

"Placerville, a Unique Historical Past Forging into a Golden Future"



City Manager's Report
May 27, 2014 City Council Meeting
Prepared By: M. Cleve Morris
Item#: 10.1

Subject: Adopt a Resolution of the City Council of the City of Placerville Adopting Rates for the Collection of Solid Waste within the City of Placerville Franchise Area.

Discussion: In July of 2009, the Council adopted an ordinance regarding mandatory garbage service. Rates were set at that time based on mandatory service. Included in the ordinance is an inflator provision for rate increases based on two components, fuel surcharge and consumer price index. Staff meets with El Dorado Disposal monthly to review the two indexes and determine the amount of increase, if any. The attached documents outline the proposed increase based on the indexes.

The rate increase is based on two factors, the Producer Price Index for #2 Diesel Fuel, and the Consumer Price Index for California. Attached to this report are the data sheets showing the calculation of these two indexes as outlined in the ordinance. The CPI increase is 1.5%, or \$.29, and the fuel increase is -.18%, or -\$.04, for a total of 1.32%. For residential customers with a 35-gallon container, this amounts to a \$.25 per-month increase. The current rate is \$19.33, increasing to \$19.58 for the new rate as outlined below.

	<u>EDH</u>	<u>CP</u>	<u>Pville 2013</u>	<u>Pville 2014</u>	<u>County</u>	<u>Sierra Disposal</u>
35G Cart Weekly	\$24.53	\$22.92	\$19.33	\$19.59	\$20.59	\$21.42
35G Cart Weekly Senior	\$20.63	\$19.17	\$16.24	\$16.24	\$18.24	*
64G Cart Weekly	\$26.29	\$25.76	\$30.07	\$30.47	\$30.86	\$30.59
64G Cart Weekly Senior	*	*	\$27.06	\$27.42	*	*
96G Cart Weekly	\$36.22	\$32.88	\$36.08	\$36.56	\$31.60	\$34.76

Note: El Dorado Disposal's 64 and 96 gallon cart rates are discounted by 10% across every jurisdiction for seniors.

-EDH rates include RB for all customers @\$1.50/ea; majority in 64G carts.

-CP includes 2 extra GW curbside pickups per customer per year (unlimited); Senior rate held flat last 4 years; bulk of customers in 64G carts.

-Placerville incentivizes the 35G as most customers require this level of service.

-EDH rates include recycle bank.

-Sierra Disposal charges for anything over one bag of recycle and does not have a GW program.

-El Dorado County Unincorporated Area does not offer 35-gallon carts at this time.

-It should be noted that each jurisdiction has different needs and while main services are similar, programs and extra services vary.

-All jurisdictions with the exception of the unincorporated area of El Dorado County are "mandatory service" areas.

*These rates were not available at the time of the preparation of this report.

Also attached to this report is a resolution adopting the new rates. The resolution includes an attachment outlining all rates for all customers.

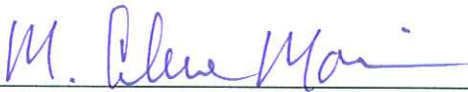
Notice of this meeting to consider a rate increase was provided as required by ordinance in the last bill for disposal service. In addition, although not required, a public notice was placed in the Mountain Democrat.

Also attached is a report on the status of the disposal service and El Dorado Disposal's compliance with the ordinance. Jeff England of El Dorado Disposal will make the presentation.

Cost: There is no cost to the City at this time.

Budget Impact: No budget impact is anticipated. There may be a minimal increase in franchise fees in the coming year, but the amount will be negligible; therefore, no budget changes are recommended.

Recommendation: Adopt a Resolution of the City Council of the City of Placerville Adopting Rates for the Collection of Solid Waste within the City of Placerville Franchise Area.



