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June 14, 2018

Mr. Robert Perreault  
Director of Public Works  
Plumas County  
1824 East Main Street  
Quincy, CA 95971-9795

**Subject: 2018 Refuse Rate Index Adjustments**

Dear Mr. Perreault:

R3 Consulting Group, Inc. (R3) was engaged by Plumas County (County) to assist with its review of the 2018 Refuse Rate Index Adjustment Applications for Intermountain Disposal Inc. (IMD) and Feather River Disposal Inc. (FRD) (collectively referred to as the “Contractors”). This letter report presents the results of that review.

## Project Background

The County executed new franchise agreements (Agreements) with IMD and FRD effective April 1, 2017. Those Agreements terminate at midnight on March 31, 2027. Under the terms of the Agreements, beginning on July 1, 2018, and annually thereafter, the Contractors are to receive an annual adjustment to the rates through the Refuse Rate Index (RRI) process as set forth in Attachment E of the Agreements (**Attachment 1**). **Attachment 2** is a copy of Section 12.04 of the Agreements (Refuse Rate Index), which provides information on the RRI process. As stated in Section 12.04, if the operating ratio (i.e., profit level) for the previous 12-month period falls within the range of values defined in Attachment A of the Agreements (i.e., an operating ratio of from 88.00% to 92.00%) no RRI adjustment will be made.<sup>1</sup>

As specified in Section 12.04.C of the Agreement, on or before March 15, 2018 and annually thereafter the Contractors are to deliver to the County audited financial information per Section 10.05 of the Agreement (**Attachment 3**) for the preceding calendar year. Such information is to be in the format as set forth in Attachment E and shall be allocated between curbside collection services and all other collection and disposal services, or as may be further revised by agreement of the County and the Contractors. If the Contractors fail to submit the financial information in the required format by March 15<sup>th</sup>, it is agreed that the Contractor shall be deemed to have waived the RRI adjustment for that year. Public Works received the 2017 financial statements electronically from FRD on March 15, 2018, and from IMD on or after March 23, 2018.

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<sup>1</sup> As the operating ratio percentage increases the associated profit level decreases. An operating ratio of 92% equates to a profit level of 8.70%, while an operating ratio of 88% equates to a profit level of 13.64%.

## Project Objectives

To determine if:

- The Contractors' are eligible for an RRI adjustment effective July 1, 2018; and if so
- The amount of the RRI adjustment.

## Project Approach | Methodology

The 2018 RRI adjustment represents the first RRI adjustment under the new Agreements and the established protocols. Rather than requiring the Contractors to independently submit their calculated RRI adjustments, it was agreed upon that R3 would, with the Contractors input, prepare the RRI calculations this year so that it would be clear to the Contractors the methodology to be used going forward.

### Intermountain Disposal

Per Section 12.04, if the Operating Ratio (i.e., profit level) for the previous 12-month period falls within the range of values defined in Attachment A (88% to 92%) no RRI adjustment will be made. The intent of that clause was to set the minimum profit level 92% that would trigger an RRI adjustment, but as drafted, unintentionally allows for an RRI adjustment for a profit level greater than 88%.

R3 calculated Intermountain Disposal's 2017 profit level at ~ 86% a profit level greater than 88% and much higher profit level than the 92% minimum profit level that triggers an RRI (i.e., IMD had a good year). Given our understanding that the County and Contractors' intent was to set 92% as the minimum profit level below which an RRI would apply, IMD is not due an RRI rate adjustment this year.

### Feather River Disposal

R3 calculated FRD's 2017 profit level at a 97.5% operating ratio. Profitable but lower than the 92% minimum operating ratio that would trigger and RRI adjustment. As such, FRD is due a July 1, 2018 RRI rate adjustment. We calculated that RRI rate adjustment at **2.69% (Attachment 4)**. **Attachment 5** provides the calculated adjustments to the RRI indices.

**Note:** *It is expected that all future Contractor "RRI Adjustment Applications" due to the County by March 15 of each year will include the calculations and supporting documentation provided in Attachment 5.*

\* \* \* \* \*

Mr. Robert Perreault  
June 14, 2018  
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We appreciate the opportunity to be of service to the County. Should you have any questions regarding this submittal, or need any additional information, please contact me by phone at (916) 782-7821 or by email at [wschoen@r3cgi.com](mailto:wschoen@r3cgi.com).

