

09-0750



COUNTY OF EL DORADO

ENVIRONMENTAL MANAGEMENT DEPARTMENT

June 23, 2009

To: Board of Supervisors
 From: Gerri Silva, *Gerri Silva* Director of Environmental Management
 Re: El Dorado Disposal Rate Hearing

The following is additional information related to the CPI clarification as requested on June 16, 2009.

CPI

CPI language in the agreement - (handout page 1)

US Bureau of Labor Statistics publishes: (handout page 2)
 San Francisco – Oakland – San Jose
 LA – Riverside – Orange Co
 San Diego
 Western Urban rollup index

State of California Department of Industrial Relations Division of Labor Statistics has an All Items State of California. (handout page 3)

Source data for the State of California index is generated from the US Bureau of Labor Statistics. (handout page 3)

Tied back the source data and verified by handout provided by Supervisor Sweeney. (handout page 4)

To the best of Environmental Management's knowledge the Ca Dept of Industrial Relations- Division of Labor Statistics is the closest index to the terms of the Franchise Agreement.

A historical review of the CPI back to the inception of the agreement in August 2004 shows the index used was the CA Division of Labor Statistics all items for the State of California with the source data verified to be generated by the US Bureau of Labor Statistics.

Timeframe of index to calculate the CPI

The timeframe example in the agreement of January 1, 2004-December 30, 2004 appears to be unsubstantiated.

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Air Quality Management District

Solid Waste & Hazardous Materials Divisions

Vector Control



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Submitted by Carrie
 #35
 at Board Hearing of 6/23/09

Starting in 1998 the US Bureau of Labor Statistics stopped publishing some of the indexes monthly and went to a bi-monthly index reporting. Currently and in 2004 an index was not produced for the period of January.

Historically the, calculation of the CPI has been based on the annual averages of the calculation years. Meaning the bi-monthly indexes are averaged, and the change in those annual averages was the resulting increase.

Please note the chart provided that shows the percentage of increase if the December to December calculation was to be used over the term of the agreement vs the annual averages that were used to determine the increases. (handout page 5)

(4) Commercial Rates. Contractor shall ensure that its rates for commercial collection services within the Franchise Area are comparable to and competitive with Contractor's commercial rates to customers in neighboring jurisdictions.

(5) Extra Charges. Contractor shall not impose extra charges on Customers for extra services or for other reasons, except where expressly allowed by the Rate Schedule approved by the Board of Supervisors. Contractor's Ombudsman shall be readily available to answer customer complaints regarding extra charges.

B. Time for Rate Settings and Rate Settings Procedures. The Board of Supervisors shall set the rates to be charged by Contractor pursuant to this Agreement annually at the beginning of each Operating Year (commencing with July 1, 2005), unless a longer period is agreed on by the County and Contractor; provided, however, that Contractor's rates shall remain unchanged unless Contractor submits a written request to the Board of Supervisors for a rate adjustment no earlier than January 1st and no later than April 1st prior to the commencement of each new Operating Year. The Board of Supervisors may also (but is not obligated to) act on its own initiative in the event Contractor declines to request a CPI adjustment to its rates, and adjust Contractor's rates consistent with the CPI formula in this Agreement.

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

Except as provided in Section 22.A.2, Contractor 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 County nor its governing body or employees or consultants agree, guarantee or warrant that such Contractor will achieve reimbursement for all of its operating costs or pass-through costs, or that Contractor will achieve any profit margin.

C. Inflation/Deflation Adjustment. Subject to the limitations specified in the foregoing paragraphs regarding New Services, Contractor's rates for services described in Exhibit C (but exclusive of Franchise Fees) shall be adjusted, upward or downward, annually, effective July 1st of each year during the Term of this Agreement, commencing on July 1, 2005, based on the increase or decrease in the Consumer Price Index- All Items- for the State of California, published by the U.S. Bureau of Labor Statistics ("CPI") during the most recent twelve month period ending no later than December 30 of the calendar year preceding the upcoming Operating Year. Thus, if the CPI increased 3% from January 1, 2004 through December 30, 2004, then Contractor's rates in Exhibit B and B1 would be subject to a 3% increase effective as of July 1, 2005.

In the event 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 Contractor's rates shall be calculated to the nearest cent (\$.01).

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Inflation and Consumer Spending

Consumer Price Index

News Releases

- Pacific Cities and U.S. City Average
- West Region (Monthly) (HTML) (PDF)
- Los Angeles-Riverside-Orange County (Monthly) (HTML) (PDF)
- San Francisco-Oakland-San Jose (Bi-monthly) (HTML) (PDF)
- San Francisco-Oakland-San Jose, CA (Food & Energy) (HTML) (PDF)
- Seattle-Tacoma-Bremerton, WA (Bi-monthly) (HTML) (PDF)
- Seattle-Tacoma-Bremerton, WA (Food & Energy) (HTML) (PDF)
- Anchorage, AK (Semiannual) (HTML) (PDF)
- Honolulu, HI (Semiannual) (HTML) (PDF)
- Phoenix-Mesa, AZ (Semiannual) (HTML) (PDF)
- Portland-Salem, OR-WA (Semiannual) (HTML) (PDF)
- San Diego, CA (Semiannual) (HTML) (PDF)

