

Authority Staff
March 27, 2012

Page 24



SOUTH TAHOE REFUSE CO., INC.

May 31, 2011

Nancy McDermid, Chair
Norma Santiago, Board Member
Angela Swanson, Board Member
South Lake Tahoe Basin Waste Management Authority
1901 Airport Road
South Lake Tahoe CA 96150

VIA EMAIL (Hard Copy To Be Mailed or Delivered in Person)

Dear Board Members:

Enclosed herein is our management representation letter and 2012 base year rate application.

We have calculated rate adjustments to become effective January 1, 2012 of 10.58% for the City of South Lake Tahoe and Douglas County and a 9.81% increase for El Dorado County under the Solid Waste Rate Setting Policies and Procedures Manual using the company's actual and forecasted costs.

The company has continued its efforts to increase diversion despite the lingering challenge to the local economy. In the absence of increased revenues from a recovering economy, the company has focused on cost cutting to help fund diversion efforts. Specifically, as a result of the new RRF project, we have reduced our dump fees by approximately 5%. Additionally, we have reduced our administrative headcount by two FTEs which will result in a 20% reduction in administrative labor. However, these savings have been offset by other items outside of our control including a 30% increase in fuel costs and increased insurance costs.


No attempt has been made to allocate actual costs to either a specific franchise area or different service types within a franchise area. This generally allows the rate increase for each jurisdiction to be roughly the same percentage increase. If such allocations were made they typically would result in greater rate increases in rural versus urban franchise areas as well as a greater increase in residential versus commercial customer types.

Authority Staff
March 27, 2012

Page 25

Management reviewed and accepts responsibility for the rate application. The application is based upon management's judgment of the most likely set of conditions and course of action. All significant relevant information has been made available. Assumptions are reasonable and accurate.

Sincerely yours,



Jeffery Tillman

This signature provides a certification of the franchise hauler that the application is complete, accurate, and consistent with the instructions provided in the rate manual.

Enclosures:

- 2012 Base Year Rate Application, pages 1-3
- Proposed rate schedule for residential and commercial accounts (pages 1 and 3 of the 2012 Base Year Rate Application exclude city surcharges and infrequent services)
- June 30, 2010 Audited Financial Statements
- Support documentation (due to the volume of calculations, we have provided an electronic copy since hard copy would not be practical)
- Reconciliation of the rate application to the audited financial statements (included within the support documentation above)

cc: Hilary Hodges, Cathe Pool, Gerri Silva

Base Year Rate Application

Summary

Rate Change

1. Percent Rate Change Requested (City of South Lake Tahoe and Douglas County) 10.58%
 Percent Rate Change Requested (El Dorado County) 9.81%

Residential Rate Schedule

Rate Schedule (per customer, per month)	Current Rate	Rate Adjustment	New Rate
2. City of South Lake Tahoe			
2.1. Unlimited service	(1) \$ 23.18	(1) \$ 2.45	\$ 25.63
2.2. Mandated pickup per 32-gallon can/bag	4.94	0.52	5.46
2.3. Mandated pickup per cubic yard	33.12	3.51	36.63
2.4. Qualified senior rate	19.69	2.08	21.77
2.5. House service - 1 can	26.54	2.81	29.35
2.6. House service - 2 cans	29.91	3.17	33.08
2.7. House service - 3 cans	33.28	3.52	36.80
2.8. Residential - All other services	-	-	-
3. Douglas County			
3.1. 1, 32-gallon can	\$ 15.56	\$ 1.65	\$ 17.21
3.2. 2, 32-gallon cans	29.97	3.17	33.14
3.3. 3, 32-gallon cans	45.71	4.84	50.55
3.4. 4, 32-gallon cans	60.10	6.36	66.46
3.5. One extra 32-gallon can (also the seasonal service rate)	3.92	0.41	4.33
3.6. On-call 32-gallon can billed monthly/arrears	5.19	0.55	5.74
3.7. Per cubic yard	25.15	2.66	27.81
3.8. 1, 45-gallon can	18.88	2.00	20.88
3.9. 2, 45-gallon cans	36.29	3.84	40.13
3.10. 3, 45-gallon cans	55.31	5.85	61.16
3.11. One extra 45-gallon can (also the seasonal service rate)	4.75	0.50	5.25
3.12. On-call 45-gallon can billed monthly/arrears	6.28	0.66	6.94
3.13. Residential - All other services	-	-	-
4. El Dorado County			
4.1. Unlimited service	\$ 26.77	\$ 2.63	\$ 29.40
4.2. Mandated pickup per 32-gallon can/bag	5.81	0.55	6.36
4.3. Mandated pickup per cubic yard	32.10	3.15	35.25
4.4. Qualified senior rate	23.74	2.33	26.07
4.5. House service per can	3.39	0.33	3.72
4.6. Residential - All other services	-	-	-

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the South Lake Tahoe Basin Waste Management Authority.