Sincerely,

**R3 CONSULTING GROUP**

A handwritten signature in blue ink, appearing to read "William H. Schoen".

William Schoen | Project Director

**Attachments:**

- 1 Franchise Agreement Attachment E - Refuse Rate Index
- 2 Franchise Agreement Section 12.04: Refuse Rate Index - Adjustments to the Rates
- 3 Franchise Agreement Section 10.5
- 4 FRD 2018 RRI Calculation
- 5 RRI Index Adjustment Calculations

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061418.docx

## ATTACHMENT E

### REFUSE RATE INDEX

The Refuse Rate Index (RRI) adjustment shall be calculated in the following manner:

1. The expenses for the required franchised services for the designated fiscal period (January – December) shall be prepared in the format set forth in the “Operating Cost Statement” below.
2. The expenses for the required franchised services shall be broken down into the following six (6) cost categories: Labor; Diesel Fuel; Vehicle Replacement; Vehicle Maintenance, All Other, and Disposal. Each cost category is assigned a weighted percentage factor based on that cost category's proportionate share of the total of the costs shown for all cost categories.
3. The following five (5) indices published by the United States Department of Labor, Bureau of Labor Statistics (BLS), and the actual change in the disposal site tip fee are used to calculate the adjustment for each cost category. The change in each index and the tip fees is calculated on a twelve-month fiscal period in accordance with the terms of the agreement. In the event any index is discontinued, a successor index shall be selected by **County**. Successor indices shall be those indices that are most closely equivalent to the discontinued indices as recommended by the BLS.

<u>Cost Category</u>	<u>Index</u>
Labor	Series ID: ceu6056210008 Professional and business services – waste collection
Diesel Fuel	California No 2 Diesel Ultra Low Sulfur (0-15 ppm) <a href="http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp">http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp</a> Vehicle Replacement Series ID: pcu336211336211 Motor vehicle body manufacturing
Vehicle Maintenance	Series ID: pcu333924333924 Industrial truck, trailer and stacker mfg.
All Other	Series ID: cuusx400sa0 Consumer Price Index, All Urban Consumers, All Items; West – Size Class B/C
Disposal	The actual tip fee charged to <b>Contractor</b> by the disposal site.

The percentage weight for each cost category is multiplied by the change in each appropriate index to calculate a weighted percentage for each cost category. The weighted percentage changes for each of the six (6) cost categories are then added together to calculate the RRI.

#### **Operating Cost Statement – Description**

**Labor:** List all administrative, officer, operation and maintenance salary and benefit accounts.  
List payroll tax accounts directly related to the above salary accounts.  
  
List employee group medical and life accounts directly related to the above salary accounts.  
  
List employee retirement or profit sharing contributions accounts directly related to the above salary accounts.  
  
List Workers Compensation accounts directly related to the above salary accounts.  
  
List contract labor accounts directly related to the above salary accounts.  
  
List other employee costs (i.e. safety gear, boot allowance, etc.) directly related to the above salary accounts.

**Diesel Fuel:** List all diesel fuel accounts.

## Attachment 1

### Vehicle Replacement:

List all collection and collection-related vehicle depreciation accounts.

List all vehicle lease or rental accounts related to collection or collection-related vehicles.

### Vehicle Maintenance:

List all collection or collection-related vehicle parts accounts.

### All Other:

List all other expense accounts related to the services provided under this agreement. This category includes all insurance including general liability, fire, truck damage, and extended coverage; rent on property, truck licenses and permits; real and personal property taxes; telephone and other utilities; employee uniforms; safety equipment; general yard repairs and maintenance; non-diesel fuel; office supplies; postage; trade association dues and subscription; advertising; and miscellaneous other expenses.

### Disposal:

List all disposal costs related to the provision of collection services.