Data Tables

- Consumer Price Index, All Items for All Urban Consumers (CPI-U) and Urban Wage Earners and Clerical Workers (CPI-W)**
CPI explanatory note (PDF 7KB) CPI for Escalation (PDF 16KB) CPI Coverage (PDF 8KB)
- U.S. City Average**
 - 1982-84=100 (PDF 13KB)
 - 1967=100 (PDF 11KB)
- West Region**
 - 1982-84=100 (PDF 13KB)
 - December 1977=100 (PDF 11KB)
- West Size Class A**
 - 1982-84=100 (PDF 19KB)
 - December 1977=100 (PDF 19KB)
- West Size Class B/C**
 - December 1996=100 (PDF 12KB)
- Los Angeles-Riverside-Orange Co, CA**
 - 1982-84=100 (PDF 17KB)
 - 1967=100 (PDF 15KB)
- San Francisco-Oakland-San Jose**
 - 1982-84=100 (PDF 13KB)
 - 1967=100 (PDF 15KB)
- Seattle-Tacoma-Bremerton**
 - 1982-84=100 (PDF 16KB)
 - 1967=100 (PDF 14KB)

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STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
<http://www.dir.ca.gov/DILSR>

CONSUMER PRICE INDEX - CALIFORNIA
Los Angeles-Riverside-Orange Co., San Francisco-Oakland-San Jose, San Diego
United States City Average, 2007-2008

DIVISION OF LABOR STATISTICS AND RESEARCH
P.O. Box 420603, San Francisco, California 94142

All Items
1982 - 1984 = 100

Year & Month	All Urban Consumers					Urban Wage Earners and Clerical Workers				
	California ^a Riverside Orange Co.	Los Angeles ^b San Francisco ^b Oakland San Jose	San Diego ^b	U.S. City ^b Average	California ^a	Los Angeles ^b Riverside Orange Co.	San Francisco ^b Oakland San Jose	San Diego ^b	U.S. City ^b Average	
2007	January	-	212,584	b	202,416	-	204,498	b	197,559	
	February	214,910	214,760	213,688	203,499	206,994	206,632	208,803	198,544	
	March	-	216,500	b	205,352	-	208,929	b	200,612	
	April	217,704	217,845	215,842	206,686	210,187	210,195	211,189	202,130	
	May	-	218,596	b	207,949	-	211,145	b	203,661	
	June	217,404	217,273	216,123	208,352	209,859	209,614	211,422	203,906	
	July	-	217,454	b	208,299	-	209,444	b	203,700	
	August	217,480	217,330	216,240	207,917	209,663	209,240	211,620	203,199	
	September	-	217,697	b	208,490	-	209,849	b	203,889	
	October	218,959	218,696	217,949	208,936	211,522	211,259	213,133	204,338	
	November	-	219,943	b	210,177	-	212,844	b	205,891	
	December	219,593	219,373	218,485	210,036	212,559	212,282	214,204	205,777	
	Annual Average	217,424	217,338	216,048	207,342	209,876	209,661	211,370	202,767	
2008	January	-	220,918	b	211,080	-	213,825	b	206,744	
	February	221,357	221,431	219,612	211,693	214,121	214,231	214,913	207,254	
	March	-	223,606	b	213,528	-	216,493	b	209,147	
	April	224,323	224,625	222,074	214,823	217,587	217,914	217,913	210,698	
	May	-	226,651	b	216,632	-	219,702	b	212,788	
	June	228,324	229,033	225,181	218,815	221,798	222,435	221,454	215,223	
	July	-	229,886	b	219,964	-	223,245	b	216,304	
	August	228,024	228,484	225,411	219,086	220,946	221,230	221,385	215,247	
	September	-	227,449	b	218,783	-	220,285	b	214,935	
	October	226,572	226,159	225,824	216,573	219,161	218,726	221,192	212,182	
	November	-	222,229	b	212,425	-	214,083	b	207,296	
	December	219,775	219,620	218,528	210,228	211,519	211,007	213,685	204,813	
	Annual Average	224,807	225,008	222,767	215,303	217,648	217,765	218,441	211,053	

^a Weighted average of the consumer price indexes for Los Angeles-Anaheim-Riverside and San Francisco-Oakland-San Jose. A conversion factor has been included for comparability of 1987 data with 1986 and prior years. Computed by the Department of Industrial Relations, Division of Labor Statistics and Research from indexes issued by the U.S. Department of Labor.

^b Source: U.S. Department of Labor, Bureau of Labor Statistics. Beginning with January 1998 data, indices for San Francisco-Oakland-San Jose will be published bi-monthly on even months only (February, April, June, etc.). Beginning with the January 2007 data, indices published by the Bureau of Labor Statistics will be rounded to three decimal places (see <http://www.bls.gov/cpi/cpihrdecdec.htm>). The California indices conform to this change.

