



City Manager's Report
May 22, 2012 City Council Meeting
Prepared By: M. Cleve Morris

Item#: // /

Subject: Adopt Resolution No. _____ 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 a new ordinance regarding mandatory garbage service. Rates were set at that time based on the mandatory service. Included in the ordinance is an inflator provision for rate increases based on two components, fuel surcharge and consumer price index. Staff has been meeting with El Dorado Disposal for the past month 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 2.65%, or \$.48, and the fuel increase is 2.26%, or \$.41, for a total of 4.91%. For residential customers with a 35-gallon container, this amounts to a \$.89 per-month increase. The current rate is \$18.04, increasing to \$18.93 for the new rate as outlined below.

Residential Rates	EDH	CP	Pville	County	Elk Grove*	Folsom**
35G CART WEEKLY	\$23.65	N/A	\$18.93	N/A	\$27.00	N/A
35G CART WEEKLY SR	\$20.63	\$19.65	\$16.24	N/A	N/A	N/A
64G CART WEEKLY	\$25.34	\$24.89	\$29.44	\$29.77	\$29.91	\$ 22.50
64G CART WEEKLY SR	\$22.46	\$22.39	\$26.50		N/A	N/A
96G CART WEEKLY	\$34.92	\$31.77	\$35.33	\$30.50	\$35.73	\$ 25.50
96 CART WEEKLY SR	\$31.07	\$28.59	N/A		N/A	N/A

* Includes \$5/month HHW Fee

Note: Elk Grove doesn't have an offering for free side yard for handicap or discount for seniors

EDH Rates include Recycle Bank

Bolded rates identify price point selected to benefit the majority of the residents

** Doesn't appear that Folsom offers senior rates at all; does offer low income rates to residents who qualify

** No mention of side yard services for the disabled

Also attached to this document 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.

Staff is aware that the economy is still very slow. This is evident by the minimal increase in the CPI, 2.65%. In addition, we have all seen the huge increase in fuel prices over the past 4 to 5 months. The dates required by the ordinance for calculating the fuel increase are January to January.

Also attached to this report is a presentation on the status of the disposal service and El Dorado Disposal's compliance with the ordinance. Sue Farris 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 Resolution No. ____ 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
- Resolution Adopting Rate Increase
- Presentation
- Selected Sections from Agreement

Attachment A
Letter from El Dorado Disposal
Requesting Rate Increase



WASTE CONNECTIONS INC.
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

RECEIVED

APR - 5 2012

CITY OF PLACERVILLE
ADMINISTRATION DEPT.

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

Re: CPI Adjustment and Fuel Component Review

March 26, 2012

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 2.65%. Accordingly, we are entitled to a 2.65% rate increase effective as of July 1, 2012.

We also are formally requesting the review and approval of our fuel component. The month of the year we agreed upon last year for the annual review of this index is January. Based on the index, we are requesting a fuel component increase from 3.57% to 5.83%, a 2.26% change. 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) 295-2816.

Sincerely,

Susan L. VanDelinder
Divisional Vice President
Waste Connections of California, Inc. d/b/a
El Dorado Disposal Services

Cc: Ron Mittelstaedt
Rob Nielsen
Rob Cloninger

Annual Average

CALIFORNIA CONSUMER PRICE INDEX (1955-2011)			
ALL ITEMS (1982-1984=100)			
Year	Month	All Urban Consumers	Urban Wage Earners and Clerical Workers
2011	Annual	232.930	226.364
2011	December	232.985	226.170
2011	October	234.317	227.713
2011	August	233.256	226.427
2011	June	233.285	226.715
2011	April	234.113	228.118
2011	February	230.338	223.663
2010	Annual	226.919	219.714
2010	December	227.487	220.693
2010	October	227.737	220.562
2010	August	227.401	220.109
2010	June	227.113	219.740
2010	April	227.007	219.802
2010	February	225.626	218.299
2009	Annual	224.110	216.292
2009	December	224.349	217.112
2009	October	226.035	218.458
2009	August	225.438	217.743
2009	June	224.994	217.322
2009	April	222.896	214.689
2009	February	222.181	214.017
2008	Annual	224.807	217.648
2008	December	219.775	211.519
2008	October	226.572	219.161
2008	August	228.024	220.946
2008	June	228.324	221.798
2008	April	224.323	217.587
2008	February	221.357	214.121
2007	Annual	217.424	209.876
2007	December	219.593	212.559
2007	October	218.959	211.522
2007	August	217.480	209.663
2007	June	217.404	209.859
2007	April	217.704	210.187
2007	February	214.910	206.994
2006	Annual	210.5	203.3
2006	December	211.0	203.4
2006	October	211.8	204.0
2006	August	212.0	205.2
2006	June	210.9	204.2
2006	April	210.5	203.2
2006	February	207.8	200.4
2005	Annual	202.6	195.9