**Note:** *The enactment, or application, of the Refuse Rate Index does not require the “targeted profit amount” to be addressed.*

### An Example RRI Calculation:

In this example, the Refuse Rate Index is +2.54% (i.e., rates would be increased by 2.54%)

Item #	Category	Data Source	Percent Change <sup>(1)</sup>	Category Weight <sup>(2)</sup>	Weighted Percentage Change <sup>(3)</sup>
1	Labor	Series ID: ceu6056210008 Professional and business services – waste collection	2.19%	39.05%	+0.85%
2	Diesel Fuel	California No 2 Diesel Ultra Low Sulfur (0-15 ppm) <a href="http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp">http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp</a>	4.74%	13.15%	+0.62%
3	Vehicle Replacement	Series ID: pcu336211336211 Motor vehicle body manufacturing	6.79%	2.57%	+0.17%
4	Vehicle Maintenance	Series ID: pcu333924333924 Industrial truck, trailer and stacker mfg.	0.16%	13.46%	-0.02%
5	All Other	Series ID: cuusx400sa0 Consumer Price Index, All Urban Consumers, All Items; West – Size Class B/C	1.70%	18.75%	+0.32%
6	Disposal	Average of Change in Disposal Facility Tip Fees	4.60%	13.02%	+0.60%
<b>Example RRI</b>				100%	+2.54%

<sup>(1)</sup> The percentage change in the indices from year to year.

<sup>(2)</sup> Each category's percentage of the **Contractor's** total operating costs.

<sup>(3)</sup> The product of percentage change x category weight.

## Attachment 2

hundred and eighty (180) calendar days prior written notice by either Party. In the event of termination of this agreement, each Party shall be entitled to payment of amounts due to them through the date of termination, but shall otherwise have no further obligation to one another pursuant to this agreement after the date of termination

E. **County** shall have no obligation to pay **Contractor** for anticipated or actual revenues not collected by **Contractor** due to a successful challenge to the rates or in the event that a court or regulatory agency ruling overturns a rate or rate adjustment that was approved by **County**.

### **12.03: INITIAL RATES**

The rates that are in place as of the Effective Date of this agreement are the initial rates that will be used as the base rates for year one. The initial rates are shown in the rate schedule shown as Attachment D, as determined by the Plumas County Board of Supervisors in Resolution No. 17-8228. Subsequent rate adjustments shall also be established by resolution of the Board of Supervisors, and shall appear as the rate schedule shown in Attachment D, as amended from time to time, replacing the prior rates.

### **12.04: REFUSE RATE INDEX - ADJUSTMENTS TO THE RATES**

A. **Adjustments to the Rates Using the Refuse Rate Index (RRI).** Beginning on July 1, 2018, and annually thereafter, **Contractor** shall, subject to compliance with all provisions of this Article and the provisions of all pertinent legal requirements including, but not limited to Proposition 218, receive an annual adjustment in of the rates through the Refuse Rate Index process as set forth in Attachment E of this agreement. If the Operating Ratio for the previous 12 month period falls within the range of values defined in Attachment A, no RRI adjustment will be made. Beginning on July 1, 2018, and annually thereafter during the Term of this agreement, the rates then in effect shall be adjusted by the RRI adjustment set forth below. In any year that the calculation of the RRI results in a negative number, there shall be no adjustment in the rates, unless the negative RRI adjustment exceeds five percent (5.00%). Instead, the negative RRI number shall be added to the result of the subsequent years RRI calculation and the result shall be the RRI adjustment for that subsequent year.

B. **12-Month Annual Average.** The RRI adjustment shall be the sum of the weighted percentage change in the 12-month annual average of each RRI index number between the base year, which shall be the second preceding Calendar Year ending December 31<sup>st</sup> and the preceding Calendar Year ending December 31<sup>st</sup> as contained in the most recent release of the source documents listed in Attachment E, ("Refuse Rate Index") which is attached to and included in this agreement. Therefore, the first rate adjustment under this Section will be based on the percentage changes between the 12-month annual average of the RRI indices for the Calendar Year 2017 and the annual average of the RRI indices for the Calendar Year ending 2016. The RRI shall be calculated using the RRI methodology included in Attachment E.

