

revenues at existing rates, and compare these to changes in total costs. The franchise hauler shall clearly identify to the County any operating information submitted as part of the application that it considers confidential.

The base year rate application also shall clearly identify all vehicles and equipment in use by the franchised hauler, the date of purchase, and the purchase price of the vehicle or equipment. This list shall identify all vehicles and equipment in use by the franchised hauler, the date of purchase, and the purchase price of the equipment.

d. Calculate Allowable Operating Profit

For the historical year of actual data, the franchise hauler will calculate the actual Operating Ratio. The actual Operating Ratio will reveal how well past base year projections corresponded to actual results. Similarly, the franchise hauler calculates the Operating Ratio for the current year (Section II, column 2 of the *Base Year Rate Application*). The actual profit received by the franchise hauler in the most recently completed fiscal year is in Section II, column 1 of the *Base Year Rate Application*. The estimated profit for the current fiscal year also is entered in Section II, column 2 of the *Base Year Rate Application*.

To calculate the allowable operating profit in the base year, the equation below is utilized:

$$\begin{array}{r}
 \text{Allowable operating costs} \\
 \text{Divided by} \quad \text{Operating ratio} \\
 \text{Equals} \quad \text{Allowable operating revenues} \\
 \text{Minus} \quad \text{Allowable operating costs} \\
 \text{Equals} \quad \text{Allowable operating profit.}
 \end{array}$$

The allowable operating profit is entered in Section II, column 3 of the *Base Year Rate Application*.

In each base year, the Operating Ratio can range from 88 to 92 percent, without a rate change, which will help stabilize the need for rate changes and afford the franchise hauler an incentive to reduce costs.

e. Determine Franchise Fee

The calculation of the franchise fee is not a straightforward exercise because as revenue is increased (e.g., via a rate change), so does the amount of franchise fees increase because franchise fees are based on a percent of gross revenues. To calculate the franchise fee for the base year requires the hauler to calculate the franchise fee to be paid to the County based on the revenues after a rate change is applied. Projected franchise fees shall be entered in Section VI, column 3 of the *Base Year Rate Application*.

f. Calculate Revenue Requirement

The Revenue Requirement establishes the level of revenues needed to meet the franchise hauler's Allowable Costs and Pass-Through Costs and profits. This includes residential, commercial, and industrial waste and recycling costs, and assumes a reasonable profit margin based on the Operating Ratio calculation.

The Revenue Requirement (without franchise fees) is entered in Section IV of the *Base Year Rate Application*.

g. Calculate Net Surplus/Shortfall and Percent Change in Rates

In Sections VI and VII of the *Base Year Rate Application*, the net surplus/shortfall is determined based on the following calculation:

	Revenue requirement without franchise fees
<i>Plus</i>	Residential, commercial, and industrial franchise fees
<hr/>	
<i>Less</i>	Total revenues
<i>Equals</i>	Net surplus/shortfall.

The projected amount of revenue generated during the base year from the sale of recycled materials was calculated in Step 1, #4 of subsection b.; therefore, any increase or decrease in revenues required must come from an increase or decrease in rates.

If applicable, the percent change in existing rates is calculated as follows:

	Net surplus/shortfall
<u><i>Divided by</i></u>	<u>Total revenues without rate change</u>
<i>Equals</i>	Percent change in rates.

The percent change in rates is entered in Section VII of the *Base Year Rate Application*.

h. Calculate New Percentage Rate Change and Rates

If applicable, the percentage rate change identified on page 2 of the *Base Year Rate Application* is transferred to page 1, line 1, of the *Base Year Rate Application*. Current residential rates for solid waste collection shall be entered on page 1 of the *Base Year Rate Application*. The requested new rates for the County then are calculated by multiplying the current rate by one plus the rate change identified in line 1 of the *Base Year Rate Application*.

To determine requested new residential rates on page 1, column one of the *Base Year Rate Application* shall be added to column two and the result shall be entered in column three. This column provides the new rate schedule. Complete current and revised commercial and industrial rate schedules shall be provided by

the hauler as an attachment to the *Base Year Rate Application*.

i. Prepare and Submit Rate Application

The franchise hauler submits the completed *Base Year Rate Application* to the County. The application shall include the following items:

- Management Representation Letter. The management representation letter transmits the application to the County, and shall provide a listing of included documents. The letter shall identify the requested adjustment in rates and include a discussion of specific issues which impact new rates (e.g., significant increases in labor costs). The letter shall state that:
 - 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 is reflected the application
 - Assumptions are reasonable and are accurate.

An authorized representative from the franchise hauler shall sign and date the application. This signature provides a certification by the franchise hauler that the application is complete, accurate, and consistent with the instructions provided in this Manual.

- Base Year Rate Application. The franchise hauler shall provide a *Base Year Rate Application*, including the completed application forms and supporting documentation. Supporting documentation includes the current and proposed rate schedules for residential, commercial, and industrial customers.
- Supplemental Audited Financial Information. Applications shall include audited financial statements, for business

done under the franchise agreement, for the most recently completed fiscal year, as well as other documentation which support operating and financial data provided in the application. Because audited financial statements, for business done under the franchise agreement, serve as base documents for the application, statements of revenues, expenses, and other reports contained in the application shall be reconciled to the audited financial statements, for business done under the franchise agreement, to provide assurance that all activities are accounted for.

Once the application materials have been prepared, the franchise hauler submits three (3) reproducible hard copies and one electronic copy formatted to the County's specifications. The application is submitted directly to the County. The thirty (30) day review for completeness will begin upon receipt of the application.

B. Step 2 – Verify Completeness of Rate Application

Responsibility: County

Timing: Completed within thirty (30) days upon receipt of the rate application

Tasks: a. Verify Financial Data and Format
b. Verify Supporting Documents and Schedules
c. Notify Franchise Hauler.

Overview

During this step, the County ensures that the application has been fully completed by the franchise hauler and that the data provided are consistent. During the 30-day period, the franchise hauler will provide all of the information necessary to complete the application.

a. Verify Financial Data and Format

The County staff reviews the application package to determine if it is complete and ready for analysis. Detailed analysis of the contents of the application occurs during Step 3.

The County reviewer should determine the following:

- Has the applicant included all required forms?
- Are all forms complete?
- Are audited financial statements, for business done under the franchise agreement, included?
- Are all financial calculations mathematically correct?

b. Verify Supporting Documents and Schedules

Various documents may be included in the application package to support the rate change. The purpose of these supporting documents shall be clearly identified by the franchise hauler.

c. Notify Franchise Hauler

If the application is complete, the County will notify the franchise hauler in writing that it will begin the process of evaluating the application. If incomplete, the hauler shall provide additional required information within the 30-day verification period. A revision of rates shall not be authorized until the 1st day of the first calendar month following a six (6) month period from the date that an application is verified to be complete.

C. Step 3 – Review Rate Application and Prepare Response

Responsibility: County

Timing: Completed within one and one half (1½) months after determining that the application package is complete

- Tasks:**
- a. Review Actual and Projected Revenue Requirements
 - b. Review Actual and Projected Revenues
 - c. Review and Verify Operating Ratio
 - d. Determine Components of Requested Change in Rates
 - e. Review Performance Data
 - f. Request Additional Data and Clarification, if Necessary
 - g. Document Staff Review.

Overview

During this step, County staff evaluates the entire rate application. This review includes examining significant changes in costs or operating performance and evaluating explanations of these changes provided by the franchise hauler.

a. Review Actual and Projected Revenue Requirements

In this task, costs and operating profits are reviewed and analyzed for reasonableness. Reconciliations of costs to audited financial statements, for business done under the franchise agreement, are checked for consistency. Explanations are sought from the franchise hauler for items significantly different than would otherwise normally be expected.

Percentage changes in costs for the three years identified in the application shall be calculated

and reviewed. Projections prepared from previous years in prior *Base Year Rate Applications* are compared with results presented in the current application. Costs are correlated with operating collection efficiency statistics provided by the franchise hauler.

Any unusual trends or variances in aggregate areas shall be explained by the franchise hauler. An unusual increase would be a change in cost which is greater than the change in the Trash and Garbage Collection CPI, published by the Bureau of Labor Statistics, and which cannot be attributed to changes in the number of customers serviced or tons of waste or recyclable materials collected. If these unusual changes are not adequately explained in the application, the County should request additional clarification from the franchise hauler.

The County should review the allocation methodology used by the franchise hauler to allocate costs between (1) franchise areas that are the subject of this Manual, and (2) non-County areas serviced by the franchise hauler. The County also shall review the allocation methodology used by the franchise hauler to allocate costs between (1) franchised operations that are the subject of this Manual, and (2) non-franchised operations that are not the subject of this Manual. At a minimum, the County should check that allocations used to assign costs to franchise area customers are reasonably consistent with other operating metrics such as average number of accounts and tons collected.

b. Review Actual and Projected Revenues

The County should review actual and projected revenues in this task. Current rates provided in the application are verified. Any changes in the number of customers serviced

shall be identified and explained by the franchise hauler.