El Dorado Disposal
 Fuel Component Calculation
 For the Period January, 2006 through January, 2011

Item	Data Source	Beginning Period (Jan 06)	Current Period (Jan 12)	Index Change	% Increase	Beginning Fuel Component	Ending Fuel Component
Diesel Fuel	PPI Commodity, #2 Diesel Series ID:wpu057303	197.1	321.6	124.5	63.17%	3.57%	5.83%

2.26%

<http://data.bls.gov/cgi-bin/surveymost>

**Producer Price Index-Commodities
Original Data Value**

Series Id: WPU057303
 Not Seasonally Adjusted
 Group: Fuels and related products and power
 Item: No. 2 diesel fuel
 Base Date: 198200
 Years: 2002 to 2012

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2002	58.9	60.0	69.7	76.9	74.7	73.3	77.6	80.4	92.3	98.7	85.5	86.8	77.9
2003	97.6	123.8	129.4	102.3	87.9	89.8	92.7	96.6	91.1	101.1	95.9	98.1	100.5
2004	109.3	103.7	109.7	119.9	121.0	114.2	123.0	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	203.0	216.9
2007	180.9	193.5	220.2	238.0	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	421.0	431.9	346.7	342.3	281.8	224.1	168.0	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	240.0	235.8	221.8	218.5	231.1	227.7	243.7	255.3	259.2	232.9
2011	270.0	289.3	321.8	339.8	328.4	333.7	327.8	307.3	317.8	310.6	337.9	311.5	316.3
2012	321.6	331.3											

Attachment B
Resolution Adopting New Rates

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, 2012,

BE IT RESOLVED by the City Council that, effective July 1, 2012, 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 22, 2012, 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:

Wendy Mattson, Vice Mayor

ATTEST:

Susan Zito, City Clerk

Mandatory Residential

	2011 Rate	Adjusted CPI	Total New Rate 2012
32 Gallon	\$ 18.04	\$ 0.89	\$ 18.93
64 Gallon	\$ 28.06	\$ 1.38	\$ 29.44
96 Gallon	\$ 33.67	\$ 1.65	\$ 35.33
32 Gallon Senior	\$ 16.24	\$ 0.80	\$ 16.24
64 Gallon Senior	\$ 25.26	\$ 1.24	\$ 26.50

2012 PI	
CPI	2.65%
Fuel	2.26%
4.91%	

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

2011 Rate	2012 Rates
\$ 4.07	\$ 4.27
\$ 15.33	\$ 16.08
\$ 9.89	\$ 10.37
\$ 7.65	\$ 8.03
\$ 6.39	\$ 6.70

Roll Off Rates

	2011 Rates	Adjusted CPI	Total New Rate 2012	Tons Allowed	Price/Ton over allowed tons
6 Yard	\$ 136.22	\$ 6.69	\$ 142.91	1	\$ 81.42
10 Yard	\$ 175.39	\$ 8.61	\$ 184.00	2	\$ 23.07
20 Yard (GW)	\$ 219.92	\$ 10.80	\$ 230.72	3.5	\$ 42.90
20 Yard	\$ 349.27	\$ 17.15	\$ 366.42	3.5	\$ 81.42
30 Yard (GW)	\$ 329.84	\$ 16.20	\$ 346.04	5	\$ 43.04
30 Yard	\$ 439.84	\$ 21.60	\$ 461.43	5	\$ 81.42
40 Yard	\$ 543.29	\$ 26.68	\$ 569.97	5	\$ 81.42
50 Yard	\$ 698.54	\$ 34.30	\$ 732.84	5	\$ 81.42
Storage Box	\$ 112.76	\$ 5.54	\$ 118.29		\$ -