M. Cleve Morris, City Manager

Attachments:

- Letter Requesting Rate Increase*
- CPI and Fuel Data Sheets*
- Resolution Adopting Rate Increase*
- Rate Sheet*
- Report by El Dorado Disposal*



El Dorado Disposal
Connect with the Future®

Waste Connections of California, Inc. d/b/a
El Dorado Disposal Service
P.O. Box 1270
Diamond Springs, CA 95619
(530) 626-4141

Cleve Morris
City Manager
City of Placerville
3101 Cedar Street
Placerville, CA 95667

RECEIVED
APR - 3 2014
CITY OF PLACERVILLE
ADMINISTRATION DEPT.

Re: CPI Adjustment and Fuel Component Review

March 31, 2014

Dear Cleve,

Pursuant to Section 19.C. of that certain Collection Franchise Agreement (as such has been amended by that certain First Amendment to Collection Franchise Agreement dated May 13, 2008) (the 'Agreement'), we are formally requesting that the City implement the automatic CPI adjustment for our hauling rates as provided for in Section 19.C of the Agreement. We have attached the CPI calculator as the reference. As you will see, the increase in the Consumer Price Index N All Items N for the State of California for this past year was 1.5%. Accordingly, we are entitled to a 1.5% rate increase effective as of July 1, 2014.

We are also formally requesting the review and approval of our fuel component. The month of the year we agreed upon previously for the annual review of the index is January. Based on the attached index, we are requesting a fuel component decrease from 5.77% to 5.59%, a (.18%) change. Accordingly, the net rate increase effective July 1, 2014 is 1.32%. We look forward to hearing from you so that we can discuss this further. If you have any questions or need further information, please feel free to contact me at (530) 295-2854.

Sincerely,

Jeff England
District Manager
Waste Connections, Inc. d/b/a
El Dorado Disposal Services

Cc: Sue Vandelinder

STATE OF CALIFORNIA
OFFICE OF THE DIRECTOR - RESEARCH UNIT
CONSUMER PRICE INDEX CALCULATOR

1	Select an Index	California CPI	▼	
2	Select index type	All Urban Consumers	▼	
3	Select beginning month	Annual Average	▼	Beginning Index value
4	Select beginning year	2012	▼	238.155
5	Select ending month	Annual Average	▼	Ending Index Value
6	Select ending year	2013	▼	241.623

Based upon the Index, index type, and the time period you have specified, the percent change in the Consumer Price Index is equal to:

1.5%

El Dorado Disposal
 Fuel Component Calculation
 For the Period January, 2006 through January, 2014

Item: Diesel Fuel
 Data Source: PPI Commodity, #2 Diesel Series
 ID: wpu057303
 Beginning Period (Jan 06): 197.1
 Current Period (Jan 13): 308.4
 Index Change: 111.3
 % Increase: 56.47%
 Beginning Fuel Component: 3.57%
 Ending Fuel Component: 5.59%
 Fuel Surcharge applied in 2013: 5.77%
 Change for 2014: -0.18%

http://data.bls.gov/timeseries/WPU057303?data_tool=XGtable

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2004	109.3	103.7	109.7	119.9	121	114.2	123	135.1	140.9	166.6	159.7	135.3	128.2
2005	141.1	149.5	173.3	175.4	170.8	187.2	189.8	200.6	212.6	264.1	206.2	198.5	189.1
2006	197.1	196.2	206.5	230.4	239.6	246.9	237.5	250.2	201.3	197.5	197.2	203	216.9
2007	180.9	193.5	220.2	238	226.5	227.6	243.5	231.2	246.2	249.6	296.7	271.9	235.5
2008	278.2	287.5	353.7	365.1	398.2	421	431.9	346.7	342.3	281.8	224.1	168	324.9
2009	161.6	147.2	139.2	167.4	166.4	191.1	172.8	204.1	193.2	202.8	215.7	205.1	180.6
2010	229.4	206.9	225.5	240	235.8	221.8	218.5	231.1	227.7	243.7	255.3	259.2	232.9
2011	270	289.3	321.8	339.8	328.4	333.7	327.8	307.3	317.8	310.6	337.1	311	316.2
2012	322	329.2	344.3	339.4	325.8	295.4	298.7	324.1	342.4	351	323.8	317.4	326.1
2013	318.9	342.4	321	318.3	307.7	304.8	311.6	319.3	328	318.4	305.6(P)	314.5(P)	317.4(P)
2014	308.4(P)	322.0(P)											

P : Preliminary. All indexes are subject to revision four months after original publication.

