

REPORT DETAILING REVIEW of TAHOE TRUCKEE SIERRA DISPOSAL, INC. RATE APPLICATION JUNE 6, 2017

This Report has been prepared for the Board of Supervisors (Board) pursuant to the requirements of the Rate Setting Policies and Procedures Manual (Rate Manual), incorporated into the Tahoe Truckee Disposal Co., Inc., dba Tahoe Truckee Sierra Disposal (TTSD) Solid Waste Services Agreement, executed by the Board on September 29, 2015.

Executive Summary

On March 9, 2017 the El Dorado County Community Development Agency, Environmental Management Division (EMD) received a request from TTSD for an interim year rate increase for solid waste services for fiscal year 2017/2018. The request included an *Interim Year Rate Application* (Attachment 1), pursuant to the Rate Manual which is included in TTSDs Solid Waste Services Agreement. TTSD is requesting an increase of the comprehensive solid waste collection rates by 1.51 percent (1.51%), effective July 1, 2017. EMD has reviewed TTSDs Application to ensure that the rate change calculations for a rate increase of 1.51% were accurate and found the application and requested rate increase to be consistent with the requirements set forth in the approved Rate Manual. Included with this report is the full revised rate schedule (Attachment 2). The following table is excerpted from that attachment:

Tahoe Truckee Sierra Disposal	Service	32 Gal Can	7/1/2017	2- 32 Gal Cans	7/1/2017	Extra Can	Extra Can	3 yds 1 x wk	7/1/2017	4 yds 1 x wk	7/1/2017	6 yds 1 x wk	7/1/2017	
7/1/17 rates reflect 1.51% increase		Rates:	\$ 26.19	\$ 26.59	\$ 34.57	\$ 35.09	\$ 4.51	\$ 4.58	\$ 328.69	\$ 333.65	\$ 410.88	\$ 417.08	\$ 577.18	\$ 585.90

Background

The Solid Waste Services Agreement between the County of El Dorado (County) and TTSD, executed by the Board on September 29, 2015, includes a Rate Manual. The Rate Manual is a step-by-step guide for the County and TTSD to prepare and approve changes to the solid waste collection services provided by TTSD. The Rate Manual establishes rate change policies, provides application forms, specifies reporting formats, identifies required supporting documentation, and describes the procedure for requesting, reviewing, and adopting rate changes.

The Rate Manual requires that franchise haulers submit a *Base Year Rate Application* once every three (3) years to the County for careful review and analysis that includes detailed financial and operations information for business that is conducted under the franchise agreement for that three (3) year period that supports rates that are fair to both the customers and the franchise haulers. Rates may be increased or decreased depending upon the results of this analysis. This is known as a Base Year Rate Review. TTSDs next Base Year Rate Review will occur in 2018.

Franchise haulers may request an Interim Year Rate Adjustment (Rate Adjustment) for interim years that occur between base years. The *Interim Year Rate Application* (Application) requires less detail than that

which is required for Base Years. Rate Adjustments require that the franchise hauler adjust rates based on the formula specified in the Rate Manual that uses the most recent twelve (12) month U.S. City Average – Garbage and Trash Collection Consumer Price Index (CPI) data. The franchise hauler calculates the percentage change multiplied by eighty-five percent (85%) CPI to justify rate changes. Rate Adjustments are subject to a “floor” and a “cap” and cannot be greater than six percent (6%) percent nor less than one percent (1%).

Rate payers must be notified by the franchise hauler of the proposed change in the rates no more than sixty (60) days prior to public hearing set by the Board, but no less than ten (10) days prior to the hearing date. The County must also post notifications in the local newspaper for two (2) consecutive weeks prior to that hearing. At the hearing, the Board will decide whether or not to approve the rate change. If approved the rate change is implemented at the beginning of the fiscal year used by the franchise hauler (January through December or July through June).

Upon review of the rate change requested, EMD must provide a recommendation to the Board as to whether or not a rate increase is warranted. The Board has the ultimate authority to approve any and all rate change recommendations for each franchise service area. If the Board elects to not approve a rate increase, there is potential for an even greater increase to rates the following year.

Analysis and Discussion of Issues

EMD staff reviewed the Application submitted by TTSD, verified that the appropriate CPI figures were used, and verified the accuracy of the calculations used to determine the 1.77 percent (1.77%) increase in the CPI. In accordance with the Rate Manual, the actual allowable rate increase is 85 percent (85%) of the change in CPI, 1.77%, which equals 1.51%. EMD concurs the calculations used to determine the rate increase of 1.51% are accurate. Staff also verified the updated rates to ensure the rate increase was applied appropriately.

