



Tahoe Truckee Sierra Disposal

P.O. Box 6479 · Tahoe City, CA 96145-6479 · Ph: (530) 583-0148 · (530) 389-2367 · Fax: (530) 583-0804

March 1st, 2012

Gerri Silva, M.S., REHS
Director of Environmental Management
County of El Dorado Placerville Office
2850 Fairlane Court, Building "C"
Placerville, CA 95667

Dear Gerri:

Please accept this letter as our request to put forth the 5% rate increase to garbage collection rates effective July 1st, 2012 in the area of El Dorado County in which our company services, per the contract terms.

Per the requirements of the contract, attached is an updated company-prepared break-out financial profit & loss statement for the area, using the most recent results available through the 2011 calendar year. Also attached is a schedule of the overall rate structure, reflective of a 5% increase.

As discussed, our interest is in servicing the area at a reasonable revenue level over the longer term, and we understand that your interests are to procure service availability to residents of the area with minimal year-over-year rate impact. As such, if you have any suggestions that would mutually achieve these objectives, we are open to meaningful proposals from your office, which would serve to decrease or defer the amount of increase implemented in this current year.

In our opinion, the key to lowering individual rates beyond the contract term remains in exploring the options for making service in the area mandatory, similar to adjacent areas in which the model has proven to work well. We understand that the public approval process for converting to mandatory service is involved, and we would once again encourage you to begin the exploration process in advance of the current contract term, as provided for in the current contract language.

Thank you for the continued opportunity to provide service to the residents and businesses of El Dorado County. Should you have any questions, please call any one of us here at TTSD directly.

Regards,

A handwritten signature in black ink, appearing to read "David Achiro", written in a cursive style.

David Achiro
Tahoe Truckee Disposal

cc: Kerri Williams

Enclosures: 1) Company-generated El Dorado P&L
2) Rate Structure at 5% increase

12-0654.B.1

'11-'12 Rate

'12-'13 Rate

Description	Proposed Monthly Rate		Proposed Monthly Rate	
	RESIDENTIAL	5%	RESIDENTIAL	5%
One 32 gal can/week		\$ 24.44		\$ 25.66
Two 32 gal can/week		\$ 32.29		\$ 33.90
Senior Citizen		\$ 19.95		\$ 20.95
Extra Can		\$ 4.20		\$ 4.41
	COMMERCIAL SERVICE	CARDBOARD RATE	COMMERCIAL SERVICE	CARDBOARD RATE
Commercial Can	\$ 5.64		\$ 5.92	
3 yd. 1 x week	\$ 306.91	\$ 165.44	\$ 322.25	\$ 173.72
3 yd. 2 x week	\$ 548.19	\$ 266.84	\$ 575.60	\$ 280.18
3 yd. 3 x week	\$ 789.59	n/a	\$ 829.07	n/a
3 yd. 4 x week	\$ 1,096.50	n/a	\$ 1,151.32	n/a
3 yd. 5 x week	\$ 1,337.79	n/a	\$ 1,404.68	n/a
4 yd. 1 x week	\$ 383.63	\$ 195.62	\$ 402.81	\$ 205.40
4 yd. 2 x week	\$ 672.30	\$ 298.59	\$ 705.92	\$ 313.52
4 yd. 3 x week	\$ 1,030.90	n/a	\$ 1,082.45	n/a
4 yd. 4 x week	\$ 1,414.53	n/a	\$ 1,485.26	n/a
4 yd. 5 x week	\$ 1,703.20	n/a	\$ 1,788.36	n/a
6 yd. 1 x week	\$ 538.91	\$ 257.78	\$ 565.86	\$ 270.67
6 yd. 2 x week	\$ 1,021.61	\$ 460.70	\$ 1,072.69	\$ 483.74
6 yd. 3 x week	\$ 1,504.49	n/a	\$ 1,579.72	n/a
6 yd. 4 x week	\$ 2,043.41	n/a	\$ 2,145.58	n/a
6 yd. 5 x week	\$ 2,526.10	n/a	\$ 2,652.41	n/a