The application requires the franchise hauler to report three years of revenues: (1) actual prior year, (2) estimated current year, and (3) projected "base" year. The County should reconcile the most recent year revenues with audited financial statements. Revenues for the current year are compared with year-to-date unaudited financial statements and documentation supplied by the franchise hauler. Projected revenues for the third, or "base" year, are evaluated by the County for reasonableness. Assumptions made by the hauler in preparing these projections are reviewed. Revenues reported by the franchise hauler shall not include any rate changes in the base year (year 3). Account information included in the application is reviewed to determine changes in the number of accounts served.

Allowances for uncollectible accounts also are reviewed. These figures shall be deducted from total revenue projections. These allowances may not exceed one percent (1%) of anticipated revenues. Assumptions related to allowances for uncollectible accounts shall be reviewed with the franchise hauler.

Revenues from recyclable material sales are provided in the application. Amounts identified in the prior (first) year provided shall reconcile with the financial audit. Amounts identified in the current (second) year, the base (third) year shall be documented by the franchise hauler. The County should review these projections to ensure they are consistent with trends in recycled material tonnages, diversion rates, and commodity prices.

c. Review and Verify Operating Ratio

The profit must be determined for the base year. The County should calculate the projected

profit for the base year using the allowable profit calculation (shown in Exhibits B-1 through F-1, depending on the hauler). If there are any errors by the hauler in calculating the Operating Ratio, or operating profits, these deficiencies are noted.

d. Determine Components of Requested Change in Rates

The County should evaluate all costs, revenues, and operating profits provided in the application to determine components of the requested adjustment in rates. This would include determining the proportion of the requested adjustment in rates which is due to changes in each of the following:

- Costs
- Residential revenues
- Commercial and industrial revenues
- Transfer station revenues
- Recyclable material sales revenues
- Operating profit (or loss).

e. Review Performance Data

The County reviews and analyzes performance data, which are included in the application (the number of accounts and tons collected). Operating statistics are reviewed to explain past historical trends and justify future expenses. Both actual and percentage changes are examined and any unusual changes in performance are investigated to determine their cause and effect on future cost performance. Changes in accounts served, the number of routes, tons collected, or direct labor hours generally shall correspond to changes in costs and revenues.

f. Request Additional Data and Clarification, if Necessary

Throughout the application review period, the County may request clarification and/or additional data from the franchise hauler to explain any unusual changes in costs or operating performance. The County may have identified missing information, or changes in the financial or operating data between the three years that require clarification or further explanation. The franchise hauler shall make best efforts to respond to the County's request for additional information within two weeks. Responses will vary depending on the specific requirements of the County.

g. Document Staff Review

During this task, the County prepares workpaper documentation of the review of the *Base Year Rate Application*.

D. Step 4 – Prepare Draft Report and Final Report

<p>Responsibility: County</p> <p>Timing: Completed approximately three (3) months after determining the application package is complete</p> <p>Tasks: a. Prepare Draft Report b. Provide Franchise Hauler with Copy of Draft Report and Receive Comments c. Prepare Final Report.</p>

Overview

A draft report with recommendations from County staff is prepared and submitted to the franchise hauler for review. The franchise hauler will review the draft report. The franchise hauler will have an opportunity to provide written

comments regarding the draft report. The County will address these comments and prepare a Final Report.

a. Prepare Draft Report

In this step, the County prepares a Draft Report including recommendations for a rate change. The draft report includes the following sections:

- Executive Summary. This is a one or two-page summary of the review process and may include a chart showing current and proposed rates, and the recommended rate change.
- Introduction and Background. The section identifies any proposed changes in services provided by the franchise hauler. The section also identifies the review goals, objectives, scope, and other relevant background information. This section of the report may provide a brief overview of the rate change process and a discussion of significant historical rate issues. If applicable, this report will document the rate change proposed by the County.
- Analysis and Discussion of Rate Application. This section of the report will include a review of the analysis work completed by County staff. This section might include the following subsections:
 - *Review of Rate Changes*, including a discussion of interim year rate changes since the last base year, the relationship of these changes to changes in the Garbage and Trash Collection CPI, and an analysis of the significant components of the change in rates (e.g., changes in labor costs.)
 - *Analysis of Projected Costs*, including a discussion of any unusual changes in costs which were discovered and unresolved during the review process.

- Discussion of Service Issues*, including changes in the frequency or type of curbside service. If significant service issues are not involved with a rate change, this subsection would be omitted.
- Recommendations. County staff would present its recommendations regarding specific changes in rates in this section of the document.
- Appendices. Appendices to the report would include:
 - Rate application
 - Revised rate schedule
 - Audited financial statements of the franchise hauler, for business done under the agreement
 - Other relevant supporting materials provided by the franchise hauler.

b. Provide Franchise Hauler with Copy of Draft Report and Receive Comments

During this task, the franchise hauler will review the draft report. Each section of the report shall be reviewed to ensure that correct data are included, the County's analysis is consistent with the methodology, and if applicable the proposed rate change is determined accurately.

If any issues are identified during this step, the franchise hauler works with County staff to fully explore and resolve these outstanding issues.

The franchise hauler then will prepare a written response to the draft report. The response may cover one or more of the following topics:

- If data discrepancies exist in any of the areas noted in the prior task, the County shall be notified of these discrepancies.
- If the analysis conducted by the County can be clarified or considered differently, this information shall be provided to the County.

- If the report is acceptable and no clarification or comments can be offered, this shall be relayed to the County.

The County will require a written response from the franchise hauler within two weeks of delivering the County's Draft Report. Until a written response is received, the County will not prepare the Final Report and take the matter to the Board of Supervisors.

c. Prepare Final Report

Any additional or outstanding comments or issues raised during the franchise hauler's review of the draft report are addressed. If necessary, meetings are conducted with representatives from the County and the franchise hauler. Final solutions to outstanding issues are included in the report. After final comments from the franchise hauler have been considered, the Final Report package is prepared. A copy of the Final Report is submitted to the franchise hauler.

E. Step 5 – Notify Customers of Rate Hearing

Responsibility: County/Franchise Hauler

Timing: Completed 10 days prior to County Board of Supervisors meetings

Tasks: a. Prepare Notification of Public Hearing for Rate Change.

Overview

During this step, the franchise hauler and County notify customers of the rate setting hearing.

a. Prepare Notification of Public Hearing for Rate Change

The franchise hauler shall notify each ratepayer of the time, date and place of each hearing set by the Board of Supervisors to set rates. The franchise hauler shall provide this written notice at least ten (10) but no more than sixty (60) days prior to the public hearing date. The County also will notify customers through a notice in the local newspaper that a rate hearing will occur, once each week, for two (2) consecutive weeks prior to the hearing. These notifications will occur prior to the County rate hearing(s) where the County Board of Supervisors will consider whether to approve the County recommended rates.

meeting. The County Board should follow applicable public noticing requirements so affected customers can participate at the public meetings.

b. Obtain County Board of Supervisors Approval

The County Board of Supervisors reviews the report and proposed rate changes. If the County Board of Supervisors agrees with the recommendations of County staff, the County Board of Supervisors recommends the rate change and rates to the County. If the County Board of Supervisors does not agree with staff recommendations, the report is returned to County staff for additional analysis. If the County Board of Supervisors does not recommend approval of the report and rates, the County Board of Supervisors should specifically identify deficiencies.

If the rate changes are approved, they are implemented. If the rate changes are not, deficiencies are noted, and the report is returned to the County. Step 6 is then repeated.

F. Step 6 – Seek Approval from County Board of Supervisors

<p>Responsibility: County</p> <p>Timing: Completed one (1) month prior to expected implementation of new rates</p> <p>Tasks: a. Distribute Final Report to County Board of Supervisors b. Obtain County Board of Supervisors Approval.</p>

Overview

During this step, the County presents the Final Report for review and approval by the Board of Supervisors.

a. Distribute Final Report to County Board of Supervisors

In this task, the Final Report is provided to the County Board of Supervisors for review and approval. The report is included as an agenda item for consideration at a regular public

G. Step 7 – Implement New Rates

<p>Responsibility: Franchise hauler</p> <p>Timing: Conducted following County Board of Supervisors approval of the new rates</p> <p>Tasks: a. Implement Rate Change.</p>

Overview

During this final step, the franchise hauler implements new rates, if applicable.

a. Implement Rate Change

During this final task, the new rates are entered into the franchise hauler's billing system and included in the billing cycle. If a rate change occurs during the middle of a billing cycle, unbilled or overbilled amounts are calculated and included in the next billing cycle.



3. Interim Year Rate Setting Process

This section describes each of the five (5) steps of the interim year rate setting process. Each step includes an overview of the step and a detailed description of the tasks required to complete the step. The section includes five (5) subsections:

- A. Step 1 – Prepare and Submit Rate Application
- B. Step 2 – Prepare Draft Report and Final Report
- C. Step 3 – Notify Customers of Rate Hearing
- D. Step 4 – Seek Approval from County Board of Supervisors
- E. Step 5 – Implement New Rates.

A. Step 1 – Prepare and Submit Rate Application

Responsibility: Franchise hauler

Timing: Completed four (4) months prior to the implementation of the new rates

Tasks: a. Prepare an Interim Year Rate Application
b. Submit Application to County.

