



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Receipt of Refuse Rate Application
MEETING DATE: February 16, 1994
PREPARED BY: Assistant City Manager

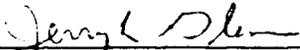
RECOMMENDED ACTION: That the City Council receive the request for rate adjustment from Sanitary City Disposal Company, and refer it to staff for analysis, review and comment.

BACKGROUND: The agreement with Sanitary City Disposal Company requires them to submit applications for rate adjustment by February 15. I have been in contact with Mr. Vacarrezza and he has assured me the City will receive this application prior to February 15.

In order to expedite staff's review, we are asking the City Council to officially receive the request and refer it to staff for analysis, review and comment, and to report back by March 16, 1994.

FUNDING: None required, Unknown, or Not applicable

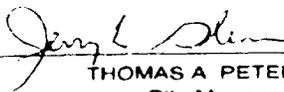
Respectfully submitted,



Jerry L. Glenn
Assistant City Manager

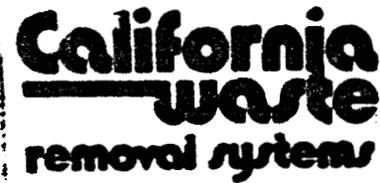
JLG/pn

APPROVED



THOMAS A. PETERSON
City Manager





February 11, 1994

Mr. Jerry Glenn
Assistant City Manager
City of Lodi
City Hall
P.O. Box 3006
Lodi, California 95241

RE: California Waste Removal Systems - Rate Application

Dear Mr. Glenn:

Please find enclosed the rate review for the provision of refuse, recyclable materials, and green waste collection, processing, transfer, and disposal services. The rate application follows the Index Year Rate Procedure specified in the rate methodology approved by the City Council on December 4, 1991.

The application requests an 8.5% increase in residential and commercial rates. An 8.5% increase over the current residential one can rate of \$14.70 results in an increase of \$1.25 and a new rate of \$15.95. As explained in the attached application, the increase is necessary primarily due to inflationary increases and greater than anticipated participation in the new recycling programs. The change is assumed to be effective April 1, 1994.

Please contact me if you have any questions.

Sincerely,

David Vaccarezza
President

DV:dh

cc: Thomas Peterson, City Manager
Jack Sieglock, Mayor

A:DH16.Glenn1.Ltr



California
waste
removal systems

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CALIFORNIA WASTE REMOVAL SYSTEMS

LODI SERVICE AREA

1994 RATE APPLICATION PACKAGE

FEBRUARY 1994

1333 E. TURNER ROAD P.O. BOX 241001 LODI, CALIFORNIA 95241-9501 (209) 369-8274

Printed On Recycled Paper



CALIFORNIA WASTE REMOVAL SYSTEMS, INC.

1994 RATE APPLICATION PACKAGE

1993 RATE APPLICATION EXPENSES
AND CALCULATED 1994 - 1995 PERCENTAGE INCREASES

EXPENSE ITEM	1993 - 1994 RATE APPLICATION EXPENSES	PERCENT OF TOTAL EXPENSES	1994 - 1995 RATE APPLICATION EXPENSES	INDEX PERCENTAGE CHANGE	NOTES	CCI (COMPOSITE COST INDEX)
PAYROLL	\$945,299	14.60%		3.4%	#1	0.49%
EQUIPMENT	479,588	7.41%		-4.3%	#2	-0.32%
DEPRECIATION, INTEREST, EQUIPMENT LEASES AND DEBT SERVICE	1,001,334	15.47%	\$1,143,593	14.2%	#3	2.20%
TRANSFER STATION, DISPOSAL AND MATERIAL PROCESSING CHARGES	2,716,620	41.97%	3,131,221	15.3%	#4	6.42%
OTHER EXPENSES:	<u>1,330,224</u>	<u>20.55%</u>		2.7%	#5	<u>0.55%</u>
TOTAL EXPENSES	<u>\$8,473,085</u>	<u>100.00%</u>				<u>9.34%</u>
LESS 50% OF PROJECTED CUSTOMER BASE INCREASE	22,000	50.00%		1.0%	#6	<u>-0.50%</u>
COMBINED COMPOSITE COST INDEX (CCI)						<u>8.84%</u>
CURRENT RATE						\$14.70
LESS AMOUNT APPLICABLE TO 1992-1993 REVENUE DEFICIT						<u>(0.54)</u>
BALANCE SUBJECT TO PROJECTED RATE CHANGE						14.16
PROJECTED RATE CHANGE						1.25
ADD AMOUNT APPLICABLE TO 1992-1993 REVENUE DEFICIT						<u>0.54</u>
PROJECTED NEW RATE						<u>\$15.95</u>
INCREASE OVER CURRENT \$14.70 RATE						<u>8.50%</u>