	Estimated Actual '07-'08		Estimated Actual '08-'09		Estimated Actual '09-'10		Estimated Actual '10-'11		Estimated Actual/Projected '11-'12		Projected '12-'13				
					Rate Structure % Increase		Rate Structure % Increase		Rate Structure % Increase		Rate Structure % Increase				
Base Rate	\$	15.19	\$	15.19	40.3%	\$	21.31	\$	22.16	5.0%	\$	23.27	\$	24.44	
EI Dorado Franchise Fee - 5%	\$	0.76	\$	0.76		\$	1.07	\$	1.11		\$	1.16	\$	1.22	
		<u>15.95</u>		<u>15.95</u>			<u>22.38</u>		<u>23.27</u>			<u>24.44</u>		<u>25.66</u>	
TTSD Collected Revenue	\$	254,760	\$	257,869		\$	346,363 34.3%	\$	359,481 3.8%		\$	370,265 3.0%	\$	388,779 5.0%	
COSTS:															
EI Dorado Franchise Fee	\$	12,131	\$	12,279		\$	16,493	\$	17,118		\$	17,632	\$	18,513	
		(12,131) 5.0%		(12,279) 5.0%			(16,493) 5.0%		(17,118) 5.0%			(17,632) 5.0%		(18,513) 5.0%	
Less: Disposal Costs:															
Tonnage		1,549		1,504			1,595		1,592			1,560		1,595	
Tipping Fees	\$	75.50	\$	77.50		\$	77.50	\$	77.50		\$	77.50	\$	77.50	
Total Tipping Fees	\$	116,950	\$	116,579		\$	123,613	\$	123,380		\$	120,900	\$	123,613	
		(116,950)		(116,579)			(123,613)		(123,380)			(120,900)		(123,613)	
Labor Costs															
Direct Labor - Drivers and Refuse Collection	\$	66,150	\$	67,500		\$	70,175	\$	71,930		\$	74,087	\$	76,310	
Indirect Operational Labor *	\$	17,544	\$	17,811		\$	17,989	\$	18,439		\$	18,992	\$	19,561	
Indirect Administrative Labor **	\$	18,846	\$	19,133		\$	19,324	\$	19,807		\$	19,807	\$	19,807	
Total Labor	\$	102,540	\$	104,444		\$	107,488	\$	110,175		\$	112,886	\$	115,679	
		(102,540)		(104,444)			(107,488)		(110,175)			(112,886)		(115,679)	
Equipment Usage - Frontloaders & Pick-ups	\$	72,077	\$	54,960		\$	53,612	\$	55,114		\$	59,523	\$	64,284	
		(72,077)		(54,960)			(53,612)		(55,114)			(59,523)		(64,284)	
Safety Equipment & Uniforms	\$	1,865	\$	1,923		\$	1,981	\$	2,040		\$	2,101	\$	2,164	
Postage	\$	1,940	\$	2,000		\$	2,060	\$	2,100		\$	2,163	\$	2,228	
Contract Administration	\$	2,000	\$	5,000		\$	10,000	\$	500		\$	1,000	\$	1,000	
Supplies/Administration	\$	5,805	\$	8,923		\$	14,041	\$	4,640		\$	5,264	\$	5,392	
		(5,805)		(8,923)			(14,041)		(4,640)			(5,264)		(5,392)	
Amortization of EI Dorado-related CARB costs - taken over 5 years, no interest							\$	(6,445)	\$	(6,445)		\$	(6,445)	\$	(6,445)
Recapture of Lost Revenue - assumes approx. 11% increase effective per contract date of 7-1-08, taken over 5 years, no interest							\$	(5,720)	\$	(5,720)		\$	(5,720)	\$	(5,720)
Total Costs		<u>\$ (309,503)</u>		<u>\$ (297,185)</u>			<u>\$ (327,412)</u>		<u>\$ (322,592)</u>			<u>\$ (328,370)</u>		<u>\$ (339,646)</u>	
Net Profit/(Loss)		<u>\$ (54,743)</u>		<u>\$ (39,316)</u>			<u>\$ 18,951</u>		<u>\$ 36,889</u>			<u>\$ 41,895</u>		<u>\$ 49,132</u>	
Profit Margin %		<u>-21.49%</u>		<u>-15.25%</u>			<u>5.47%</u>		<u>10.26%</u>			<u>11.31%</u>		<u>12.64%</u>	

* Includes Dispatch, Safety & Mechanic Supervision

** Includes Customer Service, Billing, IT & HR (no executive management)