Overview

During this first step, the franchise hauler prepares the *Interim Year Rate Application*. Blank application forms are provided in Appendix A. Similar to the base year, this form identifies all areas to be completed with double outlined boxes.

a. Prepare an Interim Year Rate Application

In this first task, the franchise hauler prepares the *Interim Year Rate Application* and submits it to the County for review and approval. There are four (4) steps for completing the Interim Year Rate Application as follows:

1. Provide Most Recent Twelve Month CPI Data

The franchise hauler identifies the most recent applicable twelve month CPI data. These data are obtained from the U.S. Department of Labor, Bureau of Labor Statistics. The data are “All Urban Consumers; Not Seasonally Adjusted; U.S. City Average; Garbage and Trash Collection; All Items; 1983=100 (CUUR0000SEHG02).

2. Calculate Percentage Change in CPI

The franchise hauler calculates the percentage change in CPI for the applicable 12-month period (this period may be different for each of the franchise haulers). The percentage change is determined as follows:

$$\frac{\text{CPI data in Line 2} - \text{CPI data in Line 1}}{\text{CPI data in Line 2}}$$

The product of this equation, rounded to the nearest two decimal places, is entered on line 3.

3. Calculate Eighty Five Percent Change in CPI, but Not to Fall Below One Percent or Exceed Six Percent

The franchise hauler calculates eighty five (85) percent of the change in the CPI. This change is determined as follows:

$$0.85 \times \text{Line 3}$$

The product of this equation, again rounded to the nearest two decimal places, is entered on Line 4 of the application, as long as it does not fall below one (1) percent or exceed six (6) percent. If this calculation falls below one (1) percent then one (1) percent is entered on Line 4. If this calculation exceeds six (6) percent then six (6) percent is entered on Line 4.

4. Certify Application. An authorized representative from the franchise hauler shall sign and date the application. This signature provides certification by the franchise hauler that the application is complete, accurate, and consistent with the instructions provided in this Manual.

At this point, the application shall be complete. The application is submitted to the County for review and calculation of the rate change, as described in the following subsection.

- b. Submit Application to County

The completed application is sent to the County for review and calculation of new rates. The franchise hauler's application does not include any new rates; these are determined by the County during Step 2.

B. Step 2 – Prepare Draft Report and Final Report

Responsibility: County

Timing: Completed within two (2) months of receiving a completed Interim Year Rate Application

- Tasks:**
- a. Review Calculation of Change in Consumer Price Index
 - b. Prepare Draft Report
 - c. Receive Comments from Franchise Hauler
 - d. Prepare Final Report.

Overview

The County reviews the *Interim Year Rate Application* to determine that the franchise hauler has performed the CPI calculation correctly.

- a. Review Calculation of Change in Consumer Price Index

The annual change in the U.S. City Average, Garbage and Trash Collection, Consumer Price Index (CPI) provides the single factor for determining new rates during interim years. The County uses eighty-five (85) percent of the actual year over year change in this index for the twelve months prior to the date the *Interim Year Rate Application* is submitted (the actual applicable point to point index is identified in Appendix B through F for each hauler (e.g., either June to June or December to December). Because a projected change in the CPI is not available, eighty-five (85) percent of the actual change in CPI for the prior twelve months is used as the CPI for the interim year. This information is available from the United States Department of Labor, Bureau of Labor Statistics.

b. Request Additional Data, and Clarification, if Necessary

If necessary, County staff requests clarification and/or additional data from the franchise hauler. The request is to clarify the franchise hauler's assumptions for the expected change in rates.

c. Prepare Draft Report

County staff prepares a draft report with recommendations of new rates for County Board of Supervisors consideration. This report should be brief and include the following sections:

- Executive Summary. This is a summary of the review process and includes a chart showing current and proposed rates, and the recommended rate change.
- Background. This section of the report provides a brief overview of the rate change process and discussion of any significant historical issues.
- Analysis and Discussion of Issues. This section includes a review of the analysis work completed by County staff. This section includes identification of the change in CPI assumed by the County.
- Recommendation. County staff presents its recommendation regarding any change in rates in this section.
- Attachments. Attachments to the report would include:
 - Rate application
 - Revised rate schedule(s)

After the draft report and recommendations have been prepared, the document should be submitted to the franchise hauler for comment and review.

d. Receive Comments from Franchise Hauler

The franchise hauler reviews the draft report to ensure that any calculations and analyses

completed by County staff are fair, reasonable, and justified. The franchise hauler reviews the draft report to ensure the following:

- Correct data are included
- County staff analysis is accurate and fair
- Rate changes are reasonable and acceptable.

If any issues are identified during this step, the franchise hauler works with County staff to fully explore and resolve these outstanding issues. A written response to the draft report is then prepared. The response may cover one or more of the following topics:

- Data discrepancies in any of the areas noted in the prior task
- Clarification for the County or alternative analysis of the application
- Responses to the County's request for additional information.

e. Prepare Final Report

The County prepares the Final Report incorporating comments from the franchise hauler, as appropriate. Any comments or issues raised during the franchise hauler's review of the draft report are addressed. If necessary, representatives from the County and the franchise hauler should meet to resolve issues. The report should reflect final solutions to outstanding issues.

After final comments from the franchise hauler have been considered, the County prepares the Final Report. The County should submit a copy of the Final Report to the franchise hauler.



Section 3

Interim Year Rate Setting Process

C. Step 3 – Notify Customers of Rate Hearing

Responsibility: County/Franchise Hauler
Timing: Completed 10 days prior to County Board of Supervisors meetings
Tasks: a. Prepare Notification of Public Hearing for Rate Change.

Overview

During this step, the franchise hauler and County notify customers of the rate setting hearing.

- a. Prepare Notification of Public Hearing for Rate Change

The franchise hauler shall notify each ratepayer of the time, date and place of each hearing set by the Board of Supervisors to set rates. The franchise hauler shall provide this written notice at least ten (10) but no more than sixty (60) days prior to the public hearing date. The County also will notify customers through a notice in the local newspaper that a rate hearing will occur, once each week, for two (2) consecutive weeks prior to the hearing.. These notifications will occur prior to the County rate hearing(s) where the County Board of Supervisors will consider whether to approve the County recommended rates.

D. Step 4 – Seek Approval from County Board of Supervisors

Responsibility: County
Timing: Completed one month prior to expected implementation of new rates
Tasks: a. Distribute Final Report to County Board of Supervisors
b. Obtain County Board of Supervisors Approvals.

Overview

During this step, the County presents the Final Report for review and approval by its Board of Supervisors.

- a. Distribute Final Report to County Board of Supervisors

In this task, the Final Report is provided to the County Board of Supervisors for review and approval. The report is included as an agenda item for consideration at a regular public meeting. The County should follow applicable public noticing requirements so affected customers can participate at the public meetings.

- b. Obtain County Approvals

The County Board of Supervisors reviews the report and recommended rate changes. If the rate changes are approved, they are implemented. If the rate changes are not approved, deficiencies are noted, and the report is returned to the County to address the deficiencies. Step 3 is then repeated.

E. Step 5 – Implement New Rates

Responsibility: Franchise hauler
Timing: Conducted following the approval of the new rates by the County Board of Supervisors
Tasks: a. Implement Rate Change.

Overview

After new rates have been approved by the County Board of Supervisors, the final step in the process is to implement the new rates.

a. Implement Rate Change

During this final task, the franchise hauler enters the new rates into their billing system and includes the new rates on the next appropriate customer invoice. If a rate change occurs during

the middle of a billing cycle, unbilled or overbilled amounts are calculated and included in the next billing cycle.

[This page intentionally left blank.]



Appendix A

Blank Forms and Worksheets (CD with Electronic Copies)



Appendix F

Tahoe Truckee Sierra Disposal



Appendix F. Tahoe Truckee Sierra Disposal

This appendix of the Manual applies to Tahoe Truckee Sierra Disposal (TTSD). The section includes three (3) subsections:

- A. *Rate Application Process and Timing*
- B. *Allowable and Non-Allowable Costs*
- C. *Rate Application Forms.*

A. Rate Application Process and Timing

I. Base Year Process

The County requires that TTSD submit a *Base Year Rate Application* once every three (3) years. With the *Base Year Rate Application*, TTSD provides detailed financial and operating information that is reviewed and analyzed by the County. These detailed reviews are referred to as “base year reviews.”

With the *Base Year Rate Application*, TTSD shall submit financial statements (audited if requested) for the previously completed fiscal year. These statements serve as the base documents for the application. TTSD shall reconcile financial information contained in the *Base Year Rate Application* with the financial statements (audited if requested) to provide assurance that all of its activities are accounted for.

The timing of the base year process for TTSD is shown in Figure F-1, on the following page. The schedule is expected to start with TTSD’s submission of the *Base Year Rate Application* on November 30th of the year proceeding each base year. The process targets a rate change implementation date of July 1st of the base year.