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**CALIFORNIA WASTE REMOVAL SYSTEMS, INC.
1994 RATE APPLICATION PACKAGE**

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Explanation of Composite Cost Index

1. **Payroll:** As specified in the Index Year Rate Procedure of the Rate Methodology, payroll expenses have been increased by the percentage change in the Employment Cost Index for the most recent 12 month period. The Employment Cost Index for the period September 1992 through September 1993 increased by 3.4%. The 3.4% indexed increase in payroll expenses results in a .49% Composite Cost Index.
2. **Equipment:** As specified in the Index Year Rate Procedure of the Rate Methodology, equipment expenses have been adjusted by the percentage change in the U.S. CPI for gasoline for the most recent 12 month period. The CPI for gasoline for the period November 1992 through November 1993 declined by 4.3%. The 4.3% indexed decline in equipment expenses results in a -.32% Composite Cost Index component.
3. **Depreciation Interest and Equipment Leases:** As specified in the Index Year Rate Procedure of the Rate Methodology, depreciation and interest expense have been updated to include capital additions. Changes in depreciation, interest, and equipment leases for the period April 1994 through March 1995 result in a 2.2% Composite Cost Index component. The 2.2% Composite Cost Index component for depreciation and interest is the result of the following capital additions:
 - 1.2% **Waste Carts:** The purchase of 3,802 additional recycling and yard and garden waste carts during 1993 and 1994 was required to meet greater than anticipated participation in recycling programs. The purchase of 400 additional low volume producer waste carts was required to meet the greater than anticipated demand for the low volume producer service category approved by the City Council in December 1992.
 - .3% **Trucks:** Inclusion of a full year of depreciation and interest on the actual cost of trucks approved for purchase during 1993.
 - .6% **Automated Inventory System:** Purchase of an automated inventory system for improved inventory control, customer accountability and more efficient routing.

2.2%

4. **Disposal, Transfer and Materials Processing:** As specified in the Index Year Rate Procedure of the Rate Methodology, expenses related to disposal, transfer and materials processing have been calculated to reflect the change in the costs associated with these functions. Changes in disposal, transfer and materials processing expenses result in a 6.42% Composite Cost Index Component. The 6.42% Composite Cost Index component is the net result of the following:

- 06% **Disposal Expenses:** Disposal expenses have declined as a result of increased participation in recycling and yard and garden programs. Although disposal fees at the County Landfill will increase by approximately 11% effective April 1, 1994, actual disposal costs for the City of Lodi will decline for 1994 due to the diversion of recyclable and compostable materials. Participation in recycling and composting programs has and will continue to result in significant avoided disposal costs for the citizens of Lodi.

 - .39% **Transfer Expenses:** Transfer expenses have decreased due to a decline in the tonnage transferred for disposal. The decline in transferred tonnage is a direct result of increased materials diversion resulting from the recycling and yard and garden programs.

 - 2.83% **Materials Processing:** Labor expenses associated with materials processing have increased as a result of an increase in the number of tons processed for Lodi, and as a result of the full operation of the Material Recovery Facility. MRF labor expenses in the prior rate application included only limited operations during construction.

 - 1.65% **Material Processing Depreciation, Interest and Equipment Maintenance:** Expenses in this category have increased to reflect a full year of the actual capital and interest expenses associated with the MRF. The prior rate application reflected partial year projected depreciation and interest on some items.

 - .95% **Yard and Garden Waste Processing and Residual Transfer and Disposal:** Expenses in this category have increased primarily due to increased program participation.

 - 1.44% **Other Material Processing Costs:** These costs include property taxes, utilities, office supplies, accounting, administration, shop, and other costs related to materials processing, and have increased as a result of increased participation in the program and the full operation of the MRF.
-
- 6.42% **Disposal, Transfer and Materials Processing Composite Cost Index**

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5. **Other Expenses:** As specified in the Index Year Rate Procedure of the Rate Methodology, all other expenses have been increased by the percentage change in the U.S. CPI for the most recent 12 month period. The Employment Cost Index for the period December 1992 through December 1993 increased by 2.7%. The 2.7% increase in other expenses results in a .55% Composite Cost Index component.