C. **RRI Financial Information.** On or before March 15, 2018, and annually thereafter during the Term of this agreement, **Contractor** shall deliver to **County** audited financial information per Section 10.05 for the specific services performed under this agreement for the preceding Calendar Year. Such financial information shall be in the format as set forth in Attachment E, and shall be allocated between curbside collection services and all other collection and disposal services, or as may be further revised by agreement of the Parties. If **Contractor** fails to submit the financial information in the required format

## Attachment 2

by March 15th, it is agreed that **Contractor** shall be deemed to have waived the RRI adjustment for that year. **Contractor's** failure to provide the financial information by March 15th shall not preclude **County** from applying the RRI using the prior year's financial data, or pro forma data if no prior year financial data is available, if that Application would result in a negative RRI.

1. Annual adjustments shall be made only in units of one cent (\$0.01). Fractions of less than one cent (\$0.01) shall not be considered in making adjustments. The indices shall be truncated at four (4) decimal places for the adjustment calculations.

2. If **Contractor's** failure to submit the required financial information by March 15th is the result of extraordinary or unusual circumstances as demonstrated by **Contractor** to the satisfaction of **County**, **County** at its sole discretion, may extend its review period to consider the request for the annual RRI rate adjustment.

3. As of June 15, 2018, and annually thereafter during the Term of this agreement, **County** shall notify **Contractor** of the RRI adjustment to the affected rates to take place on July 1st of that year. The administrator reserves the right to change the notification and implementation dates of the RRI adjustment if necessary, due to unforeseen delays in completing the rate adjustment process.

D. ***Allocation of Rates within the Refuse Rate Index (RRI) Adjustment.*** After determining the annual RRI adjustment for all services, **Contractor** and **County** may elect to adjust the rates applicable to particular or specific services or groups of services in order to ensure that the rates reflect the actual cost of providing those specific services. Various rates may be adjusted by more or less than the RRI, and shall be based upon the allocation of costs between curbside collection and all other collection and disposal services, so long as the total adjustment in the rates for all residential collection, commercial and transfer station services is less than or equal to the total adjustment in the RRI adjustment. **Contractor** and **County** shall cooperate in good faith to determine the exact amount and allocation of such adjustments.

### **12.05: COUNTY OR CONTRACTOR REQUESTED DETAILED RATE REVIEW**

Notwithstanding the rate adjustment procedures described in Sections 12.02 and 12.04 above, **County** or **Contractor** may request a detailed rate review to be conducted following the procedures as set forth in Attachment F to this agreement. However, a detailed rate review shall not be conducted more than once every three (3) Calendar Years. A request for a detailed rate review shall be made in writing at least four (4) months prior to the beginning of the Fiscal Year in which the results for the detailed rate review are to be applied. **Contractor** shall pay all reasonable costs for each detailed rate review whether incurred by **Contractor** or **County**, and the cost of such a detailed rate review shall be an allowable Pass-Through Cost.



### Attachment 3

#### **10.04: QUARTERLY DISPOSAL AND OPERATIONAL REPORTS**

A. **General.** **Contractor's** quarterly disposal reports shall be submitted to **County** on the Disposal Reporting System spreadsheet format provided by CalRecycle DRS. The quarterly DRS Report shall include:

1. The previous quarter (3 month period) summary of waste volumes, apportioned by contributing jurisdiction and showing disposal destination(s);
2. The previous quarter (3 month period) summary of diverted wastes including recyclable materials;

B. **Contractor's** quarterly operational reports shall include:

1. A quarterly summary of mandatory commercial recycling records.
2. A quarterly summary of hazardous waste records.
3. A quarterly summary of Daily Log of Special Occurrences for each facility.

B. **Submittal schedule and instructions.** **Contractor** shall submit quarterly disposal and operational reports within thirty (30) days after the end of the reporting quarter. **Contractor** shall submit (via mail and/or e-mail) quarterly operational reports to the person(s) designated by **County**.

#### **10.05: FINANCIAL REPORTING REQUIREMENTS**

A. **General.** In order to set the rates pursuant to Article 12, it is necessary for **Contractor** to maintain accurate, detailed financial and operational information in a consistent format and to make such information available to **County** in a timely fashion. This information, along with any other known factors currently used or proposed to be used as the basis for allocating revenues and expenses, will be utilized to support **Contractor's** requests for any proposed changes to the methodologies involved in allocating future revenues and expenses.