2011 Commercial Frontload Rates

Pickups per week includes Adjusted CPI

	1	2	3	4	5	6
1 Yard	\$ 79.51	\$ 159.02	\$ 238.52	\$ 318.03	\$ 397.54	\$ 477.05
2 Yard	\$ 137.59	\$ 275.18	\$ 412.77	\$ 550.35	\$ 687.94	\$ 825.53
3 Yard	\$ 205.48	\$ 410.96	\$ 616.45	\$ 821.93	\$ 1,027.41	\$ 1,232.89
4 Yard	\$ 270.47	\$ 540.95	\$ 811.42	\$ 1,081.89	\$ 1,352.36	\$ 1,622.84
5 Yard	\$ 338.08	\$ 676.17	\$ 1,014.25	\$ 1,352.33	\$ 1,690.41	\$ 2,028.50
6 Yard	\$ 396.90	\$ 793.79	\$ 1,190.69	\$ 1,587.58	\$ 1,984.48	\$ 2,381.37
8 Yard	\$ 517.42	\$ 1,034.85	\$ 1,552.27	\$ 2,069.69	\$ 2,587.11	\$ 3,104.54

2012 Commercial Frontload Rates

Pickups per week includes Adjusted CPI

	1	2	3	4	5	6
1 Yard	\$ 83.41	\$ 166.82	\$ 250.23	\$ 333.65	\$ 417.06	\$ 500.47
2 Yard	\$ 144.34	\$ 288.69	\$ 433.03	\$ 577.38	\$ 721.72	\$ 866.07
3 Yard	\$ 215.57	\$ 431.14	\$ 646.72	\$ 862.29	\$ 1,077.86	\$ 1,293.43
4 Yard	\$ 283.75	\$ 567.51	\$ 851.26	\$ 1,135.01	\$ 1,418.77	\$ 1,702.52
5 Yard	\$ 354.68	\$ 709.37	\$ 1,064.05	\$ 1,418.73	\$ 1,773.41	\$ 2,128.10
6 Yard	\$ 416.38	\$ 832.77	\$ 1,249.15	\$ 1,665.53	\$ 2,081.91	\$ 2,498.30
8 Yard	\$ 542.83	\$ 1,085.66	\$ 1,628.49	\$ 2,171.31	\$ 2,714.14	\$ 3,256.97

2011 Commercial Rearload Rates

	Pickups per week includes Adjusted CPI					
	1	2	3	4	5	6
1 Yard	\$ 74.37	\$ 148.73	\$ 223.10	\$ 297.47	\$ 371.83	\$ 446.20
1.5 Yard	\$ 111.57	\$ 223.13	\$ 334.70	\$ 446.27	\$ 557.83	\$ 669.40
2 Yard	\$ 148.73	\$ 297.47	\$ 446.20	\$ 594.93	\$ 743.67	\$ 892.40

Extra Commercial Charge includes Adjusted CPI \$ 18.38

2012 Commercial Rearload Rates

	Pickups per week includes Adjusted CPI					
	1	2	3	4	5	6
1 Yard	\$ 78.02	\$ 156.04	\$ 234.05	\$ 312.07	\$ 390.09	\$ 468.11
1.5 Yard	\$ 117.04	\$ 234.09	\$ 351.13	\$ 468.18	\$ 585.22	\$ 702.27
2 Yard	\$ 156.04	\$ 312.07	\$ 468.11	\$ 624.14	\$ 780.18	\$ 936.22

Extra Commercial Charge includes Adjusted CPI \$ 19.28

Attachment C
El Dorado Disposal Presentation

City of Placerville Annual Review 2011



*The City of Placerville and El Dorado Disposal – A
Community Partnership*

May 2012

2011 In Review – Customer Review



- El Dorado Disposal services 2630 residential customers
- The set out rate for curbside recycling is ~76% on average
 - ▶ The average pounds per home per container of commingled recycling material is 28 lbs.
- The set out rate for curbside green waste is ~46%
 - ▶ The average pounds per home per container of green waste is 60 lbs./home

2011 In Review – Customer Review



- El Dorado Disposal services 409 commercial customers in Placerville
- 113 commercial customers must recycle based on the new Assembly Bill 341; 77 customers have been personally contacted
- All but 36 are in compliance now; ahead of the program implementation date by three months
- New multi family recycling programs have been implemented and are meeting with great success
- Each multi family unit is visited and a program is designed specifically to meet their needs

2011 In Review – Customer Satisfaction



- Currently Waste Connections has two programs designed to help us succeed in providing excellent customer service
 - ▶ Tooty is a 3rd party “secret shopper” company measuring our customer handling skills
 - ▶ In the 4th quarter of 2011, El Dorado Disposal’s Tooty Scores measured 90% as compared to 87% in 2010
 - ▶ The Pulse Program surveys commercial customers after 90 days with 10 questions about the customer’s satisfaction – any score under 8 out of 10 is researched and the customer contacted