Figure F-1
Timing of Base Year Process

Step	Description	Preparation		30-Day Review	Review Process					
		Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
1	Prepare and Submit Rate Application									
2	Verify Completeness of Rate Application									
3	Review Rate Application and Prepare Response									
4	Prepare Draft Report and Final Report									
5	Notify Customers of Rate Hearing									
6	Receive Approval from County Board of Supervisors									
7	Implement New Rates									

The *Base Year Rate Application* requires three (3) years of data, including a year of actual data (based on audited information), a year of estimated data (based on year-to-date information available when the application is submitted), and the projection, or base year. The required years, and types, of data for upcoming base year reviews are displayed in Table F-1, below. For example, for the 2016 base year, TTSD would prepare the

Base Year Rate Application using audited 2014 data, estimated year-to-date 2015 data, and projected 2016 data.

TTSD operates on a fiscal year ending June 30. Thus, for the current (estimated) year, TTSD should have available the first quarter of fiscal year data to use for the current year estimate (i.e., data from July 1 through September 30 of the current year).

Table F-1
Base Year Financial Statement Requirements

Base Year	Prior Year (Audited)	Current Year (Estimated)	Base Year (Projected)
2016 ¹	2014	2015	2016
2019	2017	2018	2019
2022	2020	2021	2022
2025	2023	2024	2025
2028	2026	2027	2028

2. Interim Year Process

In each of the “interim” two (2) years between “base” years, TTSD may request an increase in rates by submitting an *Interim Year Rate Application*. The scope and content of the *Interim Year Rate Application* is more limited than a base year request. TTSD is not obligated to request an increase in rates and can instead request to leave rates unchanged.

¹ Represents the fiscal year ending June 30, 2016.

Figure F-2
Timing of Interim Year Process

Step	Description	Preparation	Review Process			
		Feb.	March	April	May	June
1	Prepare and Submit Rate Application					
2	Prepare Draft Report and Final Report					
3	Receive Approval from County Board of Supervisors					
4	Implement New Rates					

During interim years, TTSD shall be entitled to an increase in rates based upon the following formula:

- (1) Eighty-five (85) percent of the annual percentage change in the most recent actual, not forecasted, change in the Consumer Price Index, All Urban Consumers, U.S. City Average - Garbage and Trash Collection (December 1983=100, series CUUR0000SEHG02) (“CPI”) applied to costs other than disposal costs (see the sample calculation in Appendix G), plus
- (2) Projected changes in disposal costs.

For the first part of the calculation (noted as (1) above), the County and TTSD shall use the percentage change in the CPI for the prior December to December twelve-month period. This December to December CPI data will be available at the time TTSD submits the *Interim Year Application* (i.e., by February 28).

Interim year rate adjustments are subject to a “floor” and a “cap.” During interim years, rate adjustments shall not be greater than six (6) percent nor less than one (1) percent, regardless of the rate adjustment calculated using the interim year formula.

The timing of the interim year process is shown in Figure F-2, above. The schedule begins with submission of the *Interim Year Rate Application* on February 28th. The process

targets a rate change implementation date of July 1st of the interim year.

B. Allowable and Non-Allowable Costs

Rates are established for each base year based on a franchise hauler’s projected revenue requirement. The revenue requirement is defined as the sum of:

- Allowable costs
- Allowable operating profits
- Pass through costs.

For purposes of computing the revenue requirement in the base year, the County shall determine which of the TTSD’s costs are: (1) allowable costs, (2) pass through costs, and (3) non-allowable costs. Each of these categories is described below.

1. Allowable Costs

When a cost is said to be “allowable,” that cost, plus a profit component associated with that cost, is included in rates charged to the ratepayers. Allowable costs are those costs integral to the hauler’s operation and/or are associated with actual activity performed by the hauler.

Table F-2
Allowable Depreciation Methods and Useful Lives
for Franchise Hauler Assets Purchased
After January 1, 2013

Category	Method	Useful Life (Years)
Carts	SL ²	5
Office Equipment	SL	5
Vehicles and Equipment	SL	8
Buildings and Leasehold Improvements	SL	20

TTSD earns a profit on allowable costs. The majority of allowable costs are direct labor costs; truck, equipment, and facility costs; tipping fees (profit allowed); office salaries; and general and administrative costs. These allowable costs are defined in Exhibit F-1, on the following page. Exhibit F-2, following Exhibit F-1, is a chart of accounts for allowable costs, which further clarifies the categories of allowable costs. The following costs are clarified because of their special treatment for rate setting:

- Depreciation – Table F-2, above, shows allowable depreciation methods and useful lives, by asset type, for rate setting purposes. Useful lives in Table F-2 are for new capital purchases (i.e., those made during and after 2013)
- Disposal Costs – TTSD incurs disposal costs to tip refuse at the transfer station in Placer County. This is a related party transaction and TTSD is allowed a profit on this expense up to an amount equal to Eastern Regional Landfill’s (ERL’s) processing fee portion of the total ERL tipping fee. This per ton amount will be reevaluated during each base year. In the FY 2016 base year this amount was \$52.00 per ton of the \$76.00 per ton tipping fee.

² Represents straight-line depreciation.

- Officer’s Salaries – Reasonable officer’s salaries are considered an allowable cost. Officers are employees fully performing management functions identified in the franchise agreement. Officer’s salaries include base compensation plus bonuses and do not include profit distributions to owners. For those franchise haulers with officer’s salaries, the County shall set the total combined officer’s salaries for the franchise hauler, at a reasonable level, during each base year. For purposes of establishing base year rates, a total cap (maximum amount) on officer’s salaries of six (6) percent of gross revenues is deemed reasonable.
- Free County Services – The franchise hauler shall be allowed profit on free County services costs. Examples of these costs include, but are not limited to, (1) providing debris boxes to the County at no cost to the County; litter control efforts (e.g., to clean up areas with illegal dumping); (2) park pickups, (3) library pickups, (4) senior center pickups, and (5) voucher services provided at no cost to customers (e.g., for free drop offs at the transfer station).
- Programs Implemented in Response to County Solid Waste Management Plan Requirements – The County completed its *Solid Waste Management Plan* in early 2012. Franchise haulers are allowed profit on the costs associated with implementing and operating new County programs and services required by the Plan.

2. Pass Through Costs

Pass through costs are costs included in rates charged to customers, however these costs do not have an associated profit component. Pass through costs are generally transactional in nature and not associated with significant effort performed by the franchise hauler. The hauler does not earn a profit on the following pass

through costs, but these costs are included in the revenue requirement:

- Franchise fees.
- Disposal Costs – Disposal costs incurred by TTSD, for tipping fees paid above ERL’s processing fee portion of the total ERL tipping fee, are considered a pass through expense. In the FY 2016 base year, this pass through amount was equal to \$24.00 per ton of the total \$76.00 per ton tipping fee.

3. Non-Allowable Costs

Costs shown in Exhibit H-1, in Appendix H, are not allowable for rate setting. As a result, these non-allowable costs shall not be included in the rates charged to County ratepayers.

4. Cost Allocations and Methodologies

TTSD shall provide supporting documentation and rationale for the allocation of expenses between franchised areas covered by this Manual and non-franchised areas (e.g., forestry, federal and state contracts). Examples

of the types of expenses that could require allocations include:

- Billing costs
- Equipment costs
- General and administrative costs
- Labor costs
- Loans to or from affiliates or officers
- Officer’s salaries
- Tipping fees.

Appendix I provides a description of the methods for how these costs should be allocated.

C. Rate Application Forms

Exhibits F-3 through F-5 include a sample of a blank TTSD base year rate application form (three pages long), an TTSD interim year rate application form (one page long), and an interim year rate change worksheet (two pages long, for County use only).