There were no issues identified with the Application data provided by TTSD.

Recommendation

EMD has evaluated TTSDs Application and rate increase request, and has determined that the requested rate increase of 1.51% is appropriate and consistent with the terms of the Interim Year Rate Setting Process contained within the Rate Manual.

EMD is recommending the Board approve the 1.51% increase to the current comprehensive solid waste collection rates. If approved by the Board, the new rates will be implemented on July 1, 2017.

Attachments

- 1) Interim Year Rate Application
- 2) Revised Rate Schedule



Tahoe Truckee Sierra Disposal

P.O. Box 6479 · Tahoe City, CA 96145-6479 · Ph: (530) 583-7800 · Fax: (530) 583-0804

February 28, 2017

Greg Stanton, REHS
Director of Environmental Management
County of El Dorado
2850 Fairlane Court, Building "C"
Placerville, CA 95667

EL DORADO COUNTY
RECEIVED
MAR 05 2017
ENVIRONMENTAL
MANAGEMENT

RE: Interim Year Rate Application

Dear Greg,

TTSD is opting to exercise our option to request an increase for the fiscal year '17-'18. Please accept the attached Interim Year Rate Application as described in the Rate Setting Manual.

Sincerely,

David Achiro
Tahoe Truckee Sierra Disposal

- Enclosures:
- Interim year rate request forms
 - Annual solid waste plan
 - Performance standards
 - ERL Facility report
 - Transfer Station methods report
 - PHHWCF third party contractors report

Interim Year Rate Application

Are you applying for an interim rate change at the time? Yes No
If yes, complete Section 1 below, sign, and submit this application to the County.
If no, sign below, and submit this form to the County.

Section I - Consumer Price Index (CPI) Information

CPI - All Urban Consumers
Not Seasonally Adjusted
U.S. City Average
Garbage and Trash Collection (CUUR0000SEHG02)
All Items
December 1983=100
U.S. Department of Labor, Bureau of Labor Statistics

	Month	Year	CPI Data	
1.	December	2015	436.996	✓
2.	December	2016	444.745	✓

Section II - % Change in CPI

3. % Change in CPI ✓

Section III - 85 % Change in CPI (But Not to Exceed 6% or fall Below 1%)


4. 85% Change in CPI ✓

Section IV - Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by El Dorado County.

Name: David Achiro

Title: Secretary, Tahoe Truckee Sierra Disposal

Signature:  Date: 2/28/2017

Interim Year Rate Change Worksheet

Summary

Rate Change

1. Percent Rate Change Requested 1.51%

Garbage Collection Rate Schedule

Rate Schedule (per customer, per month except as indicated otherwise)	Current Rate	Rate Adjustment	New Rate
2. Residential Collection Rates			
One 32-Gallon Can	\$ 26.19	\$ 0.40	\$ 26.59
Two 32-Gallon Cans	\$ 34.57	\$ 0.52	\$ 35.09
Senior Rate - One 32-Gallon Can	\$ 21.37	\$ 0.32	\$ 21.69
Extra 32-Gallon Can (per can)	\$ 4.51	\$ 0.07	\$ 4.58
Commercial Collection Rates			
Commercial Can (32-Gallon) Service (per can, minimum 1 can per week, 1x per week service only)	\$ 6.03	\$ 0.09	\$ 6.12
MSW Dumpster Service			
3-Yard EOW	\$ 226.70	\$ 3.42	\$ 230.12
3-Yard 1XW	\$ 328.69	\$ 4.96	\$ 333.65
3-Yard 2XW	\$ 587.12	\$ 8.87	\$ 595.99
4-Yard 1XW	\$ 410.88	\$ 6.20	\$ 417.08
4-Yard 2XW	\$ 720.04	\$ 10.87	\$ 730.91
6-Yard 1XW	\$ 577.18	\$ 8.72	\$ 585.90
6-Yard 2XW	\$ 1,094.16	\$ 16.52	\$ 1,110.68
Cardboard-only Dumpster Service			
3-Yard Cardboard 1XW	\$ 177.20	\$ 2.68	\$ 179.88
3-Yard Cardboard 2XW	\$ 285.79	\$ 4.32	\$ 290.11
4-Yard Cardboard 1XW	\$ 209.52	\$ 3.16	\$ 212.68
4-Yard Cardboard 2XW	\$ 319.80	\$ 4.83	\$ 324.63
6-Yard Cardboard 1XW	\$ 276.09	\$ 4.17	\$ 280.26
6-Yard Cardboard 2XW	\$ 493.43	\$ 7.45	\$ 500.88
Extra Service requested above subscription level:			
3-Yard	\$ 109.77	\$ 1.66	\$ 111.43
4-Yard	\$ 142.24	\$ 2.15	\$ 144.39
6-Yard	\$ 171.90	\$ 2.60	\$ 174.50
3-Yard Cardboard	\$ 64.92	\$ 0.98	\$ 65.90
4-Yard Cardboard	\$ 78.97	\$ 1.19	\$ 80.16
6-Yard Cardboard	\$ 80.62	\$ 1.22	\$ 81.84
Extra Yardage left out on-route (per yard)	\$ 21.05	\$ 0.32	\$ 21.37