2011 In Review – Helping the Community



■ El Dorado Disposal Commits it's Time, Talent and Treasure to many worthy organizations, among those specific to the community of Placerville

- ▶ Downtown Placerville Association
- ▶ Kids Expo
- ▶ Boys and Girls Club
- ▶ Placerville Rotary
- ▶ A Chocolate Affair
- ▶ Sierra Elementary School
- ▶ Girl Scouts/Cub Scouts
- ▶ El Dorado High School
- ▶ New Morning Youth and Family Svcs
- ▶ CASA
- ▶ The Upper Room Dining Hall
- ▶ Hangtown Kennel Club
- ▶ American Cancer Society
- ▶ Founder's Day
- ▶ MORE
- ▶ Marshall Hospital
- ▶ Kiwanis

Diversion Results 2011 El Dorado



Disposal Only

City of Placerville

Table 1. Diversion Programs Identification

Code	Name	Operator	Total 2011 Total 2010
Source Reduction Programs			
1000	Grasscycling	Golf/Schools	
1010	Backyard Composting		
1020	Business Source Reduction		
1030	Procurement		
1040	School Source Reduction		
1050	Government Source Reduction		
1060	Material Exchange, Thrift Shop, Yard Sales		
Recycling Programs			
2000	Residential Curbside	EDD	740.5 679.6 Better
2010	Residential Drop-Off	EDD	13.8 71.1
2030	Commercial Onsite Pickup	EDD	1740.94 1850.6
2040	Commercial Self Haul		
2050	School Recycling Programs		
2080	Special Collection Events (C City/EDSI)		Included in Commercial Onsite
7000	MRF (for combined materia EDSI/WERS)		51.44 22.06
Composting Programs			
3000	Residential Curbside Green	EDD	702.4 632.1 Better
3010	Residential Self-haul Green	EDD	258.8 267.7
3020	Residential Onsite Greenw	EDD	
3030	Commercial Self-Haul Greenwaste		114.7 57.4
3040	Food Waste Composting		
3050	School Composting		
3060	Government Composting		
Special Waste Materials Diversion Programs			
4000	Ash		
4010	Sludge	EDD	1555 1551.64
4020	Tires	EDD MRF Drop Off	0.6 3
4030	White Goods	EDD MRF Drop Off	34.2 56.4
4040	Scrap Metal	EDD MRF Drop Off	1
4050	Wood Waste	EDD MRF Drop Off	4.9 90.8
4060	Concrete/Asphalt/Rubble	EDD MRF Drop Off	210.2 440.5
Total Amount of Diversion - 1st Quarter			5429.18 5722.9
Total Amount of Waste Disposed - 1st Quarter 2011			7821.44 7832.8
Total Waste Generation - 1st Quarter 2011			13250.62 13555.7
Placerville Diversion Rate - Diversion Tons divided by Waste Generation			41% 42%

Diversion Notes



- Both Residential Curbside Recycling and Green Waste Tons are up year over year
- In most other jurisdictions, curbside recycling is down due to less consumption
- Tons down slightly in commercial recycling due to lack of construction and demolition debris generated
- Customers bring construction and demolition to the MRF also down
- Excellent progress on programs we control

Historical Diversion Data



City of Placerville

Table 1. Diversion Programs Identification

Code	Name	Operator	2011	2010	2009
Source Reduction Programs					
Recycling Programs					
2000	Residential Curbside	EDD	740.5	679.6	593.8
2010	Residential Drop-Off	EDD	13.8	71.1	366.18
2030	Commercial Onsite Pickup	EDD	1740.94	1850.6	1394.1
2040	Commercial Self Haul				6.9
2050	School Recycling Programs				Included in Commercial Onsite
2080	Special Collection Events (C City)/EDSI		51.44	22.06	16.42
Composting Programs					
3000	Residential Curbside Green	EDD	702.4	632.1	526.2
3010	Residential Self-haul Green	EDD	258.8	267.7	391.7
3020	Residential Onsite Greenwaste	EDD			
3030	Commercial Self-Haul Greenwaste		114.7	57.4	7.9
Special Waste Materials Diversion Programs					
4010	Sludge	EDD	1555	1551.64	1321.3
4020	Tires	EDD MRF Drop Off	0.6	3	9.6
4030	White Goods	EDD MRF Drop Off	34.2	56.4	112.4
4040	Scrap Metal	EDD MRF Drop Off	1		2
4050	Wood Waste	EDD MRF Drop Off	4.9	90.8	37.7
4060	Concrete/Asphalt/Rubble	EDD MRF Drop Off	210.2	440.5	606.5
Total Amount of Diversion - 1st Quarter					
Total Amount of Waste Disposed - 1st Quarter 2011			5429.18	5722.9	5392.7
Total Waste Generation - 1st Quarter 2011			7821.44	7832.8	8899.8
Placerville Diversion Rate - Diversion Tons divided by Waste Generation			13250.62	13555.7	14292.5
			41.0%	42.2%	37.7%

How Did We Perform?