6. **Projected Customer Base Increase:** As specified in the Index Year Rate Procedure of the Rate Methodology, the Composite Cost Index is reduced by 50% of the anticipated percentage growth in customer accounts. The growth in customer accounts has been estimated to be 1%, which is consistent with City growth estimates. The estimated 1% growth in customer accounts results in a -.50% Composite Cost Index component.

A:DH16:LocRate.ApA

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11-FEB-94

CWRS
Residential Rate Schedule
Effective Date: April 1, 1994

Residential Curbside Collection Service	20 Gal Can	# of 38 Gal Cans		
		1	2	3
Old Charge per Month	\$10.00	\$14.70	\$36.75	\$58.80
New Charge per Month	\$10.85	\$15.95	\$39.87	\$63.80
Backyard Service Charge per Month	\$10.00	\$10.00	\$10.00	\$10.00

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**CWRS
Commercial Rate Design
Proposed Rates
Effective Date: April 1, 1994**

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11-FEB-94

Total Capacity of Containers	Frequency / Week					
	1	2	3	4	5	6
1						
1	\$94.74	\$189.48	\$453.99	\$831.66	\$1,322.51	\$1,926.54
2	\$144.21	\$288.43	\$636.35	\$1,120.08	\$1,739.63	\$2,494.98
3	\$193.69	\$387.37	\$818.71	\$1,408.51	\$2,156.74	\$3,063.43
4	\$243.16	\$486.30	\$1,001.08	\$1,696.93	\$2,573.87	\$3,631.87
5	\$292.63	\$585.25	\$1,183.45	\$1,985.36	\$2,990.99	\$4,200.33
6	\$342.10	\$684.19	\$1,365.81	\$2,273.79	\$3,408.10	\$4,768.77
7	\$391.56	\$783.14	\$1,548.18	\$2,562.20	\$3,825.22	\$5,337.22
8	\$441.04	\$882.08	\$1,730.55	\$2,850.63	\$4,242.34	\$5,905.66
9	\$490.51	\$981.03	\$1,912.92	\$3,139.08	\$4,659.46	\$6,474.11
10	\$539.98	\$1,079.96	\$2,095.27	\$3,427.48	\$5,076.57	\$7,042.55
2						
2	\$132.90	\$265.79	\$568.44	\$984.27	\$1,513.28	\$2,155.47
4	\$220.52	\$441.04	\$865.27	\$1,425.32	\$2,121.17	\$2,952.84
6	\$308.15	\$616.29	\$1,162.11	\$1,866.36	\$2,729.05	\$3,750.20
8	\$395.77	\$791.54	\$1,458.93	\$2,307.39	\$3,336.94	\$4,547.57
10	\$483.39	\$966.78	\$1,755.76	\$2,748.44	\$3,944.83	\$5,344.94
12	\$571.02	\$1,142.04	\$2,052.57	\$3,189.47	\$4,552.72	\$6,142.31
14	\$658.65	\$1,317.29	\$2,349.41	\$3,630.51	\$5,160.60	\$6,939.68
16	\$746.27	\$1,492.55	\$2,646.23	\$4,071.56	\$5,768.49	\$7,737.05
18	\$833.90	\$1,667.79	\$2,943.07	\$4,512.59	\$6,376.37	\$8,534.42
20	\$921.51	\$1,843.04	\$3,239.89	\$4,953.63	\$6,984.27	\$9,331.78
3						
3	\$171.05	\$342.10	\$682.90	\$1,136.89	\$1,704.06	\$2,384.38
6	\$296.83	\$593.65	\$1,094.20	\$1,730.55	\$2,502.70	\$3,410.68
9	\$422.60	\$845.22	\$1,505.49	\$2,324.20	\$3,301.36	\$4,436.96
12	\$548.38	\$1,096.77	\$1,916.77	\$2,917.85	\$4,100.02	\$5,463.26
15	\$674.17	\$1,348.33	\$2,328.06	\$3,511.51	\$4,898.68	\$6,489.55
18	\$799.95	\$1,599.88	\$2,739.35	\$4,105.16	\$5,697.33	\$7,515.84
21	\$925.72	\$1,851.44	\$3,150.64	\$4,698.82	\$6,495.98	\$8,542.13
24	\$1,051.50	\$2,103.00	\$3,561.92	\$5,292.47	\$7,294.64	\$9,568.42
27	\$1,177.28	\$2,354.56	\$3,973.22	\$5,886.12	\$8,093.29	\$10,594.72
30	\$1,303.06	\$2,606.11	\$4,384.50	\$6,479.78	\$8,891.95	\$11,621.00

