

Waste Connections, Inc. dba El Dorado Disposal Service (EDDS)

Rate Increase Request June 3rd, 2008

ENVIRONMENTAL
MANAGEMENT
DEPARTMENT



Presented By: El Dorado County Environmental Management

EDDS Rate Adjustment Request

Per the Franchise Agreement:

- ❑ The Board of Supervisors shall set the rates to be charged by contractor, effective July 1 of each year, based upon the Consumer Price Index (CPI).
- ❑ Additionally, an adjustment for extraordinary circumstances, including an increase in the cost of fuel may be granted at the discretion of the Board.

On February 26, 2008, EDDS formally requested:

- ❑ A CPI rate increase of 3.3%
- ❑ A fuel surcharge increase from 3.75% to 5.38% based upon the increase in the Producers Price Index (PPI), a net increase of 1.63%.

The Consumer Price Index

- Is a consumer measurement looking at actual costs of living in broad categories
- Is commonly referred to as the “cost-of-living” index since it concentrates on the living expenses of the consumer
- Does not provide isolated fuel data
- Only 0.268% of the CPI figure represents actual energy costs, comprised of diesel, gasoline, and other energy related commodities
 - For this reason, the Producers Price Index (PPI) is used to accurately reflect the change in fuel costs.



The Producers Price Index

- Is based upon the PPI for diesel fuel.
- Specific to the operation of refuse haulers.
- The only available index that isolates fuel costs, measuring data from the point fuel is sold from a petroleum refinery.



CPI Annual Adjustment

Residential

	07/08 Rate	Rate w/ 3.3% CPI Increase 08/09	Increase
1 32g Can	\$17.54	\$18.12	\$0.58
1 64g Cart	\$26.29	\$27.16	\$0.87
1 96g Cart	\$26.92	\$27.81	\$0.89

Residential

	07/08 Rate	Rate w/ 3.3% CPI Increase 08/09	Increase
1 Yard	\$17.10	\$17.66	\$0.56
2 Yard	\$14.81	\$15.30	\$0.49

Commercial

Commercial

Fuel Surcharge Rates

Residential 08/09 Rates

3.3% CPI		Option 1	Option 2	Option 3	Option 4
		EDDS Request of 5.38%	Remain the same @ 3.75%	4.00% Flat Rate	Deny Fuel Surcharge
1 32g Can	\$18.12	\$19.09	\$18.80	\$18.84	\$18.12
1 64g Cart	\$27.16	\$28.62	\$28.18	\$28.25	\$27.16
1 96g Cart	\$27.81	\$29.30	\$28.85	\$28.92	\$27.81

Commercial 08/09 Rates

3.3% CPI		Option 1	Option 2	Option 3	Option 4
		EDDS Request of 5.38%	Remain the same @ 3.75%	4.00% Flat Rate	Deny Fuel Surcharge
1 Yard	\$17.66	\$18.61	\$18.32	\$18.37	\$17.66
2 Yard	\$15.30	\$16.12	\$15.87	\$15.91	\$15.30

In County Comparison

The following reflects the EDDS proposed rates for El Dorado County, Placerville, El Dorado Hills and Cameron Park

	El Dorado County	Placerville	El Dorado Hills	Cameron Park
32 - gal	\$19.29	\$17.37	\$22.00	\$19.17
64- gal	\$28.62	\$27.02	\$23.70	\$23.48
96- gal	\$29.30	\$32.42	\$33.20	\$23.85
CPI	3.3%	3.3%	3.3%	3.3%
Fuel Surcharge	5.38%	5.08%	5.08%	5.08%

Residential 08/09 Rates		Option 1	Option 2	Option 3	Option 4
3.3% CPI	EDDS Request of 5.38%	Remain the same @ 3.75%	4.00% Flat Rate	Deny Fuel Surcharge	
1 32g Can	\$18.12	\$19.09	\$18.80	\$18.84	\$18.12
1 64g Cart	\$27.16	\$28.62	\$28.18	\$28.25	\$27.16
1 96g Cart	\$27.81	\$29.30	\$28.85	\$28.92	\$27.81

*Pending fuel surcharge request – South Tahoe Refuse, Sierra Disposal Service, Amador Disposal

Outside County Comparison*

County	Rate Adjustment	Fuel Surcharge
Amador	Rate Adjustment	None
Butte	Permit System	None
Monterey	Biyearly with a percentage of CPI	None
Nevada	Automatic 80% of CPI Yearly	2005: \$2.95 2006: \$1.68
San Luis Obispo	Mission County: 4.76%	None
	Paso Robles: 1.32%	None
	San Luis Garbage Co: 1.96%	None
	San Miguel: 2.90%	None
	So. County Sanitary: 3.00%	None
	Mid State Solid Waste: 1.62%	None
Stanislaus	Annual Cost Review is performed to determine CPI	None
Tuolumne	3.40%	Allow them to carry over 50% of the previous fuel surcharge into CPI

*Comparison based on informal survey of Counties

Recommendations

- The Board approve the CPI rate adjustment per Section 22-Compensation of the Solid Waste Services Agreement.
- The Board provide staff direction regarding the fuel surcharge adjustment.