B. **Contractor's accounting records.** **Contractor** shall maintain accurate and complete accounting records containing the underlying financial and operating data relating to, and showing the basis for computation of, all costs associated with providing services under this agreement. The accounting records shall be prepared in accordance with *Generally Accepted Accounting Principles (GAAP)* consistently applied. Chief among these accounting records shall be the **Contractor's Annual Audited Financial Statement**. This report, prepared at **Contractor's** cost by a third-party auditing firm, shall contain:

1. The methods used to allocate revenue and expense line items among the **County** franchise and the company's other divisions.
2. The methods used to allocate revenue and expense line items between curbside collection and all other collection and disposal services.
3. The methodologies used to allocate revenues and expenses among Related Party Entities.



### Attachment 3

4. Any changes to the methodologies used to allocate revenues and expenses in the allocation percentages from the prior year.
5. The costs associated with each expense item that has contractual limitation and provide an accounting of those expenses against their contractual limitation.
6. An operating ratio calculation with any adjustments against contractual limitations. This operating ratio calculation will be used in identifying potential adjustments to the rate for the following year.
7. A variance analysis between the current year and prior year revenues and expenses, along with an explanation for any significant variances.
8. All agreement-related assets:
9. All agreement-related liabilities
10. A cash flow statement
11. A non-cash investing and financing statement
12. A listing of **Contractor's** personnel.
  - a. Organizational chart
  - b. Job classifications and number of full-time equivalent positions for each (e.g. administrative, customer service representatives, drivers, supervisors, educational staff, etc.)
13. Related Party Entities. **Contractor** agrees that all financial transactions with all Related Party Entities shall be approved in advance in writing and disclosed annually (coinciding with **Contractor's** Annual Audited Financial Statement referred to in this Section to **County** in a separate disclosure letter to **County**, excluding the relationship between Feather River Disposal and the current ultimate disposal facility at Lockwood Landfill, which is subject to another agreement and shall be disclosed separately. This letter shall include a general description of the nature of each transaction, or type of transaction, as applicable. Such description shall include for each transaction:
  - a. Amount, specific to each Related Party Entity
  - b. Basis of amount (how amount was determined and comparable quoted rates, including rental amounts, from non-Related Parties to be used as comparison).
  - c. Description of the allocation methodology used to allocate any common costs.

Amounts shall be reconciled to the Related Party Entity disclosures made in **Contractor's** annual financial statements referred to in this Section, and any adjustments made to related party expenses, including overhead charges

### Attachment 3

shall be disclosed, along with the basis of any such adjustments. At **County's** request, **Contractor** shall provide **County** with copies of working papers or other documentation deemed relevant by **County** relating to information shown in the annual disclosure letter. The annual disclosure letter shall be provided to **County** within sixty (60) Business Days of **Contractor's** Fiscal Year end.

14. A list of revenues from all agreement-related sources.

15. A list of expenses for all agreement-related operations.

16. A list of all non-allowable expenses. Certain agreement-related expenses shall be deemed as non-allowable, and shall be designated as such in Annual Audited Financial Report. **County** may adjust the actual costs in two ways: (1) by excluding any non-allowable costs, as set out below, and (2) by excluding and/or reducing any costs that were not reasonably or necessarily incurred in the performance of the services provided in accordance with the agreement, as determined by **County**. Expenses that may be deemed non-allowable include:

a. Administrative Fees for corporate administration in excess of 6.2% of Gross Revenue, plus \$2,500 per month (monthly fee only to be adjusted by the RRI).

b. Promotional, business development, and business-related travel expenses in excess of \$5,000.00 aggregate per Calendar Year, as adjusted annually per the RRI.

c. Payments to repair damage to property of **County** or other parties, including **Contractor**, for which **Contractor** is legally liable.

d. Fines or penalties of any nature, including any liquidated damages that may be assessed under this agreement, but only those for which **Contractor** is legally liable.

e. Charitable donations and/or goodwill in excess of Two Thousand, five hundred dollars (\$2,500.00) per calendar year.

f. Political donations.