- ▶ Missed Pickups Not to Exceed .005 or 5 in 1000 – Actual performance for 2011 was .0006 or 89
- ▶ Average Call Time Not to Exceed 75 seconds – Actual performance for 2011 was an average of 40 seconds
- ▶ Complaint Resolution: Correct 995 out of 1000 customers or 99.95% of valid complaints – Actual performance for 2011 was 1 complaint for noise resolved where we changed service level and schedule
- ▶ Litter Complaint Resolution: 995 out of 1,000 or 99.95% of complaints for litter need to be corrected within 48 hours – Actual performance for 2011 was zero. Additionally we pay for Litter Pickup on Highway 49 from Placerville to Diamond Springs
- ▶ Reporting to the City: Every report must be submitted on time – Actual performance for 2011 was that every report was submitted on time

New Programs Implemented in 2011 and What's Next



- Programs Implemented in 2011
 - ▶ Curbside Battery Pick Up Program
 - ▶ Commercial outreach recycling coordinator
- What's Next for 2012?
 - ▶ AB 341 Compliance – Commercial Customers
 - ▶ Call Blast
 - ▶ Fluorescent Light Bulbs – Finding Solutions
 - ▶ Reporting on non-traditional recycling

Rate Comparisons and Rate Changes



Residential Rates	EDH	CP***	Pville	County	Elk Grove* Folsom**
35G CART WEEKLY	\$23.65	\$22.15	\$18.93	N/A	\$27.00 N/A
35G CART WEEKLY SR	\$20.63	\$19.65	\$16.24	N/A	N/A
64G CART WEEKLY	\$25.34	\$24.89	\$29.44	\$29.77	\$29.91 \$ 22.50
64G CART WEEKLY SR	\$22.46	\$22.39	\$26.50		N/A
96G CART WEEKLY	\$34.92	\$31.77	\$35.33	\$30.50	\$35.73 \$ 25.50
96 CART WEEKLY SR	\$31.07	\$28.59	\$31.80		N/A

* Includes \$5/month HHW Fee

Note: Elk Grove doesn't have an offering for free side yard for handicap or discount for seniors

EDH Rates include Recycle Bank

Bolded rates identify price point selected to benefit the majority of the residents

** Doesn't appear that Folsom offers senior rates at all; does offer low income rates to residents who qualify

** No mention of side yard services for the disabled

***Currently 35G regular (Non-SR) is not offered. We should propose this new rate

35 gallon rate change for seniors - \$0/mo (No change for 2012)

35 gallon rate change all others - \$.89/mo (2.65% CPI, or \$.48 & 2.26% Fuel, or \$.41)

64 gallon rate change for seniors - \$1.24/mo (2.65% CPI, or \$.67 & 2.26% Fuel, or \$.57)

64 gallon rate change for all others - \$1.38/mo (2.65% CPI, or \$.74 & 2.26% Fuel, or \$.64)

96 gallon rate change for seniors - \$1.49/mo (2.65% CPI, or \$.80 & 2.26% Fuel, or \$.69)

96 gallon rate change for all others - \$1.65/mo (2.65% CPI, or \$.89 & 2.26% Fuel, or \$.76)

Attachment D
El Dorado Disposal Agreement

Section B: Time for Rate Settings and Rate Settings Procedure

Section C: Inflation/Deflation

Section D: Adjustments for Extraordinary Circumstances

pursuant to Sections 19B, 19C and 19D. If the City requires Mandatory Service after July 1, 2011, the City and Grantee shall negotiate in good faith to reconcile the rates for Mandatory Service based on the rates for Mandatory Service set forth in Exhibit "B".