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PLACERVILLE ADOPTING RATES FOR THE COLLECTION OF SOLID
WASTE WITHIN THE CITY OF PLACERVILLE FRANCHISE AREA**

WHEREAS, the City of Placerville and Waste Connections of California, Inc., doing business as El Dorado Disposal Services (“El Dorado”), have entered into a Franchise Agreement, including Amendments thereto (“Agreement”), for the collection of solid waste within the City of Placerville; and

WHEREAS, pursuant to said Agreement El Dorado is entitled to certain rate adjustments periodically; and

WHEREAS, El Dorado has requested a rate adjustment to be effective July 1, 2014,

BE IT RESOLVED by the City Council that, effective July 1, 2014, the rates are adjusted for the collection of solid waste within the City of Placerville franchise area, as more particularly set forth on the schedule attached hereto and incorporated herein by reference.

The foregoing Resolution was introduced at a regular meeting of the City Council of the City of Placerville held on May 27, 2014, by Councilmember _____, who moved its adoption. The motion was seconded by Councilmember _____. A poll vote was taken which stood as follows:

AYES:

NOES:

ABSTAIN:

ABSENT:

Carl Hagen, Mayor

ATTEST:

Susan Zito, MMC, City Clerk

Mandatory
2014 Residential Rates

	2013 Rate	Adjusted CPI	Total New Rate 2014
32 Gallon	\$ 19.33	\$ 0.26	\$ 19.59
64 Gallon	\$ 30.07	\$ 0.40	\$ 30.47
96 Gallon	\$ 36.08	\$ 0.48	\$ 36.56
32 Gallon Senior	\$ 16.24	\$ 0.21	\$ 16.24
64 Gallon Senior	\$ 27.06	\$ 0.36	\$ 27.42

Extra trash per 30 gal bag on scheduled service day (with fuel)
 Cart exchange charges if used less than 6 months
 Extra Trash NOT on Same Day of Service
 Extra Recycling NOT on Same Day of Service
 Additional Recycling Carts

2014 Rates	
\$	4.42
\$	16.64
\$	10.74
\$	8.31
\$	6.93

2014 Roll Off Rates

	2013 Rates	Adjusted CPI	Total New Rate 2012	Tons Allowed	Price/Ton over allowed tons
6 Yard	\$ 145.97	\$ 1.93	\$ 147.90	1	\$ 84.26
10 Yard	\$ 187.94	\$ 2.48	\$ 190.42	2	\$ 23.25
20 Yard (GW)	\$ 235.66	\$ 3.11	\$ 238.77	3.5	\$ 43.23
20 Yard	\$ 374.26	\$ 4.94	\$ 379.20	3.5	\$ 82.03
30 Yard (GW)	\$ 353.44	\$ 4.67	\$ 358.11	5	\$ 43.37
30 Yard	\$ 471.31	\$ 6.22	\$ 477.53	5	\$ 82.03
40 Yard	\$ 582.17	\$ 7.68	\$ 589.85	5	\$ 82.03
50 Yard	\$ 748.52	\$ 9.88	\$ 758.40	5	\$ 82.03
Storage Box	\$ 120.82	\$ 1.59	\$ 122.42		\$ -