**Exhibit F-1
Definition of Financial Terms**

Item	Definition																
Allowable Operating Costs																	
Direct Labor	Wages, and related benefits, paid to collection and hauling staff, including wages, overtime, payroll taxes, health and welfare benefits, workers compensation, and pension benefits.																
Truck and Equipment	Includes costs of truck and equipment depreciation, leases, insurance, repair and maintenance, fuel, and other miscellaneous equipment related expenses.																
Indirect Operational Labor	Wages, and related benefits, paid to operations and maintenance staff, including wages, overtime, payroll taxes, health and welfare benefits, workers compensation, and pension benefits.																
Administrative Labor	Wages, and related benefits, paid to office and administrative staff, including wages, overtime, payroll taxes, health and welfare benefits, workers compensation, and pension benefits.																
Disposal Costs (Profit Allowed)	Costs to dispose of solid waste at the Eastern Regional facility up to Eastern Regional Landfill's (ELR's) processing fee portion of the total ERL tipping fee (\$52.00 per ton in the FY 2016 base year).																
Supplies and Administration Costs	Costs including: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">■ Advertising</td> <td style="width: 50%;">■ Office expense</td> </tr> <tr> <td>■ Collection fees</td> <td>■ Other administrative costs</td> </tr> <tr> <td>■ Contract labor</td> <td>■ Professional fees</td> </tr> <tr> <td>■ Corporate allocations</td> <td>■ Property taxes</td> </tr> <tr> <td>■ Dues and subscriptions</td> <td>■ Supplies</td> </tr> <tr> <td>■ Employee education</td> <td>■ Travel</td> </tr> <tr> <td>■ General insurance</td> <td>■ Utilities.</td> </tr> <tr> <td>■ Licenses and fees</td> <td></td> </tr> </table>	■ Advertising	■ Office expense	■ Collection fees	■ Other administrative costs	■ Contract labor	■ Professional fees	■ Corporate allocations	■ Property taxes	■ Dues and subscriptions	■ Supplies	■ Employee education	■ Travel	■ General insurance	■ Utilities.	■ Licenses and fees	
■ Advertising	■ Office expense																
■ Collection fees	■ Other administrative costs																
■ Contract labor	■ Professional fees																
■ Corporate allocations	■ Property taxes																
■ Dues and subscriptions	■ Supplies																
■ Employee education	■ Travel																
■ General insurance	■ Utilities.																
■ Licenses and fees																	
Allowable Operating Profit																	
Operating Ratio (OR)	A profit is allowed, based on an operating ratio ranging between 88 and 92 percent. For the unincorporated County areas, the operating ratio for the first base year (fiscal year 2016) will be set at 90 percent. In subsequent base years, the operating ratio will be set dependent upon the company's GMRL diversion level as measured at the Eastern Regional facility as follows: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Guaranteed Minimum Recovery Level (GMRL), or facility recovery percentage³</th> <th style="text-align: center;">Operating Ratio (in Base Year)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">30-33.9%</td> <td style="text-align: center;">92%</td> </tr> <tr> <td style="text-align: center;">34-37.9%</td> <td style="text-align: center;">91%</td> </tr> <tr> <td style="text-align: center;">38-41.9%</td> <td style="text-align: center;">90%</td> </tr> <tr> <td style="text-align: center;">42-45.9%</td> <td style="text-align: center;">89%</td> </tr> <tr> <td style="text-align: center;">46-50%</td> <td style="text-align: center;">88%</td> </tr> </tbody> </table>	Guaranteed Minimum Recovery Level (GMRL), or facility recovery percentage ³	Operating Ratio (in Base Year)	30-33.9%	92%	34-37.9%	91%	38-41.9%	90%	42-45.9%	89%	46-50%	88%				
Guaranteed Minimum Recovery Level (GMRL), or facility recovery percentage ³	Operating Ratio (in Base Year)																
30-33.9%	92%																
34-37.9%	91%																
38-41.9%	90%																
42-45.9%	89%																
46-50%	88%																
Allowable Operating Profit	Established by the allowable operating ratio and equal to total allowable costs divided by the allowable OR, less total allowable costs.																
Pass Through Costs																	
Disposal Costs (Pass Through)	Costs to dispose of solid waste in excess of Eastern Regional Landfill's (ELR) processing fee portion of the total ERL tipping fee. This amount equaled \$24.00 per ton in the FY 2016 base year.																
Franchise Fees	Equal to five (5) percent of gross residential, commercial, industrial, and recycling revenues. ⁴																

³ The Guaranteed Minimum Recovery Level (GMRL) is calculated as the total incoming fee-based MSW tonnage destined for processing, less the outgoing residual tonnage leaving the Eastern Regional facility for landfilling, divided by the total incoming fee-based MSW tonnage destined for processing. The actual GMRL will be measured for the most recently completed fiscal year prior to the base year.

⁴ This franchise fee amount is subject to change by County.

Exhibit F-2
Chart of Accounts
for Allowable Operating Costs

Category	Description	
Direct Labor	<ul style="list-style-type: none"> ■ Collection and Hauling Labor ■ Collection and Hauling Labor Benefits ■ Collection and Hauling Labor Insurance 	<ul style="list-style-type: none"> ■ Collection and Hauling Labor Workers Compensation ■ Collection and Hauling Labor Pension and Profit Sharing ■ Collection and Hauling Labor Payroll Taxes
Truck and Equipment Costs	<ul style="list-style-type: none"> ■ Equipment and Facility Depreciation ■ Equipment and Vehicle Rent ■ Fuel 	<ul style="list-style-type: none"> ■ Operating Supplies ■ Parts and Materials ■ Property Rent ■ Repairs and Maintenance
Indirect Operational Labor	<ul style="list-style-type: none"> ■ Operations and Maintenance Staff Salaries ■ Operations and Maintenance Staff Benefits ■ Operations and Maintenance Staff Insurance 	<ul style="list-style-type: none"> ■ Operations and Maintenance Staff Workers Compensation ■ Operations and Maintenance Staff Pension and Profit Sharing ■ Operations and Maintenance Staff Payroll Taxes
Administrative Labor	<ul style="list-style-type: none"> ■ Office Staff Salaries ■ Office Staff Benefits ■ Office Staff Insurance 	<ul style="list-style-type: none"> ■ Office Staff Workers Compensation ■ Office Staff Pension and Profit Sharing ■ Office Staff Payroll Taxes
Disposal Costs	<ul style="list-style-type: none"> ■ Tipping Fees for Handling, Processing, and Disposing of Collected Materials 	
Supplies and Administration	<ul style="list-style-type: none"> ■ Advertising ■ Collection Fees ■ Contract Labor ■ Dues and Subscriptions ■ Employee Education ■ General Insurance ■ Office Expense 	<ul style="list-style-type: none"> ■ Other Administrative Costs ■ Professional Fees ■ Licenses and Fees ■ Office Rent ■ Property Taxes ■ Supplies ■ Travel ■ Utilities

Exhibit F-3
Sample Base Year Rate Application

Base Year Rate Application

Summary

Rate Change

1. Percent Rate Change Requested %

Residential Rate Schedule

Rate Schedule (per customer, per month)	Current Rate	Rate Adjustment	New Rate
2.1 1, 32-Gallon Can	\$	\$	\$
2.2 2, 32-Gallon Cans			
2.3 1, 32-Gallon Can (senior)			
2.4 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 El Dorado County.

Name: _____ Title: _____

Signature: _____ Date: _____

Fiscal Year: _____ Page 1 of 3

Base Year Rate Application

Unincorporated County Area

	Actual Audited Prior Year	Estimated Current Year	Projected Base Year	
Section I--Allowable Costs				
3. Direct Labor	\$	\$	\$	
4. Truck and Equipment				
5. Indirect Operational Labor				
6. Administrative Labor				
7. Disposal Costs (Profit Allowed)				
8. Supplies and Administration				
9. Total Allowable Operating Costs	\$	\$	\$	
Section II--Allowable Profit				
10. Operating Ratio	%	%	%	
11. Allowable Operating Profit	\$	\$	\$	
Section III--Pass Through Costs without Franchise Fees				
12. Disposal Costs (Pass Through)				
13. Total Pass Through Costs	\$	\$	\$	
Section IV--Revenue Requirement without Franchise Fees				
14. Total Allowable Operating Costs (Line 7) plus Allowable Operating Profit (Line 9) plus Total Pass Through Costs (Line 11)	\$	\$	\$	
Section V--Revenues without Rate Change in Base Year				
Initial Revenues	Current Rate/Month	Months	Projected Accounts	Total
15. 1, 32-Gallon Can	\$	12		\$
16. 2, 32-Gallon Cans		12		
17. 1, 32-Gallon Cart (senior)		12		
18. Extra Can (32-Gallon)		12		
19. Residential - All other services		12		
20. Residential Revenues Subtotal				\$
21. Less: Allowance for Uncollectible Residential Accounts				
22. Total Residential Revenues (without Rate Change in Base Year)	\$		\$	\$
23. Commercial and Industrial Revenues				\$
24. Less: Allowance for Uncollectible Commercial and Industrial Accounts				
25. Total Commercial and Industrial Revenues (without Rate Change in Base Year)	\$		\$	\$
26. Net Recycled Material Sales				
27. Total Revenues (Lines 27 + 30 + 31)	\$		\$	\$
Section VI--Net Shortfall (Surplus)				
28. Net Shortfall (Surplus) without Franchise Fees (Line 12 - Line 32)	\$	\$	\$	
29. Franchise Fees	\$	\$	\$	
30. Net Shortfall (Surplus) with Franchise Fees (Lines 33 + 34)	\$	\$	\$	
Section VII--Percent Change in Rates				
31. Total Residential and Commercial Revenues Prior to Rate Change (Line 27 + 30)				\$
32. Percent Change in Existing Residential/Commercial/Industrial Rates (Line 35 + Line 36)				%

Fiscal Year:

Base Year Rate Application

Operating Information

Prior Year Audited Information	Current Year Estimated Information	Percent Change	Base Year Projected Information	Percent Change
--------------------------------------	------------------------------------------	-------------------	---------------------------------------	-------------------

Section VIII--Operating Data

33. Residential Accounts		%		%
34. Multi-family Accounts		%		%
35. Commercial Accounts		%		%
36. Total Accounts		%		%
37. Residential Refuse Tons		%		%
38. Residential Recycling Tons		%		%
39. Commercial Refuse Tons		%		%
40. Commercial Recycling Tons		%		%

Section IX--Change in Commercial Rates

41. 3 Yard Bin--Once per Week		%		%
42. 4 Yard Bin--Once per Week		%		%
43. 6 Yard Bin--Once per Week		%		%
44. 3 Yard Bin--Twice per Week		%		%
45. 4 Yard Bin--Twice per Week		%		%
46. 6 Yard Bin--Twice per Week		%		%
47. 6 Yard Box per Pull		%		%
48. 20 Yard Box per Pull		%		%
49. 30 Yard Box per Pull		%		%

Fiscal Year:

Page 3 of 3

Exhibit F-4
Sample Interim Year Rate Application

Interim Year Rate Application

Are you applying for an interim rate change at this time? Yes No
If yes, complete Section 1 below, sign, and submit this application to the County.
If no, sign below, and submit this form to the County.

