

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

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| (1) DEPARTMENT Auditor - Controller | (2) MEETING DATE 11/20/2012 | (3) CONTACT/PHONE Brian Spaulding (805) 788-2963 |
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(4) SUBJECT

Request to approve a 4.68% Consumer Price Index (CPI) rate adjustment for the garbage hauling services provided by Mid State Solid Waste & Recycling Services, Paso Robles Country Disposal, and San Miguel Garbage Company.

(5) RECOMMENDED ACTION It is recommended that your Board approve a CPI rate increase for Mid State Solid Waste and Recycling Services, Inc., Paso Robles Country Disposal, Inc., and San Miguel Garbage Company, to be effective January 1, 2013, as detailed in the following attachments:

| <u>Exhibit</u> | <u>Company Name</u> | <u>Adjustment Type</u> | <u>Areas Served</u> |
|----------------|-----------------------------------|---------------------------|--|
| A | Mid State Solid Waste & Recycling | 4.68% CPI Rate Adjustment | Creston, Pozo, Garden Farms, Santa Margarita and unincorporated areas around Templeton CSD and the City of Atascadero. |
| B | Paso Robles Country Disposal | 4.68% CPI Rate Adjustment | The Unincorporated areas surrounding the City of Paso Robles. |
| C | San Miguel Garbage Company | 4.68% CPI Rate Adjustment | Shandon, Nacimiento Lake Road area, Monterey Road area, Whitley Gardens, Independence Ranch, Jardine, Oak Shores, Wellsona area, fringe areas of San Miguel, Running Deer, Bee Rock, and Chimney Rock. |

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|------------------------------|---|---------------------------------------|----------------------|
| (6) FUNDING SOURCE(S) N/A | (7) CURRENT YEAR FINANCIAL IMPACT \$0.00 | (8) ANNUAL FINANCIAL IMPACT \$0.00 | (9) BUDGETED? Yes |
|------------------------------|---|---------------------------------------|----------------------|

(10) AGENDA PLACEMENT

Consent Presentation Hearing (Time Est. _____) Board Business (Time Est. _____)

(11) EXECUTED DOCUMENTS

Resolutions Contracts Ordinances N/A

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| (12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A | (13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A |
|--|--|

| | | |
|--------------------------|---------------------------------------|---|
| (14) LOCATION MAP N/A | (15) BUSINESS IMPACT STATEMENT? No | (16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date _____ |
|--------------------------|---------------------------------------|---|

(17) ADMINISTRATIVE OFFICE REVIEW

Nikki J. Schmidt

(18) SUPERVISOR DISTRICT(S)

All Districts -

County of San Luis Obispo



TO: Board of Supervisors

FROM: Gere Sibbach, Auditor-Controller

DATE: 11/20/2012

SUBJECT: Request to approve a 4.68% Consumer Price Index (CPI) rate adjustment for the garbage hauling services provided by Mid State Solid Waste & Recycling Services, Paso Robles Country Disposal, and San Miguel Garbage Company.

RECOMMENDATION

It is recommended that your Board approve a CPI rate increase for Mid State Solid Waste and Recycling Services, Inc., Paso Robles Country Disposal, Inc., and San Miguel Garbage Company, to be effective January 1, 2013, as detailed in the following attachments:

| <u>Exhibit</u> | <u>Company Name</u> | <u>Adjustment Type</u> | <u>Areas Served</u> |
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DISCUSSION

The garbage hauling companies listed above are requesting a Consumer Price Index rate adjustment. This rate adjustment request represents the CPI change calculated from September 2008 through

September 2012. CPI adjustments are intended to make garbage rate increases more predictable and less burdensome to the customers. This approach is in-line with the current method utilized by neighboring Templeton Community Services District and provides for a more accurate pace of profitability forecasting for hauling companies.

These garbage hauling companies have not received the normal CPI rate adjustment since May 2009 (based on the Index up through September 2008). Now that the economic environment has stabilized and continues to slowly recover, we believe returning to the practice of annual CPI adjustments is appropriate.

In September 2008, the CPI Index for All Urban Consumers in the Los Angeles-Riverside-Orange County area, for All Items, was 227.449. The Index for September 2012 was recently reported at 238.104. The percentage increase between the two indices is 4.68% ($238.104 - 227.449 = 10.655$ and $10.655 / 227.449 = 0.0468$, or 4.68%). The CPI changes for each of the years used is as follows:

| September to September (rounded) | |
|----------------------------------|-------|
| 2008 to 2009 | -1.0% |
| 2009 to 2010 | .4% |
| 2010 to 2011 | 3.1% |
| 2011 to 2012 | 2.2% |

It is recommended that each of these three garbage hauling companies receive 4.68% increase, applied to each of their rates, as detailed in the corresponding attachments. Note that, in an effort to maintain the compacted hauler rates at relatively comparable levels between neighboring service providers, the 35-gallon automated trash service provided by San Miguel Garbage Company was the only service recommended to receive half of the present rate increase (at 2.34%). CPI increases are prospective only and require that the hauling companies provide customers a 30 day notice prior to any rate adjustment.

OTHER AGENCY INVOLVEMENT/IMPACT

Auditor-Controller's staff has worked with the County's Public Works Solid Waste Coordinator in the preparation of this request.

FINANCIAL CONSIDERATIONS

The County will receive a slight increase in franchise fee revenues; overall there will be no significant financial impact to the County budget.

RESULTS

Rate adjustments enable garbage companies to maintain established profit margins while continuing to provide solid waste services to the public at reasonable rates. The final result would be greater compliance with your Board's desire for a healthier, more livable and well governed community.

ATTACHMENTS

1. Exhibit A - Mid State Solid Waste & Recycling Services, Inc. Proposed Rate Schedule
2. Exhibit B - Paso Robles Country Disposal, Inc. Proposed Rate Schedule
3. Exhibit C - San Miguel Garbage Company Proposed Rate Schedule