Interim Year Rate Change Worksheet

Financial Information

Section I - Base Year Costs

Base Year Operating Costs (Other Than Disposal)

1.		Total Allowable Operating Costs	\$ 316,482.06	
2.	Plus:	Allowable Operating Profit	\$ 35,164.67	
3.	Plus:	Total Pass Through Costs	\$ 31,800.00	
4.	Minus:	Disposal Costs (Pass Through)	\$ (31,800.00)	
5.	Equals:	Total Operating Costs (Other Than Disposal)	\$ 351,646.73	91.71%

Base Year Disposal Costs

6.	Plus:	Disposal Costs (Pass Through)	\$ 31,800.00	
7.	Equals:	Total Disposal Costs	\$ 31,800.00	8.29%

8.	Base Year Revenue Requirement (without Franchise Fees)	\$ 383,446.73	100.00%
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Section II - Changes in Costs

Change in Operating Costs (Other Than Disposal Costs)

9.	Projected Change in Consumer Price Index	1.77%
10.	Projected 85 Percent Change in Consumer Price Index	1.51%

Change in Disposal Costs

11.		Prior Year Transfer Station Tipping Fee Per Ton	\$ 24.00
12.	Multiplied by:	Prior Year Actual Disposal Tons	1,335
13.	Equals:	Total Prior Year Disposal Costs	\$ 32,040.00

14.		Projected Interim Year Transfer Station Tipping Fee Per Ton	\$ 24.00
15.	Multiplied by:	Projected Interim Year Disposal Tons	1,344
16.	Equals:	Total Projected Interim Year Disposal Costs	\$ 32,256.00

17.	Projected Change in Disposal Costs	0.67%
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Section III - Calculation of Percent Change in Rates

Weighted Change in Operating Costs (Other Than Disposal)

18.		Operating Costs as % of Base Yr. Revenue Requirement	91.71%
19.	Multiplied by:	Projected 85 Percent Change in Consumer Price Index	1.51%
20.	Equals:	Weighted Change in Operating Costs	1.38%

Weighted Change in Total Disposal Costs

21.		Total Disposal Costs as % of Base Yr. Revenue Requirement	8.29%
22.	Multiplied by:	Projected Change in Total Disposal Costs	0.67%
23.	Equals:	Weighted Change in Total Disposal Costs	0.06%

Total Change

24.		Total Percent Change in Costs	1.44%
25.	Divided by:	Adjustment for Franchise Fees (1-5%)	0.95
26.	Equals:	Percent Change in Existing Rates	1.51%

Tahoe Truckee Sierra Disposal, Inc.
(1.51% Rate Increase Effective 7/1/17)

<u>Residential</u>	Current Rate	Rate Effective July 1, 2017
One 32 gal can per week	\$26.19	\$26.59
Two 32 gal can per week	\$34.57	\$35.09
Senior Citizen	\$21.37	\$21.69
Extra can	\$ 4.51	\$ 4.58

Extra Can Equivalents

Standard Collection and Processing Bulky Solid Waste Items

On-route mess	\$13.53	\$13.74
Go-backs	\$27.06	\$27.48
BBQ	\$22.55	\$22.90
Chair kitchen	\$13.63	\$13.74
Chair recliner	\$22.55	\$22.90
Chair wooden	\$ 9.02	\$ 9.16
Couch	\$45.10	\$45.80
Couch bed	\$58.63	\$59.54
Matt/Box D/Q/K	\$40.59	\$41.22
Matt/Box Twin Each	\$31.57	\$32.06
Toilet	\$22.55	\$22.90
Tree (L)	\$18.04	\$18.32
Tree (M)	\$13.53	\$13.74
Tree (S)	\$ 9.02	\$ 9.16

Bulky Solid Waste items requiring Special MRF Handling

Tire (Reg.) each	\$18.04	\$18.32
Tire (Truck) each	\$22.55	\$22.90
Dish washer	\$40.59	\$41.22
Dryer	\$40.59	\$41.22
Stove (L)	\$54.12	\$54.96
Stove (M)	\$45.10	\$45.80
Stove (S)	\$36.08	\$36.64
Water heater	\$45.10	\$45.80
Washer	\$40.59	\$41.22