Name: Jeffery R. Tillman

Title: President

Signature: 

Date: 5/31/11

(1) Rate does not include the street sweeping (\$0.25), the nuisance abatement (\$0.25), or the clean community surcharges (\$0.40).

Base Year Rate Application

Financial Information for All Three Jurisdictions

	Actual Audited Prior Year All Three Jurisdictions	Estimated Current Year All Three Jurisdictions	Projected Base Year City of SLT and Douglas County	El Dorado County
Section I - Allowable Operating Costs				
3 Direct Labor	\$ 4,798,890	\$ 4,603,520	\$ 4,063,687	\$ 952,510
4 Equipment Costs and Facility Costs	883,749	883,810	890,077	184,084
7 Landfill Disposal Costs	1,032,825	1,029,047	812,893	183,287
8 Office Salaries	1,270,630	1,110,564	829,374	197,208
9 General and Administrative Costs	3,509,484	3,508,809	2,852,280	678,208
10 MRF Principal and Interest Payments (El Dorado County)	21,434	20,019	0	19,900
11 RRF Principal and Interest Payments (El Dorado County)	149,538	267,424	0	278,511
Other Interest Expenses	9,818	13,311	0	11,784
12 Total Allowable Operating Costs	\$ 11,827,408	\$ 11,435,715	\$ 9,100,620	\$ 2,455,488
Section II - Allowable Operating Profit				
13 Operating Ratio	77.00%	77.00%	87.00%	89.00%
14 Allowable Operating Profit	\$ 1,767,280	\$ 1,708,787	\$ 1,373,200	\$ 568,431
Section III - Pass Through Costs without Franchise Fees				
15 MRF Principal Payments (City and Douglas)	581,926	581,926	581,926	30
16 RRF Principal Payments (City and Douglas)	379,713	908,888	903,888	0
17 MRF and RRF Interest Expenses (City and Douglas)	277,397	238,082	284,169	0
Other Interest Expenses	41,283	58,067	49,560	0
18 RRF Fund Credit	0	0	-252,171	-19,900
19 Recycling Revenue Bonus	512,072	457,358	583,349	81,082
20 Total Pass Through Costs	\$ 1,792,391	\$ 1,722,283	\$ 1,419,741	\$ 321,422
Section IV - Revenue Requirement without Franchise Fees				
21 Total Allowable Operating Costs (Line 12) plus Allowable Operating Profit (Line 14) plus Total Pass Through Costs (Line 20)	\$ 14,827,719	\$ 14,666,818	\$ 11,970,660	\$ 2,825,041
Section V - Revenues without Rate Change in Base Year				
	Current Rate/Month	Months	Projected Accounts	Total
Residential Revenues				
City of South Lake Tahoe				
22 Unlimited service	\$ 23.18	12	13,602	\$ 3,783,632
23 Mandated pickup per 32-gallon can/bag	4.84	12	0	0
24 Mandated pickup per cubic yard	33.12	12	0	0
25 Qualified senior rate	19.69	12	87	20,658
26 House service - 1 can	26.54	12	3	655
27 House service - 2 cans	29.91	12	4	1,438
28 House service - 3 cans	33.28	12	0	0
29 Residential - All other services		12		
Douglas County				
30 1, 32-gallon can	\$ 15.50	12	892	\$ 166,854
31 2, 32-gallon cans	29.97	12	318	118,268
32 3, 32-gallon cans	45.71	12	18	9,873
33 4, 32-gallon cans	60.10	12	7	8,048
34 One extra 32-gallon can (also the seasonal service rate)	3.92	12	0	0
35 On-call 32-gallon can billed monthly/arrears	5.18	12	416	25,858
36 Per cubic yard	25.15	12	0	0
37 1, 45-gallon can	18.88	12	252	87,093
38 2, 45-gallon cans	36.29	12	52	22,845
39 3, 45-gallon cans	55.31	12	4	2,855
40 One extra 45-gallon can (also the seasonal service rate)	4.75	12	0	0
41 On-call 45-gallon can billed monthly/arrears	8.28	12	66	5,118
42 Residential - All other services	\$79.48	12	2	1,607
El Dorado County				
43 Unlimited service	\$ 26.77	12	5,982	\$ 1,618,233
44 Mandated pickup per 32-gallon can/bag	5.91	12	0	0
45 Mandated pickup per cubic yard	32.10	12	0	0
46 Qualified senior rate	23.74	12	24	6,337
47 House service per can	3.39	12	8	244
48 Residential - All other services		12		
49 Residential Revenues Subtotal				\$ 4,217,667
50 Less: Allowance for Uncollectible Residential Accounts				(18,781)
51 Total Residential Revenues (without Rate Change in Base Year)				\$ 4,200,889
52 Commercial Revenues				\$ 4,766,087
53 Less: Allowance for Uncollectible Commercial Accounts				(12,933)
54 Total Commercial Revenues (without Rate Change in Base Year)				\$ 4,753,154
55 Transfer Station and RRF Revenues (AND FORESTRY, FED, STATE CONTRACTS)				1,387,802
56 Recycled Material Sales				2,137,694
57 Total Revenues (Lines 51 + 54 + 55 + 56)				\$ 14,907,104
Section VI - Net Shortfall (Surplus)				
58 Net Shortfall (Surplus) without Franchise Fees (Line 21 - Line 57)	\$ 270,689	\$ 237,277	\$ 600,750	\$ 125,910
59 Residential and Commercial Franchise Fees	\$ 629,070	\$ 554,158	\$ 444,669	\$ 104,850
60 Net Shortfall (Surplus) with Franchise Fees (Lines 58 + 59)	\$ 709,859	\$ 1,291,383	\$ 1,045,419	\$ 230,760
Section VII - Percent Change in Rates				
61 Total Residential, Commercial, Transfer Station, and RRF Revenues Prior to Rate Change (Line 51 + 54 + 55)			\$ 9,478,731	\$ 2,363,070
62 Percent Change in Existing Residential/Commercial/Transfer Station/RRF Rates (Line 60 + Line 61)			10.88%	10.81%

