year over year impact.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Avg annual impact</u>	<u>Cumulative Impact</u>
New equipment - rear load truck example	4.9%	6.4%	14.2%	7.1%	8.1%	32.5%
Disposal cost (2019 – 2022)					12.0%	35.9%

We continue to request that the BIC recognize the inflationary pressure that has impacted the overall economy and nearly all aspects of hauling businesses. The proposed 9% increase barely covers the inflationary impact of this past year. To reflect the proper inflationary environment, we propose a 20% rate cap increase.



On March 10, 2022, the Business Integrity Commission proposed a rule amendment to the maximum rate allowed to be changed from, \$20.76 to \$22.63 per cubic yard and \$13.62 to \$14.84 per 100 pounds. This nine percent change, if enacted, will be the first increase in four years. In the last four years, however, costs incurred by waste and recycling companies operating in New York City have risen substantially more than nine percent.

Regardless of which index the proposed increase is compared to, nine percent is substantially less. Below is the Consumer Price Index (“CPI”) since the 2018 rate adjustment:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
CPI, New York-Newark-Jersey City	1.91%	1.65%	1.71%	3.32%	8.54%
Change in Base – Base =100	101.91	103.59	105.36	108.86	118.16
Total Change from 2018	1.91%	3.59%	5.36%	8.86%	18.16%

Below is the Producer Price Index since the 2018 rate adjustment:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
PPI Detailed Reports Services for Intermediate Demand Waste Collection 50-1	4.13%	2.94%	3.25%	3.31%	8.54%
Change in Base – Base =100	104.13	107.19	110.68	114.34	124.10
Total Change from 2018	4.13%	7.19%	10.68%	14.34%	24.10%

Below is New York City’s Department of Sanitation’s (“DSNY”) proposed methodology for how maximum rates will be adjusted annually in the new Commercial Waste Zones system. It is a weighted average of labor, fuel, truck maintenance, and CPI. Using DSNY’s methodology for the same time period yields a cumulative impact of 10.64%. Including the current inflation rate of 8.54 percent reported in March, the cumulative impact totals over 20%. See the table below for the year over year impact:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
DSNY CWZ Rate Adjustment Index	2.21%	2.05%	1.36%	4.65%	8.54%
Change in Base – Base =100	102.21	104.31	105.72	110.64	120.09
Total Change from 2018	2.21%	4.31%	5.72%	10.64%	20.09%

Based on the above indices, we urge the Commission to reconsider and adjust the rate cap to a level that more closely tracks the DSNY inflation model and the actual incurred costs. None of this takes into account the current 40 year high rate of inflation that we are all experiencing. Federal Reserve Chairman Jerome Powell himself stated that inflation going forward will not be “transitory”¹. The proposed change is simply a “catch-up” rate. Inflation will continue eating into that figure until either the rate is adjusted again or the new CWZ program is implemented. It is simply not equitable for the waste and recycling industry to subsidize New York City’s commercial sector. If anything, capped rates discourage recycling and waste reduction efforts.

Thank you for your consideration.

Waste Connections of New York, Inc.

¹ Testimony to the Senate Banking Committee on 11/30/2021



Northeast Region

BIC April 28, 2022 Testimony

My name is Lew Dubuque, and I am the new Vice President for the Northeast of the National Waste & Recycling Association (NWRA). NWRA represents the private sector waste and recycling services industry. Association members conduct business in New York City and all 50 states and include companies that manage waste collection, recycling and medical waste, equipment manufacturers and distributors, and a variety of other service providers. NWRA represents the hardworking men and women of the chapter who collect and manage the waste produced by the 100,000 plus commercial entities in this great city.

I am here today to discuss the proposed nine percent increase of the rate cap on solid waste licensees. While it is nice that there will be an increase for the first time since 2018, it is far from enough.

First though, I would like to reiterate NWRA's longstanding request since these hearings began, which is to eliminate the Rate Cap completely. It's obsolete and outdated and should be done away with. Let these trade waste companies that are fully vetted and licensed work out a pricing system that works best for them and their customers.

But, if the Rate Cap is to be kept, we will continue to push for a minimum rate at which below waste recyclables and organics cannot be collected and managed in the city without sacrificing safety. This continual race to the bottom exacerbates our members' best efforts to improve service with better equipment, drivers, and standards for the industry.

Our members have invested heavily in improving service to our customers, specifically during these challenging times. This is all on top of new regulatory cost imposed by the City for such things as safety side guards, new trucks with less emissions, and most recently, the BIC's new safety regulation implementation.

The Producer Price Index for solid waste collection is up 20% since 2017, making the BIC's rate cap increase of 9% not only detrimental to our member companies' professional survival, but a rebuff to companies who were front-line essential workers during the early days of the pandemic. It is clear from its rate change notice, that the Commission is asking our industry to absorb higher operating costs because other industries may have been impacted by the pandemic. That is not fair nor equitable. Our industry has been impacted along



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with every other business. After four years since the last rate increase, we should not be asked to shoulder this burden.

Collecting waste and recyclables is a huge task done every day. Our members do it in good weather, bad weather, and during a pandemic not seen in this country in over a hundred years. We continue to be good corporate citizens, and work as safely as possible in the neighborhoods and the community we serve.

Over the last two years our members have been front and center, running our city trade waste system as an essential industry in the COVID-19 crisis. Our members and their employees and customers have all suffered severe physical health and financial duress during the pandemic, as has so many others. Going forward we will continue to put the needs of the trade waste providers front and center.

NWRA reiterates our call from last September's hearing to provide two separate increases. One immediately for 12% and one in January of 2023 for 5%.

I appreciate the opportunity to speak with you today and look forward to continuing our relationship with BIC and advocating on behalf the New York City's private sector waste industry.

Thank you very much.