Bulky Solid Waste Items requiring Special Route Collection and Special MRF Handling

Television (L)	\$40.59	\$ 41.22
Television (M)	\$36.08	\$ 36.64
Television (S)	\$27.06	\$ 27.48
Microwave (L)	\$22.55	\$ 22.90
Microwave (M)	\$18.04	\$ 18.32
Microwave(S)	\$13.53	\$ 13.74
Refrigerator (Unit + Freon Removal)	\$99.22	\$100.76

Commercial

	Current Rate		Rate Effective July 1, 2017	
	Commercial Service	Cardboard	Commercial Service	Cardboard
Commercial Can	\$ 6.03	n/a	\$ 6.12	n/a
3 yd. EOW	\$ 226.70	n/a	\$ 230.12	n/a
3 yd. 1 x week	\$ 328.69	\$177.20	\$ 333.65	\$179.88
3 yd. 2 x week	\$ 587.12	\$285.79	\$ 595.99	\$290.11
3 yd. 3 x week	\$ 845.65	n/a	\$ 858.42	n/a
3 yd. 4 x week	\$1,174.36	n/a	\$1,192.09	n/a
3 yd. 5 x week	\$1,432.77	n/a	\$1,454.40	n/a
4 yd. 1 x week	\$ 410.88	\$209.52	\$ 417.08	\$212.68
4 yd. 2 x week	\$ 720.04	\$319.80	\$ 730.91	\$324.63
4 yd. 3 x week	\$1,104.12	n/a	\$1,120.79	n/a
4 yd. 4 x week	\$1,440.08	n/a	\$1,461.83	n/a
4 yd. 5 x week	\$1,824.15	n/a	\$1,851.69	n/a

6 yd. 1 x week	\$ 577.18	\$276.09	\$ 585.90	\$280.26
6 yd. 2 x week	\$1,094.16	\$493.43	\$1,110.68	\$500.88
6 yd. 3 x week	\$1,611.32	n/a	\$1,635.65	n/a
6 yd. 4 x week	\$2,188.52	n/a	\$2,221.57	n/a
6 yd. 5 x week	\$2,705.48	n/a	\$2,746.33	n/a

Extra Commercial Services		Current Rate	Rate Effective July 1, 2017
Extra service above subscription level:			
	3 yd.	\$109.77	\$111.43
	4 yd.	\$142.24	\$144.39
	6 yd.	\$171.90	\$174.50
	3 yd. cardboard	\$ 64.92	\$ 65.90
	4 yd. cardboard	\$ 78.97	\$ 80.16
	6 yd. cardboard	\$ 80.62	\$ 81.84
Debris boxes: (non-franchised)			
	6 yd.	\$133.87	\$135.89
	6 yd. green waste (residential only)	\$119.07	\$121.09
	Rock Box	\$342.71	\$347.88
	20 yd.	\$404.84	\$410.95
	30 yd.	\$498.03	\$505.55
Extra yardage left out on route		\$ 21.05	\$ 21.37
Commercial mess cleaned up on route: (non-franchised)			
	Pickup-truck serviced bin	\$ 58.91	\$ 59.80
	Front loader or roll- off serviced bin	\$112.45	\$114.15
Excessive bin cleaning 3,4,6 yd. bins (more than twice per year)		\$ 40.16	\$ 40.77
Pull-out service (pick-up truck assisting front loader):		\$ 21.05	\$ 21.37
Excessive bin swap-out (more than twice per year):			
	3, 4 & 6 yd.	\$ 58.91	\$ 59.80
	20 & 30 yd.	\$112.44	\$114.14
Dumpster rejection/cancelation (empty dumpster):			
	3, 4 & 6 yd.	\$ 58.91	\$ 59.80
	20 & 30 yd.	\$112.44	\$114.14
Dumpster relocation:			
	3, 4 & 6 yd.	\$ 58.91	\$ 59.80
	20 & 30 yd.	\$112.44	\$114.14
		Current Rate	Rate Effective July 1, 2017
Bin Rental for each additional 3-day period:			
	3,4,& 6 yd.	\$ 58.91	\$ 59.80
	20 & 30 yd.	\$112.44	\$114.14
Removal/return of bins for delinquent accounts (non-franchised)		\$ 80.32	\$ 81.53
Lidded temporary bin		\$ 80.31	\$ 81.52
Weekend service		<i>By quote</i>	
Bin repair		Materials and labor + 10%	
Overweight bins (roll-off)		Pass-thru of Gate Fee	
Freon		Pass-through of additional Freon removal and disposal cost	