Base Year Rate Application

Operating Information

	Prior Year	Current Year	Percent Change	Base Year Projected Information		Percent Change
	Audited Information	Estimated Information		City of SLT and Douglas County	El Dorado County	
	All Three Jurisdictions	All Three Jurisdictions				
Section VIII--Operating Data						
(1)						
63. Residential Accounts	21,463	21,435	-0.13%	15,320	5,985	-0.61%
64. Multi-family Accounts	408	408	0.00%	401	7	0.00%
65. Commercial Accounts	378	375	-0.78%	352	20	-0.80%
Commercial Accounts - On Calls	374	377	0.80%	346	34	0.80%
66. Total Accounts	22,623	22,695	0.12%	16,416	6,046	0.58%
67. Residential Refuse Tons	26,404	22,704	-14.01%	18,607	3,624	-2.08%
68. Residential Recycling Tons	15,110	19,620	29.88%	16,215	3,218	-0.95%
69. Residential Yard Waste Tons	4,872	4,976	2.08%	4,768	868	13.27%
70. Commercial Refuse Tons	29,300	25,296	-13.67%	20,732	4,037	-2.08%
71. Commercial Recycling Tons	22,285	27,404	22.97%	23,378	4,553	1.92%
72. "Free" Drop Boxes Provided (Monthly)	17	17	0.00%	17	0	0.00%
73. "Free" Bins Provided (Monthly)	2	2	0.00%	2	1	50.00%

Section IX--Change in Commercial Rates

74. 2 Yard Bin--Once per Week			5%			5%
75. 3 Yard Bin--Once per Week			5%			5%
76. 4 Yard Bin--Once per Week			5%			5%
77. 5 Yard Bin--Once per Week			5%			5%
78. 6 Yard Bin--Once per Week			5%			5%
City - per cubic yard	26.38	26.78	1.52%	29.61	0.00	10.58%
Douglas - per cubic yard	22.72	22.85	0.67%	25.27	0.00	10.58%
El Dorado - per cubic yard	31.50	32.10	1.88%	0.00	35.25	9.81%
City - compacted per cubic yard	37.02	37.58	1.51%	41.56	0.00	10.58%
Douglas - compacted per cubic yard	29.38	29.53	0.88%	32.66	0.00	10.58%
El Dorado - compacted per cubic yard	42.17	42.97	1.90%	0.00	47.18	9.81%
City - per 32 gal can/bag	3.83	3.69	-3.68%	4.08	0.00	10.58%
Douglas - per 32 gal can/bag	3.57	3.59	0.58%	3.97	0.00	10.58%
El Dorado - per 32 gal can/bag	5.51	5.61	1.81%	0.00	6.18	9.81%

(1) Amounts are based on management's estimate.