2014 Commercial Frontload Rates

	Pickups per week includes Adjusted CPI					
	1	2	3	4	5	6
1 Yard	\$ 86.32	\$ 172.64	\$ 258.96	\$ 345.28	\$ 431.60	\$ 517.93
2 Yard	\$ 149.38	\$ 298.75	\$ 448.13	\$ 597.50	\$ 746.89	\$ 896.27
3 Yard	\$ 223.09	\$ 446.18	\$ 669.27	\$ 892.36	\$ 1,115.45	\$ 1,338.55
4 Yard	\$ 293.65	\$ 587.30	\$ 880.95	\$ 1,174.60	\$ 1,468.26	\$ 1,761.91
5 Yard	\$ 367.05	\$ 734.11	\$ 1,101.16	\$ 1,468.22	\$ 1,835.27	\$ 2,202.33
6 Yard	\$ 430.90	\$ 861.81	\$ 1,292.72	\$ 1,723.63	\$ 2,154.54	\$ 2,585.44
8 Yard	\$ 561.76	\$ 1,123.53	\$ 1,685.29	\$ 2,247.05	\$ 2,808.82	\$ 3,370.58

2014 Commercial Rearload Rates

	Pickups per week includes Adjusted CPI					
	1	2	3	4	5	6
1 Yard	\$ 80.74	\$ 161.48	\$ 242.21	\$ 322.95	\$ 403.69	\$ 484.43
1.5 Yard	\$ 121.13	\$ 242.25	\$ 363.38	\$ 484.51	\$ 605.64	\$ 726.76
2 Yard	\$ 161.48	\$ 322.96	\$ 484.44	\$ 645.92	\$ 807.40	\$ 968.87

Extra Commercial Charge includes Adjusted CPI/Fuel \$ 19.96



WASTE CONNECTIONS INC.

Connect with the Future™

El Dorado Disposal Service

Rate Review Performance Standards 2013 Summary Placerville

- The missed pickup rate for residential customers shall not exceed .005% or 5 (5) per on thousand (1,000) customers. (84 total for year)
 - 2013 results for missed pickup .00059%.
- Customer calls shall be answered within an average of seventy five (75) seconds.
 - 2013 result average was 38 seconds. There were 11273 calls for 2013 in the City of Placerville area.
- Contractor shall on an average correct 99.95% (995 out of each 1,000 customers) customer complaints for each Operating Year.
 - 2013 results contractor had 1 complaint and was resolved within 24 hours. Contractor had 6 compliments for the year 2013.
- Contractor shall on average correct 99.95% (995 out of 1000) complaints for litter attributable to Contractor within forty-eight (48) hours correct.
 - 2013 results there were no litter complaints.
- All reports required to be filed by Contractor with the District pursuant to Section 16 shall be timely filed within the periods specified.
 - 2013 results all reports were filed timely.

2013 Program Results

- Contractor retrieved 20 full battery containers. Contractor retrieved 32 oil containers
- Contractor did 7 school visits, Contractor did 7 MRF tours. Participated in Kids Expo, Home and Garden Show, Ag Day and 4-H auction.
- Spring clean up had 31.6 tons of trash and 3.2 tons of yard waste. Fall clean up had 44.61 tons of trash and 3.21 tons of yard waste.
- Contractor retrieved 185 bulky items in City of Placerville.
- City of Placerville has 397 commercial accounts and 2725 active residential customers.

2V

EXHIBIT D
PERFORMANCE CRITERIA

Grantee and the District have established the following performance criteria pursuant to Section 20(C) of the Agreement to determine whether Grantee is entitled to the full CPI adjustment provided in Section 20(C) in the case of an increase in the CPI; Grantee shall always be subject to one hundred percent (100%) of any decrease in the CPI regardless of whether Grantee has satisfied the performance criteria. Each of these criteria shall be weighted at twenty percent (20%) of one hundred percent (100%) percent of the CPI. Thus, if Grantee satisfies each of the performance criteria at the one hundred percent (100%) level, it shall be entitled to one hundred percent (100%) of the CPI adjustment in the case of an increase in the CPI; if it satisfies four (4) of the five (5) criteria at the one hundred percent (100%) level and one (1) at the zero percent (0%) level, it shall be entitled to only eighty percent (80%) of the CPI adjustment. All of the criteria shall be prorated, as provided below.