- B. Time for Rate Settings and Rate Settings Procedure. Other than increases/decreases for inflation governed by Section 19.C., the City Council shall set the rates to be charged by Grantee pursuant to this Agreement annually at the beginning of each Operating Year (commencing with July 1, 2008), unless a longer period is agreed on by the City and Grantee. Notwithstanding the foregoing, by approving this Amendment, the City Council also approves the rates set forth on Exhibit "B" commencing July 1, 2008. Grantee shall submit a written request to the City Council for a rate adjustment no earlier than January 1st and no later than April 1st prior to the commencement of each new Operating Year. Increases and decreases in Grantee's rates for inflation/deflation are not governed by this Section 19.B. but instead are governed by Section 19.C.

Grantee shall provide written notice to each rate payer in a form approved by the City, of the time, date and place of each hearing set by the City Council to set rates. Grantee shall provide said notice at least ten (10) but no more than sixty (60) days prior to such date.

Grantee expressly assumes the risk that its costs may be higher than the rates in this Agreement shall provide compensation for, or that its revenues may be lower than projected.

By this Agreement, neither the City nor its City Council or employees or consultants agree, guarantee or warrant that Grantee will achieve reimbursement for all of its operating costs or pass-through costs, or that Grantee will achieve any profit margin.

The City, or its agent, reserves the right to annually perform an independent review of the rates charged pursuant to this Agreement, at its own expense, to verify that such rates are being calculated and charged in accordance with this Agreement.

- C. Inflation/Deflation. Provided Grantee has satisfied the performance criteria set forth on Exhibit "C", then, in addition to any rate changes approved pursuant to Section 19.B., Grantee's rates for services described in Exhibit "B" (but exclusive of Franchise Fees) shall be automatically adjusted, upward or downward, annually, effective July 1st of each year during the Term of this Agreement, commencing on July 1, 2008, based on the increase or decrease of the Consumer Price Index – All Items – for the State of California, published by the US Bureau of Labor Statistics ("CPI") during the most recent twelve (12) month period ending no later than December 31st of the calendar year preceding the upcoming Operating Year; provided, however, such automatic adjustment shall only occur if, no earlier than January 1st and no later than April 1st prior to the commencement of each new Operating Year, Grantee has provided written notice to the City and its customers, which notice shall specify the amount of the adjustment determined in accordance

with this Section 19.C, if any. Thus, if the CPI increased three percent (3%) from January 1, 2007, through December 31, 2007, then Grantee's rates in Exhibit "B" would automatically be subject to a three percent (3%) increase effective as of July 1, 2008.

In the event either the CPI index is no longer published, the parties shall confer in good faith to select an alternative index and shall confirm their agreement on a substitute index in writing. If the parties are unable to agree on a substitute index, either party may submit the selection of the substitute index to binding arbitration before a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. All percentages shall be computed to the third decimal place and the change in Grantee's rates shall be calculated to the nearest cent (\$.01).

D. Adjustments for Extraordinary Circumstances. In addition to the adjustment mechanisms set forth in Sections 19.B. and 19.C. above, Grantee may request an adjustment to Grantee's rates for services described in Exhibit "B," under the following extraordinary circumstances: (i) any changes in federal, state, or local laws or regulations that result in an increase in Grantee's costs, including but not limited to the imposition of new or the increase to existing governmental taxes or fees; and (ii) in the event that circumstances arise which materially affect Grantee's costs or revenues under this Agreement, including but not limited to material increases or decreases in the cost of fuel. Grantee's application for an extraordinary rate adjustment shall include a statement of the amount of the requested rate adjustment, the basis therefor, and all financial and other records on which Grantee relies for its claim that Grantee's costs have increased. City staff shall promptly review Grantee's rate application and notify Grantee if its application is complete or whether City staff wishes to review and/or audit any additional documents or information reasonably related to the requested increase before submitting the matter to the City Council for their consideration. Rate adjustments made under this Section 19.D. may be requested by Grantee at any time during the course of an Operating Year; provided, however, that Grantee may not request more than two (2) adjustments due to extraordinary circumstances per Operating Year. The City Council shall review and consider approval of adjustment requests under this Section 19.D. in its discretion; provided, however, that such approval shall not be unreasonably withheld. The City Council shall review and consider such requests within a reasonable period of time after the complete submittal by Grantee of its application for an extraordinary rate adjustment and after the City has had a reasonable period of time to request, review and audit any applicable financial records of Grantee and/or its Affiliates. The City Council may grant Grantee's requested rate adjustment or, based on the information presented, may increase or decrease Grantee's rates in amounts differing from Grantee's request. The adjusted rates, if approved by the City Council, shall go into effect thirty (30) days after such approval or at such other time as established by the City Council. The notice provisions of the second paragraph of Section 19.B. shall apply to City Council review of rate adjustments under this Section 19.D.