Section I--Consumer Price Index (CPI) Information

CPI - All Urban Consumers
Not Seasonally Adjusted
U.S. City Average
Garbage and Trash Collection (CUUR0000SEHG02)
All Items
December 1983 = 100
U.S. Department of Labor, Bureau of Labor Statistics

	Month	Year	CPI Data
1.			
2.			

Section II--% Change in CPI

3. % Change in CPI %

Section III--85% Change in CPI (But Not to Exceed 6% or fall Below 1%)

4. 85% Change in CPI %

Section IV--Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by El Dorado County.

Name:

Title:

Signature:

Date:

Year:

Page 1 of 1

Exhibit F-5
Sample Interim Year Rate Change Worksheet

Interim Year Rate Change Worksheet

Summary

1. Percent Rate Change Requested %

	Rate Schedule (per customer, per month)	Current Rate	Rate Adjustment	New Rate
2.	2.1 1, 32-Gallon Can	\$	\$	\$
	2.2 2, 32-Gallon Cans			
	2.3 1, 32-Gallon Can (senior)			
	2.4 Residential - All other services			

Year: _____

Interim Year Rate Change Worksheet

Financial Information

Section I—Base Year Costs

Base Year Operating Costs (Other Than Disposal)

1.		Total Allowable Operating Costs		
2.	<i>Plus:</i>	Allowable Operating Profit		
3.	<i>Plus:</i>	Total Pass Through Costs		
4.	<i>Minus:</i>	Disposal Costs		
5.	<i>Equals:</i>	Total Operating Costs (Other Than Disposal)		%

Base Year Disposal Costs

6.	<i>Plus:</i>	Disposal Costs		
7.	<i>Equals:</i>	Total Disposal Costs		%

8.		Base Year Revenue Requirement (without Franchise Fees)		%
----	--	--------------------------------------------------------	--	---

Section II—Changes in Costs

Change in Operating Costs (Other Than Disposal Costs)

9.		Projected Change in Consumer Price Index		%
10.		Projected 85 Percent Change in Consumer Price Index		%

Change in Disposal Costs

11.		Prior Year Transfer Station Tipping Fee Per Ton	\$	
12.	<i>Multiplied by:</i>	Prior Year Actual Disposal Tons		
13.	<i>Equals:</i>	Total Prior Year Disposal Costs	\$	
14.		Projected Interim Year Transfer Station Tipping Fee Per Ton	\$	
15.	<i>Multiplied by:</i>	Projected Interim Year Disposal Tons		
16.	<i>Equals:</i>	Total Projected Interim Year Disposal Costs	\$	
17.		Projected Change in Disposal Costs		%

Section III—Calculation of Percent Change in Rates

Weighted Change in Operating Costs (Other Than Disposal)

18.		Operating Costs as % of Base Yr. Revenue Requirement		%
19.	<i>Multiplied by:</i>	Projected 85 Percent Change in Consumer Price Index		%
20.	<i>Equals:</i>	Weighted Change in Operating Costs		%

Weighted Change in Total Disposal Costs

19.		Total Disposal Costs as % of Base Yr. Revenue Requirement		%
20.	<i>Multiplied by:</i>	Projected Change in Total Disposal Costs		%
21.	<i>Equals:</i>	Weighted Change in Total Disposal Costs		%

Total Change

20.		Total Percent Change in Costs		%
21.	<i>Divided by:</i>	Adjustment for Franchise Fee (1 - %)		%
22.	<i>Equals:</i>	Percent Change in Existing Rates		%

Year: _____

[This page intentionally left blank.]



Appendix G

CPI Calculation Example



Appendix G. CPI Calculation Example

The County uses the Consumer Price Index (U.S. City Average, Garbage and Trash Index) in the calculation of interim year rate changes. Exhibit G-1 provides an overview of the percentage change in the CPI calculation, used in the interim year rate change calculation. This example is for the change in the CPI from June 2010 to June 2010.

Exhibit G-1
Interim Year Rate Change Process
Example of the Consumer Price Index (CPI) Percent Change Calculation

Consumer Price Index (CPI) Percent Change Calculation Example

Interim Year: 2012
 Application Submission by: B/21/2011
 Applicable CPI data Used: June 2010 to June 2011

Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SEHG02
 Not Seasonally Adjusted
 Area: U.S. city average
 Item: Garbage and trash collection
 Base Period: DECEMBER 1983=100

Download: [.xls](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2000	257.3	258.3	260.2	260.3	258.8	259.2	270.4	271.3	271.5	271.1	271.4	271.9	259.8		
2001	273.1	273.6	273.3	273.7	274	274.2	276.6	276.8	277	280	270.6	270.6	275.5		
2002	280.4	280.9	281.1	282.1	282.2	282.1	283.8	283.6	284.3	284.8	285.1	285.4	283		
2003	286.2	287.3	288.4	290.3	291	291.4	292	293.6	293.8	294.8	297	297.4	291.9		
2004	293.4	300.8	301.2	301.1	301.7	301.7	303	303.1	303.2	305.1	306.7	307.4	303.3		
2005	307.4	308.8	309.6	310.2	311.7	312.4	314	314.1	315.2	315.1	320.6	320.6	314		
2006	327	324.6	325.3	326.2	327.2	328.5	328.6	331.9	331.2	332.9	332.9	337.2	329.1		
2007	340.080	340.898	342.733	343.386	343.188	343.896	345.081	347.368	347.949	348.684	351.186	351.459	348.666		
2008	356.905	358.059	359.55	359.506	361.533	363.259	365.043	368.96	369.651	371.155	371.441	371.093	364.695		
2009	371.031	372.503	373.241	375.392	376.599	376.582	377.494	377.829	378.285	379.96	379.001	379.041	376.402		
2010	383.036	382.47	383.362	383.615	383.425	383.749	383.32	385.01	385.92	385.909	387.216	387.884	384.369		
2011	384.727	391.884	391.895	392.754	396.427	396.579	395.723	396.605	397.029	397.116	398.91	398.72	396.091		

Consumer Price Index as of June 2010	383.749
Consumer Price Index as of June 2011	395.329
Change in Consumer Price Index	11.580
Percent Change in Consumer Price Index	3.02%

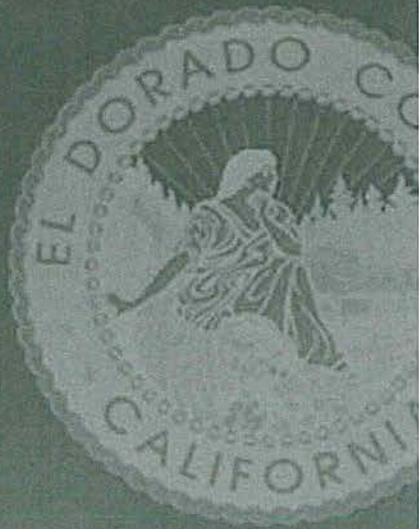
← Enter the CPI percent change on Interim Year Rate Change Worksheet, page 2, line 8.

[This page intentionally left blank.]



Appendix H

Non-Allowable Costs



Appendix H. Non-Allowable Costs

Non-allowable costs are not allowed in rates charged to ratepayers. These costs are disallowed because (1) they may not be associated with the core business, (2) they may be included implicitly in the allowed profit level, or (3) they may unnecessarily complicate rate regulation (e.g., income taxes). Exhibit H-1 on the following page provides a description of each type of non-allowable cost.

**Exhibit H-1
Non-Allowable Costs**

Category	Description
Amortization of Franchise Purchases	Consistent with the waste management industry, the County disallows amortization of franchise purchases because the operating ratio is designed to provide a return to the hauler sufficient to compensate for the hauler's investment in the business.
Charitable and Political Donations	<ul style="list-style-type: none"> ■ Costs associated with attempting to influence the outcome of any federal, state, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activities. ■ Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purposes of influencing the outcomes of elections.
Entertainment Expenses	Costs incurred in hosting social events for clients or suppliers. Examples include costs of tickets, concerts, athletic events, or other performances; room rentals; cruises; and entertaining guests at athletic, social, or sporting clubs and on vacation or other similar trips.
Fines and Penalties	Costs associated with violations of, or failure of, the hauler to comply with federal, state, local, or foreign laws and regulations. This category of non-allowable costs can also include costs in connection with alteration or destruction of records, or other false or improper charging or recording of costs.
Gain / Loss on Sale of Assets	Gain or loss associated with sales of assets.
Income Taxes	The operating ratio is provided on a pre-tax basis. To allow income tax expense would unnecessarily add complexity to the rate review process.
Cost of Repairs Due to Operator Negligence	Costs of negligence on the part of the hauler which could include accidents or property damage.
Costs Incurred to Serve Other Jurisdictions (i.e., for non-County areas served by franchise hauler (e.g., Cameron Park CSD, City of Placerville, El Dorado Hills CSD))	The franchise hauler will be compensated for only those costs that can be directly attributable to operations within the franchised boundaries. The franchise hauler shall have a clear basis for allocating shared costs to the franchise areas covered by this Manual, and those franchised areas not covered by this Manual.
Costs Incurred to Serve Non-Franchised Operations	The franchise hauler will be compensated for only those costs that can be directly attributable to operations within the scope of the franchise agreements. The franchise hauler shall have a clear basis for allocating shared costs to the franchise operations covered by this Manual, and those non-franchised operations not covered by this Manual.