1. The missed pick-up rate for residential customers shall not exceed .005%, or five (5) per one thousand (1,000) customers, on average per collection day for the most recently completed Operating Year prior to the effective date of the CPI increase (late pick-ups shall not be considered missed pick-ups for this purpose). If this performance criterion is not satisfied, the twenty percent (20%) component of the CPI increase attributable to this component shall be reduced by one percentage point (1%) for each customer in excess of five (5) that the average missed pick-up rate exceeds 5/1000 percent (.005%) on average per collection day for the relevant Operating Year. For example, if the average missed pick-up rate is 7/1000 percent (.007%), the CPI adjustment shall be reduced by two percentage points (2%); in no event shall the CPI adjustment be reduced by more than twenty percentage points (20%) for failure to satisfy this criterion.
2. Grantee shall answer customer calls within an average of seventy five (75) seconds, as measured by Grantee's phone system and reported to the District, during the most recently completed Operating Year prior to the effective date of the CPI increase. If this performance criterion is not satisfied, the twenty percent (20%) component of the CPI increase attributable to this component shall be reduced by one percentage point (1%) for each second in excess of seventy-five (75) for the average time to answer customer calls. For example, if the average time to answer customer calls for the Operating Year preceding the effective date of a CPI adjustment is eighty (80) seconds, the CPI adjustment shall be reduced by five percentage points (5%); in no event shall the CPI adjustment be reduced by more than twenty percentage points (20%) for failure to satisfy this criterion.
3. Grantee shall on average correct 99.95% (995 out of each 1,000 customers) customer complaints for each Operating Year preceding the effective date of the price CPI adjustment within the time specified in Section 20(C) of the Agreement, but only in so far as such complaints are capable of being corrected within such time period. If this performance criterion is not satisfied, the twenty percent (20%) component of the CPI adjustment attributable to this component shall be reduced by one percentage point (1%) for each customer in excess of five (5) that the average time to correct customer complaints exceeds the time specified in Section 20(C) of the Agreement. For example,

if for any Operating Year the average number of customers whose complaints are not corrected within the time period specified in Section 20(C) of the Agreement is ten (10) per one thousand (1,000) customers, the CPI adjustment shall be reduced by five percentage points (5%); in no event shall the CPI adjustment be reduced by more than twenty percentage points (20%) for failure to satisfy this criterion.

4. Grantee shall on average correct 99.95% (995 out of 1,000) complaints for litter attributable to Grantee within forty-eight (48) hours after receipt for each Operating Year. If this performance criterion is not satisfied, the twenty percent (20%) component of the CPI adjustment attributable to this component shall be reduced by one percentage point (1%) for each occasion in excess of an average of five (5) per one thousand (1,000) that the time to correct complaints for litter attributable to Grantee during the relevant Operating Year exceeds forty-eight (48) hours. For example, if for any Operating Year the average number of complaints for litter that are not corrected within forty-eight (48) hours is ten (10) per one thousand (1,000) customers, the CPI adjustment shall be reduced by five percentage points (5%); in no event shall the CPI adjustment be reduced by more than twenty percentage points (20%) for failure to satisfy this criterion.
5. All reports required to be filed by Grantee with the District pursuant to Section 17 of the Agreement shall be timely filed within the periods specified in that Section; provided, however, that up to three (3) reports per Operating Year may be filed late without a reduction in the CPI adjustment. For each occasion in excess of three (3) in the Operating Year preceding the effective date of the CPI increase that one of the reports required by Section 17 is filed late, the twenty percent (20%) component of the CPI adjustment attributable to this component shall be reduced by four percentage points (4%). For example, if for any Operating Year, five (5) reports required by Section 17 are not filed within the time specified in Section 17, the next succeeding CPI adjustment shall be reduced by eight percentage points (8%); in no event shall the CPI adjustment be reduced by more than twenty percentage points (20%) for failure to satisfy this criterion.