CWRS
 Commercial Rate Design
 Proposed Rates
 Effective Date: April 1, 1994

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11-FEB-94

Total Capacity of Containers	Frequency / Week					
	1	2	3	4	5	6
4						
4	\$209.21	\$418.40	\$797.37	\$1,289.51	\$1,894.82	\$2,613.31
8	\$373.13	\$746.27	\$1,323.12	\$2,035.77	\$2,884.25	\$3,868.52
12	\$537.07	\$1,074.13	\$1,848.87	\$2,782.04	\$3,873.67	\$5,123.74
16	\$701.00	\$1,402.01	\$2,374.62	\$3,528.32	\$4,863.09	\$6,378.95
20	\$864.93	\$1,729.87	\$2,900.36	\$4,274.59	\$5,852.52	\$7,634.16
24	\$1,028.86	\$2,057.73	\$3,426.11	\$5,020.85	\$6,841.94	\$8,889.37
28	\$1,192.80	\$2,385.60	\$3,951.86	\$5,767.12	\$7,831.37	\$10,144.59
32	\$1,356.74	\$2,713.46	\$4,477.62	\$6,513.39	\$8,820.79	\$11,399.80
36	\$1,520.66	\$3,041.33	\$5,003.37	\$7,259.67	\$9,810.22	\$12,655.01
40	\$1,684.60	\$3,369.19	\$5,529.12	\$8,005.93	\$10,799.64	\$13,910.24
5						
5	\$247.36	\$494.71	\$911.83	\$1,442.12	\$2,085.59	\$2,842.23
10	\$449.44	\$898.88	\$1,552.05	\$2,341.01	\$3,265.78	\$4,326.36
15	\$651.53	\$1,303.06	\$2,192.25	\$3,239.89	\$4,445.98	\$5,810.51
20	\$853.61	\$1,707.23	\$2,832.46	\$4,138.78	\$5,626.17	\$7,294.64
25	\$1,055.70	\$2,111.40	\$3,472.67	\$5,037.66	\$6,806.36	\$8,778.78
30	\$1,257.79	\$2,515.57	\$4,112.88	\$5,936.55	\$7,986.55	\$10,262.91
35	\$1,459.87	\$2,919.75	\$4,753.10	\$6,835.43	\$9,166.75	\$11,747.05
40	\$1,661.96	\$3,323.92	\$5,393.31	\$7,734.32	\$10,346.94	\$13,231.19
45	\$1,864.05	\$3,728.09	\$6,033.52	\$8,633.20	\$11,527.13	\$14,715.31
50	\$2,066.13	\$4,132.26	\$6,673.72	\$9,532.08	\$12,707.32	\$16,199.46
6						
6	\$285.52	\$571.02	\$1,026.30	\$1,594.74	\$2,276.35	\$3,071.16
12	\$525.75	\$1,051.50	\$1,780.96	\$2,646.23	\$3,647.32	\$4,784.21
18	\$765.99	\$1,531.98	\$2,535.64	\$3,697.73	\$5,018.28	\$6,497.27
24	\$1,006.23	\$2,012.46	\$3,290.30	\$4,749.23	\$6,389.24	\$8,210.32
30	\$1,246.47	\$2,492.93	\$4,044.98	\$5,800.74	\$7,760.20	\$9,923.39
36	\$1,486.71	\$2,973.43	\$4,799.66	\$6,852.24	\$9,131.17	\$11,636.45
42	\$1,726.95	\$3,453.90	\$5,554.32	\$7,903.74	\$10,502.13	\$13,349.51
48	\$1,967.19	\$3,934.38	\$6,309.00	\$8,955.23	\$11,873.09	\$15,062.56
54	\$2,207.43	\$4,414.86	\$7,063.68	\$10,006.73	\$13,244.05	\$16,775.62
60	\$2,447.66	\$4,895.34	\$7,818.34	\$11,058.23	\$14,615.02	\$18,488.69