Appendix I

Cost Allocation Methods



Appendix I. Cost Allocation Methods

The franchise hauler shall provide a reasonable and supportable methodology for these cost allocations. Table I-1, below, provides recommended allocation methods for various costs which may be shared between franchised operations and non-franchised operations.

The County will assess the reasonableness of the revenue and cost projections provided by the franchise hauler in its *Base Year Rate Application*. Examples of types of factors the County will consider when assessing the reasonableness of projected revenues and costs are shown in Table I-2, on the next page.

Table I-1
Recommended Franchise Hauler Allocation Methods for Costs Shared with Other Non-County Jurisdictions

Cost Category	Allocation Method
Billing costs	Number of bills processed
Equipment costs (e.g., rental, leases, parts, fuel, supplies, tires, repair and maintenance, licenses, permits)	Truck usage (over representative period)
General and administrative costs, management fees	Direct labor hours; or truck time
Labor costs	Direct labor hours; or truck time
Loans	Revenues

Table I-2
Base Year Rate Review
Revenue and Cost Projection Factors

Description	Factors to Consider in Developing Revenue and Cost Projections
Revenues	
Residential, commercial, and industrial revenues	<ul style="list-style-type: none"> ■ Projected account growth based on historical account trends, or population trends ■ Historical changes in tonnage (particularly for the industrial sector)
Recycled materials sales revenues	<ul style="list-style-type: none"> ■ Historical changes in recycled materials volumes ■ Recycled commodity pricing trends (may be highly volatile)
Costs	
Direct labor	<ul style="list-style-type: none"> ■ Projected increases in wage rates ■ Planned changes in insurance rates ■ Planned changes in benefit rates
Truck and equipment costs	<ul style="list-style-type: none"> ■ Historical average trends in costs ■ Inflation rates ■ Fuel price history ■ Depreciation schedules ■ Equipment replacement plans
Indirect operational labor	<ul style="list-style-type: none"> ■ Projected increases in wage rates ■ Planned changes in insurance rates ■ Planned changes in benefit rates
Administrative labor	<ul style="list-style-type: none"> ■ Projected increases in salaries ■ Planned changes in insurance rates ■ Planned changes in benefit rates
Supplies and administration	<ul style="list-style-type: none"> ■ Historical average trends in costs (last three years) ■ Inflation rates
Franchise fees	<ul style="list-style-type: none"> ■ Projected changes in revenues multiplied by the fee amount

RATE SCHEDULE

Tahoe Truckee Sierra Disposal Co., Inc. Effective July 1, 2015

<u>RESIDENTIAL</u>		<u>Current Rate</u>	<u>Rate Effective July 1, 2015</u>
One 32 gal can per week		\$25.35	\$25.74
Two 32 gal can per week		\$33.47	\$33.98
Senior Citizen		\$20.69	\$21.00
Extra can		\$4.36	\$4.43
<u>Extra Can Equivalents</u>		<u>Current Rate</u>	<u>Rate Effective July 1, 2015</u>
<i>Standard Collection and Processing Bulky Solid Waste Items</i>			
On-route mess		\$13.06	\$13.29
Go-backs		\$26.12	\$26.58
BBQ		\$21.77	\$22.15
Chair kitchen		\$13.06	\$13.29
Chair recliner		\$21.77	\$22.15
Chair wooden		\$8.70	\$8.86
Couch		\$43.54	\$44.30
Couch bed		\$56.62	\$57.59
Matt/Box D/Q/K		\$39.19	\$39.87
Matt/Box Twin Each		\$30.48	\$31.01
Toilet		\$21.77	\$22.15
Tree (L)		\$17.42	\$17.72
Tree (M)		\$13.06	\$13.29
Tree (S)		\$8.70	\$8.86
<i>Bulky Solid Waste items requiring Special MRF Handling</i>			
Tire (Reg) each		\$17.42	\$17.72
Tire (Truck) each		\$21.77	\$22.15
Dish washer		\$39.19	\$39.87
Dryer		\$39.19	\$39.87
Stove (L)		\$52.25	\$53.16
Stove (M)		\$43.54	\$44.30
Stove (S)		\$34.84	\$35.44
Water heater		\$43.54	\$44.30
Washer		\$39.19	\$39.87
<i>Bulky Solid Waste Items requiring Special Route Collection and Special MRF Handling</i>			
Television (L)		\$39.19	\$39.87
Television (M)		\$34.84	\$35.44
Television (S)		\$26.12	\$26.58
Microwave (L)		\$21.77	\$22.15
Microwave (M)		\$17.42	\$17.72
Microwave(S)		\$13.06	\$13.29
Refrigerator (Unit + Freon Removal)		\$95.80	\$97.46

COMMERCIAL

	<u>Current Rate</u>		<u>Rate Effective July 1, 2015</u>	
	<u>Commercial Service</u>	<u>Cardboard</u>	<u>Commercial Service</u>	<u>Cardboard</u>
Commercial Can	\$5.84	n/a	\$5.93	n/a
3 yd. EOW	\$219.46	n/a	\$222.80	n/a
3 yd. 1 x week	\$318.20	\$171.54	\$323.04	\$174.15
3 yd. 2 x week	\$568.38	\$276.66	\$577.02	\$280.87
3 yd. 3 x week	\$818.67	n/a	\$831.11	n/a
3 yd. 4 x week	\$1,136.88	n/a	\$1,154.16	n/a
3 yd. 5 x week	\$1,387.05	n/a	\$1,408.13	n/a
4 yd. 1 x week	\$397.76	\$202/84	\$403.81	\$205.92

4 yd. 2 x week	\$697.06	\$309.59	\$707.66	\$314.30
4 yd. 3 x week	\$1,068.88	n/a	\$1,085.13	n/a
4 yd. 4 x week	\$1,394.12	n/a	\$1,415.31	n/a
4 yd. 5 x week	\$1,765.94	n/a	\$1,792.78	n/a
6 yd. 1 x week	\$558.76	\$267.28	\$567.25	\$271.34
6 yd. 2 x week	\$1,059.24	\$477.68	\$1,075.34	\$484.94
6 yd. 3 x week	\$1,559.90	n/a	\$1,583.61	n/a
6 yd. 4 x week	\$2,118.68	n/a	\$2,150.88	n/a
6 yd. 5 x week	\$2,619.14	n/a	\$2,658.95	n/a

Extra Commercial Services

			<u>Current Rate</u>	<u>Rate Effective July 1, 2015</u>
Extra service above subscription level:				
	3 yd.		\$106.26	\$107.88
	4 yd.		\$137.70	\$139.79
	6 yd.		\$166.41	\$168.94
	3 yd. cardboard		\$62.84	\$63.80
	4 yd. cardboard		\$76.45	\$77.61
	6 yd. cardboard		\$78.04	\$79.23
Debris boxes: <i>(Not Franchised)</i>				
	6 yd.		\$129.60	\$131.57
	Rock Box		\$331.78	\$336.82
	20 yd.		\$391.92	\$397.88
	30 yd.		\$482.13	\$489.46
Extra yardage left out on route			\$20.38	\$20.69
Commercial mess cleaned up on route: <i>(Not Franchised)</i>				
	Pickup-truck serviced bin		\$57.03	\$57.90
	Frontloader or roll-off serviced bin		\$108.87	\$110.52
Excessive bin cleaning 3,4,6 yd. bins (more than twice per year)			\$38.88	39.47
Pull-out service (pick-up truck assisting frontloader):			\$20.38	\$20.69
Excessive bin swap-out (more than twice per year):				
	3,4,6 yd.		\$57.03	\$57.90
	20,30 yd.		\$108.86	\$110.51
Dumpster rejection/cancelation (empty dumpster):				
	3,4,6 yd.		\$57.03	\$57.90
	20,30 yd.		\$108.86	\$110.51
Dumpster relocation:				
	3,4,6 yd.		\$57.03	\$57.90
	20,30 yd.		\$108.86	\$110.51
Bin Rental for each additional 3-day period:				
	3,4,6 yd.		\$57.03	\$57.90
	20,30 yd.		\$108.86	\$110.51
Removal/return of bins for delinquent accounts <i>(Not Franchised)</i>			\$77.76	\$78.94
Lidded temporary bin			\$77.75	\$78.93
Weekend service			By quote	
Bin repair			Materials and labor + 10%	
Overweight bins (roll-off)			Pass-thru of Gate Fee	
Freon			Pass-through of additional freon removal and disposal cost.	