IMPORTANT NOTICE: As of April 1, 2008, subscribers will no longer receive paper copies of the Pacific Cities CPI Summary in the mail. The Pacific Cities CPI summary will continue to be available on the internet at <http://www.bls.gov/ro9/pachist.htm>.

CONSUMER PRICE INDEXES PACIFIC CITIES AND U. S. CITY AVERAGE

APRIL 2009

ALL ITEMS INDEXES

(1982-84=100 unless otherwise noted)

	All Urban Consumers (CPI-U)						Urban Wage Earners and Clerical Workers (CPI-W)					
	Indexes		Percent Change		Percent Change		Indexes		Percent Change		Percent Change	
			Year ending	1 Month ending	Year ending	1 Month ending			Year ending	1 Month ending		
U. S. City Average.....	Apr. 2008	Mar. 2009	Apr. 2009	Apr. 2009	Apr. 2009	Apr. 2008	Mar. 2009	Apr. 2009	Mar. 2009	Apr. 2009	Apr. 2009	Apr. 2009
(1967=100).....	214.823	212.709	213.240	-0.4	-0.7	210.698	207.218	207.925	-0.9	-1.3	0.3	0.3
Los Angeles-Riverside-Orange Co.	643.515	637.182	638.771	-	-	627.606	617.239	619.344	-	-	-	-
(1967=100).....	224.625	221.376	221.693	-1.0	-1.3	217.914	213.013	213.405	-1.6	-2.1	0.2	0.2
West	663.643	654.042	654.979	-	-	644.002	629.518	630.676	-	-	-	-
(Dec. 1977 = 100)	219.437	217.357	217.910	-0.5	-0.7	214.355	210.661	211.386	-1.2	-1.4	0.3	0.3
West - A*	354.708	351.345	352.239	-	-	344.885	338.942	340.108	-	-	-	-
(Dec. 1977 = 100)	222.689	221.124	221.790	-0.4	-0.4	216.055	212.965	213.646	-0.9	-1.1	0.3	0.3
West - B/C** (Dec. 1996=100).....	363.126	360.574	361.659	-	-	349.751	344.748	345.851	-	-	-	-
	133.694	131.775	131.912	-0.8	-1.3	133.570	130.674	131.103	-1.5	-1.8	0.3	0.3

All Urban Consumers (CPI-U)

Urban Wage Earners and Clerical Workers (CPI-W)

BI-MONTHLY DATA	Indexes						Indexes							
	Apr. 2008 <th colspan="2" rowspan="2">Feb. 2009 <th colspan="2" rowspan="2">Apr. 2009 <th colspan="2">Percent Change</th> <th colspan="2" rowspan="2">Apr. 2008 <th colspan="2" rowspan="2">Feb. 2009 <th colspan="2">Percent Change</th> </th></th></th></th>		Feb. 2009 <th colspan="2" rowspan="2">Apr. 2009 <th colspan="2">Percent Change</th> <th colspan="2" rowspan="2">Apr. 2008 <th colspan="2" rowspan="2">Feb. 2009 <th colspan="2">Percent Change</th> </th></th></th>		Apr. 2009 <th colspan="2">Percent Change</th> <th colspan="2" rowspan="2">Apr. 2008 <th colspan="2" rowspan="2">Feb. 2009 <th colspan="2">Percent Change</th> </th></th>		Percent Change		Apr. 2008 <th colspan="2" rowspan="2">Feb. 2009 <th colspan="2">Percent Change</th> </th>		Feb. 2009 <th colspan="2">Percent Change</th>		Percent Change	
							Year ending	2 Months ending					Year ending	2 Months ending
San Francisco-Oakland-San Jose.....	222.074	222.166	223.854	1.2	0.8	217.913	216.797	218.587	0.9	0.3	0.8	0.8		
(1967=100).....	682.718	683.001	688.188	-	-	663.563	660.165	665.616	-	-	-	-		
Seattle-Tacoma-Bremerton.....	223.196	224.737	225.918	1.4	1.2	218.463	218.752	220.208	1.1	0.8	0.7	0.7		
(1967=100).....	680.387	685.085	688.685	-	-	648.020	648.819	653.138	-	-	-	-		

* A = 1,500,000 population and over

** B/C = less than 1,500,000 population

Dash (-) = Not Available.

Release date May 15, 2009. The next monthly releases are scheduled to be issued on June 17, 2009, and the next bi-monthly releases are scheduled to be issued on July 15, 2009. The next semi-annual releases are scheduled to be issued on August 14, 2009.

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CA Division of Labor Statistics CPI for the State of California

Year	December Index	Annual Average Index	% Change December	%	
				Annual Change Average	Implementation Year
2002	187.2	186.1			
2003	190.1	190.4	1.5%	2.3%	2004
2004	197	195.4	3.6%	2.6%	2005
2005	204.2	202.6	3.7%	3.7%	2006
2006	211	210.5	3.3%	3.9%	2007
2007	219.59	217.42	4.1%	3.3%	2008
2008	219.77	224.8	0.1%	3.4%	2009

CPI granted to El Dorado Disposal

2004	2.3%
2005	2.6%
2006	3.7%
2007	3.9%
2008	3.3%