

AMERICAN RIVER DISPOSAL SERVICE

(530) 544-1199 • 2140 Ruth Ave. • South Lake Tahoe, California 96150-4357

May 21, 2014

Ms. Gerri Silva, Director of Environmental Management
El Dorado County
2850 Fairlane Ct.
Placerville, CA 95667

RE: American River Disposal Service franchise

Dear Ms. Silva:

As we have discussed over the course of recent negotiations for our American River Disposal (ARD) franchise, we are proposing that the ARD franchise be consolidated with the existing South Tahoe Refuse Co. (STR) franchise.

Such a consolidation will benefit our customers by reducing the rate increase that would otherwise qualify under the current rate structure while at the same time providing them with the range of services they receive through their participation in our Materials Recovery Facility, our Resource Recovery Facility and other specialized programs available to them.

A consolidation would also reduce costs associated with independent audits for ARD and reduce the County's commitment of time and resources by eliminating the annual franchise review process for this small ARD franchise area.

Additionally, CalRecycle staff have recently been asking for individual statistical data for this franchise area. Historically, ARD's statistical data has been reported under unincorporated El Dorado County in our quarterly and annual reports. We can anticipate that CalRecycle will continue to require more complex and detailed information for ARD as well as other County franchise areas.

During our meeting on May 8, 2014, we had further discussions regarding combining the American River Disposal Service franchise with the South Tahoe Refuse Co. franchise. You had expressed concern over the amount of the rate increase that was proposed in our February 12, 2014 letter and asked if there was something that could be done where STR could accept a reduced rate increase in order to lessen the impact to the rate payers.

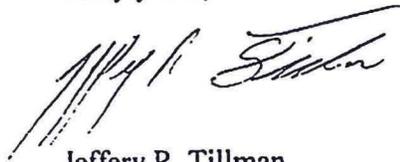
Since the last rate increase for ARD was almost eight years ago on July 1, 2006 and operating costs have been steadily increasing each year since then, our February 12, 2014 letter included the calculation of the required rate increase for ARD using three different approaches. After taking into account your concerns and in order to lessen the impact to rate payers, with the consolidation our proposal is to only seek a 12% rate increase that will be spread over three years (4% each year for three years); this is the same 12% rate increase that was previously approved by the El Dorado County Board of Supervisors on March 5, 2005 (resolution 062-2005) to fund

the STR resource recovery project. Most residential customers have a 1 32-gallon can service so their cost for service will increase \$0.54 per month in the first year, \$0.56 per month in the second year and \$0.58 per month in the third year.

Attached is the requested schedule showing the current rates for ARD and the proposed rates based on spreading the rate increase over three years to lesser the impact to the rate payers. The proposed rates would be effective January 1, 2015, January 1, 2016 and January 1, 2017.

Please advise us of what further information is needed and what further steps we should take to move this proposal forward. Your attention to this request is greatly appreciated.

Truly yours,

A handwritten signature in black ink, appearing to read "Jeffery R. Tillman". The signature is written in a cursive style with a large, sweeping initial "J".

Jeffery R. Tillman
South Tahoe Refuse, dba American River Disposal Service

American River Disposal Service (ARD) LAST RATE INCREASE WAS 3.70% EFFECTIVE JULY 1, 2006	ARD Monthly Current	ARD Quarterly Current
RESIDENTIAL (Quarterly/Advance) Wednesday Pickup Only		
1 (32-gallon) can	13.46	40.38
2 (32-gallon) can	18.09	54.27
3 (32-gallon) can	21.84	65.52
4 (32-gallon) can	25.61	76.83
1 (45-gallon) can	15.62	46.86
2 (45-gallon) can	19.00	57.00
3 (45-gallon) can	24.25	72.75
extra can (32- or 45-gallon)	4.17	
on-call (seasonal service 32- or 45-gallon)	4.17	
COMMERCIAL RATES (Monthly/Arrears)		
per cubic yard	14.16	
extra yard	14.16	
per 32-gal can/bag	3.75	
extra 32-gal can/bag	3.75	
compacted rate per yard	32.22	
extra compacted yard	32.22	
DROP BOX RATES	Price	Rent
10-yd Special	403.27	7.50
15-yd	299.20	7.50
20-yd	332.70	7.50
33-yd	515.30	9.50
33-yd Stump	613.87	9.50
CONTAINER RENTAL RATES (Monthly)	Rent	Bear Proof
1 Yard	18.00	n/a
2 Yard	21.00	31.00
3 Yard	23.50	33.50
4 Yard	26.50	36.50
5 Yard	28.00	38.00
6 Yard	29.50	39.50
7 Yard	32.50	n/a
8 Yard	35.00	45.00

STR Monthly 1/1/15	STR Quarterly 1/1/15
4.00%	
14.00	42.00
18.81	56.43
22.71	68.13
26.63	79.89
16.24	48.72
19.76	59.28
25.22	75.66
4.34	
4.34	
14.73	
14.73	
3.90	
3.90	
33.51	
33.51	
Price	Rent
419.40	7.50
311.17	7.50
346.01	7.50
535.91	9.50
638.42	9.50
Rent	Bear Proof
18.00	n/a
21.00	31.00
23.50	33.50
26.50	36.50
28.00	38.00
29.50	39.50
32.50	n/a
35.00	45.00

STR Monthly 1/1/16	STR Quarterly 1/1/16
4.00%	
14.56	43.68
19.56	58.68
23.62	70.86
27.70	83.10
16.89	50.67
20.55	61.65
26.23	78.69
4.51	
4.51	
15.32	
15.32	
4.06	
4.06	
34.85	
34.85	
Price	Rent
436.18	7.50
323.62	7.50
359.85	7.50
557.35	9.50
663.96	9.50
Rent	Bear Proof
18.00	n/a
21.00	31.00
23.50	33.50
26.50	36.50
28.00	38.00
29.50	39.50
32.50	n/a
35.00	45.00

STR Monthly 1/1/17	STR Quarterly 1/1/17
4.00%	
15.14	45.42
20.34	61.02
24.56	73.68
28.81	86.43
17.57	52.71
21.37	64.11
27.28	81.84
4.69	
4.69	
15.93	
15.93	
4.22	
4.22	
36.24	
36.24	
Price	Rent
453.63	7.50
336.56	7.50
374.24	7.50
579.64	9.50
690.52	9.50
Rent	Bear Proof
18.00	n/a
21.00	31.00
23.50	33.50
26.50	36.50
28.00	38.00
29.50	39.50
32.50	n/a
35.00	45.00