April 24, 2015

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

RE: New Services – Strategic Plan

Dear Gerri,

In consideration of the new Franchise Agreement serving the West Shore area of El Dorado County, Tahoe Truckee Sierra Disposal is pleased to present this Strategic Solid Waste Management Plan, developed with County Staff. The following expanded programs and services will be made available within the terms of the upcoming Agreement, to Residential and Commercial customers (as applicable) subscribing to garbage collection service. These services and programs have been designed with specific goals and objectives to increase Diversion rates, consistent with the El Dorado County Solid Waste Management Plan.

- **Greenwaste Coupon** – All residential customers who receive a billing statement on April 1st and/or July 1st of each year will now receive a coupon for free self-haul drop-off of up to three (3) yards of greenwaste at Eastern Regional Landfill (totaling up to six (6) yards per year for those customers on service during both billing periods).
- **Greenwaste-Only Dumpsters** – Beginning in 2016, TTSD will make available to residential customers discounted greenwaste-only dumpsters, on a seasonal basis (targeted for the May, June, July timeframe, annually). The reduced rate will be based on the inert disposal rate, in place of the regular MSW disposal rate. (Restrictions apply, including availability of scheduling, non-contamination requirements and limit two dumpsters per household, per calendar year).

- **Curbside Battery Pickup** – Residential customers may now leave standard household batteries on top of their can lids, enclosed in a zipped plastic bag for free pickup on collection day.
- **Can Averaging** – Residential customers who subscribe to service will be issued credit applicable towards weekly can service. Unused credits will rollover from week-to-week, and may be used at any time during the billing Quarter. Credits will expire at the end of each Quarter and have no cash or transferable value.
- **Bulky Item Pickup** – Customers subscribing to residential service will be eligible to apply unused can credits described above to offset applicable charges for bulky items left curbside for pick-up (customers must call to schedule pick-up of bulky items).
- **Household Hazardous Waste** – Customers who subscribe to regular garbage collection service may attend scheduled HHW drop-off events at Eastern Regional Landfill (~30 events per year), for free disposal of HHW (by appointment).
- **E-waste** – Customers may drop off acceptable E-waste/Universal waste (not containing mercury) for free at the Eastern Regional Landfill during normal business operating hours.
- **Used Oil Recycling** – A regional grant was awarded to the Truckee/Tahoe area residents who would like a free oil recycling kit. Kits may be picked up from Eastern Regional Landfill and returned for recycling to Eastern Regional Landfill after use, while supplies last and grant remains in effect.
- **Commercial Cardboard Service** – Commercial customers may subscribe to weekly dumpster collection of source-separated cardboard, at discounted rates much lower than standard MSW service.
- **Roadside pickup** – As a local company and steward of our community, Tahoe Truckee Sierra Disposal will continue to proactively collect illegally dumped (non-hazardous) items in this remote Franchise Area of El Dorado County, as we become aware of items.

Tahoe Truckee Sierra Disposal looks forward to continuing our service of Franchise Area 4 of the County of El Dorado with an anticipated 7 year extension contract with renewal options, to be proposed beginning July 1st, 2015. TTSD and the County of El Dorado have enjoyed a long history as partners and we are thrilled to continue this partnership into the future.

Sincerely,



David Achiro

Tahoe Truckee Sierra Disposal



Tahoe Truckee Sierra Disposal

P.O. Box 6479 · Tahoe City, CA 96145-6479 · Ph: (530) 583-7800 · Fax: (530) 583-0804

This Contingency Plan applies to all Tahoe Truckee Sierra Disposal (TTSD) operations, including operations at the Eastern Regional Landfill and all company vehicles operating off-site, on public streets and highways and on private property. The intent of this plan is to reduce risk to health, safety, and personal property due to mechanical breakdown, spills or in case of natural disaster, strikes, or other emergency. TTSD employees will remain alert and aware of potential problems that may arise during the course of their job duties and will take immediate, effective, and thorough action to limit and mitigate negative impacts.

TTSD maintains competent personnel, suitable equipment and resources available for emergency response. Those personnel include commercially licensed drivers, mechanics, and supervisory personnel. Communication systems include either radio frequency units and/or cellular telephones in each vehicle and at each shop and base station.

TTSD personnel will communicate directly on a regular basis regarding service scheduling in anticipation of seasonal conditions, such as traffic, roadwork and weather conditions. TTSD staff will assure the availability of alternative disposal sites meeting permitting requirements. During emergencies, TTSD employees will maintain radio communication until released by TTSD owners or senior TTSD staff.

Spill Contingency Plan

Drivers will take the following actions to mitigate the inadvertent release of materials:

- Vehicles, including Supervisors' trucks, will carry spill kits and/or absorbent materials.
- If a spill occurs, park vehicle safely off roadway, preferably on a level, paved surface, place warning triangles around vehicle.
- Establish a safe position at vehicle, if safe to do so.
- If safe to do so, isolate the spill using absorbent materials on vehicle or berm with dirt.
- Report situation immediately via radio communication or cell telephone to Route Supervisor. If necessary, shift communication to either TTSD base stations. Provide full description of situation and resources needed. Call near-by vehicles to assist, if needed.
- If unsafe to use radio or phone, seek assistance in surrounding area. Request that local/state authorities be notified for appropriate level of assistance.
- Remain in communication until released by supervisor.

- When safe to do so, shovel or sweep any used absorbent materials into bucket.
- Once the situation is stabilized, the Supervisor will perform a visual inspection of the vehicle's route for any additional spill.
- Transport material to a HHW facility and notify Supervisor if absorbent and other resources need to be replaced.
- All spills will be reported to corresponding county/jurisdictional health departments.

Mechanical Breakdown

- Equipment that is not in safe operating condition will not remain in service.
- If a problem occurs while en-route, safely park vehicle off roadway, preferably on a safe level, paved surface. Place warning triangles around vehicle.
- Establish a safe position at vehicle, if safe to do so.
- Report situation immediately via radio communication or cellular telephone to Route Supervisor or Mechanic's Shop. If necessary, shift communication to TTSD office. Remain in communication. Provide full description of equipment failure.
- If safe to do so, use emergency equipment to mitigate potential spills or hazards, wait for assistance.
- Remain in communication until released by supervisor.
- Shop personnel will advise the driver whether or not it is safe to return the vehicle to the Shop.
- Shop personnel responding to equipment breakdown will carry absorbent materials, shovel and broom on their truck. Return any spent materials to a HHW facility.
- If unsafe to use truck radio or phone, seek assistance in surrounding area. Request that local/state authorities be notified for appropriate level of assistance.

Natural Disasters

- In case of natural disaster or similar emergency, TTSD supervisory staff will meet as soon as is practically possible to assess potential impacts on service.
- Initial assessment will include:
 - Geographical location, area, size and perimeter impacted,
 - Damage to area infrastructure, i.e., public roadways, including streets, highways and bridges,
 - Location and status of TTSD employees,
 - Damage to facility, equipment and vehicles,
 - Safety issues: i.e., current risk exposures from damage, potential of further deterioration, potential for exposure to hazardous or dangerous materials,
 - Volume of solid waste material currently in vehicles or on-site,
 - Types and volumes of damage-related materials anticipated to be received due to emergency,

- Status of highway and road access to usual disposal sites.
- Implementation of Plan:
 - Establish a modified plan for collection and transport service to the extent scheduled service has been and will be impacted.
 - Assign scheduled tasks to available employees.
 - Contact sister companies for transport of additional resources, including equipment, vehicles, and licensed drivers, as necessary.
 - Determine alternative disposal sites, if necessary, and adjust transport schedules.
 - Communicate TTSD status and service modifications to TTSD personnel and to agency staff of impacted jurisdiction.
 - Disseminate information to the public as recommended by agency staff.
 - Make on-site preparations to receive out of the ordinary materials that are anticipated due to emergency.

Available Disposal Site Alternatives

The following landfill, fully compliant with US EPA Subtitle D criteria, is available to receive municipal waste from TTSD/ERL in the event that the Lockwood Landfill is closed or inaccessible due to natural disaster or other emergency:

Name and Location

Western Regional Sanitary Landfill, Lincoln, CA

Access and Travel

Interstate 80, 5 hours roundtrip

EMERGENCY/SAFETY TELEPHONE NUMBERS

EMERGENCY – 911

Fire Department (Truckee) – 530-582-7850

Fire Department (Squaw Valley) – 530-583-6111

Tahoe Forest Hospital – 530-587-6011 @ 10121 Pine Avenue, Truckee, CA

Gateway Urgent Care – 530-582-2070 @ 11105 Donner Pass Rd, Truckee, CA

Placer County Sheriff's Station – 530-581-6301, 530-581-6300

El Dorado Environmental Management – 530-621-5300

Stericycle Hazardous Emergency Response – 877-577-2669

ERL/TTSD Company Contacts:

ERL/TTSD – David Achiro – 530-362-1126, 530-583-7820

TTSD Safety Coordinator – Gary Lorenzetti – 530-362-1084

TTSD – Bill Carollo – 530-362-1105, 530-583-7822

TTSD – Jeff Collins – 530-362-1130

ERL – Bert Wallace – 530-583-7825