g. Any amount of rental or lease charges for leasing vehicles longer than six months that is greater than the cost of acquisition, plus interest costs, of the vehicles depreciated over seven (7) years.

h. State or federal income taxes.

i. Attorneys' fees and other expenses incurred by **Contractor** in any court or adversarial proceeding in which **Contractor** and **County** are adverse Parties, unless **Contractor** is the prevailing Party in such proceeding and **Contractor** fails to recover such fees as a result of that litigation.

j. Attorney's fees and other expenses incurred by **Contractor** in any court proceeding in which **Contractor's** own negligence, violation of law or regulation, or other wrongdoing, are in issue and occasions in part the attorney's fees and expenses claimed. Such attorney's fees, however, will be allowed to the extent **Contractor** can demonstrate they were a

### Attachment 3

reasonable and necessary cost of doing business, and were not the result of any intentional or willful misconduct by **Contractor** or its employees. Also non-allowable are any attorney's fees and expenses incurred by **Contractor** in a court proceeding in which the legal theory or statute providing a basis of liability against **Contractor** also provides for separate strict liability for **County** arising from the action of its citizens or ratepayers (such as in a CERCLA lawsuit).

k. Payments to Related Party Entities for products or services, in excess of the fair market value for those products or services.

17. RRI Financial Information. For ease of calculation of the annual Refuse Rate Index (See Attachment E), expenditures shall also be grouped into the following categories:

- a. Labor (all costs)
- b. Diesel fuel
- c. Vehicle replacement
- d. Vehicle maintenance (all costs, including parts, maintenance, tires, etc)
- e. All other costs
- f. Disposal (or tipping) fees

#### **10.06: EVENT-SPECIFIC REPORTING**

Event-specific reports for disposal events such as an HHW disposal event shall be submitted to **County** electronically on CalRecycle's Form 303 within ninety (90) Calendar Days of the last day of such event. Event-specific reports for non-disposal events such as a festival or similar venue shall be submitted to **County** by the responsible party listed on **County's Event Disposal Form**, and shall not be **Contractor's** responsibility unless **Contractor** is listed as the responsible party on such form.

#### **10.07: OTHER REPORTS**

A. **Report of accumulated Solid Waste; unauthorized dumping.** **Contractor** shall report:

- 1. The addresses of any premises at which the driver observes that solid waste, C&D or targeted recyclable materials is accumulating.
- 2. The address, or other location description, at which solid waste, C&D or targeted recyclable materials has been dumped in an apparently unauthorized manner.

The report shall be delivered to **County** within five (5) Business Days of such observation.

B. **Hazardous waste.** As required by Section 9.08(D), **Contractor** shall notify **County** and the Department of Environmental Health of any hazardous waste identified in

## Attachment 4

	A	B	C	D	E	F	G	H	I	J	K	L
1								Amount				
2			Revenue									
3			Residential					\$1,026,217				
4			Commercial					\$1,527,261				
5			Transfer Site					\$497,963				
6			Recycling material and other revenue					\$230,730				
7												
8			Total Revenue					\$3,282,171				
9												
10			Cost and Expenses									
11			Payroll					\$889,858				
12			Employee Benefits					\$322,274				
13			Accounting					\$16,310				
14			Administrative Fees					\$51,320				
15			Advertising and Promotion					\$2,856				
16			Bad Debt					\$7,701				
17			Bank Charges					\$6,531				
18			Contractor Labor					\$62,726				
19			Contributions					\$5,523				
20			Corporate Overhead					\$203,494				
21			Depreciation					\$172,191				
22			Equipment Maintenance					\$82,975				
23			Equipment Rental					\$7,187				
24			Franchise Fee					\$185,217				
25			Gas and Oil					\$306,439				
26			Insurance					\$48,453				
27			Miscellaneous					\$324				
28			Office Supplies					\$4,292				
29			Operating Supplies					\$10,351				
30			Property Taxes					\$10,080				
31			Recycling Purchases					\$125,705				
32			Solid Waste Disposal					\$367,897				
33			Subcontractor Costs					\$205,281				
34			Tax and Licenses					\$19,268				
35			Tires					\$26,913				
36			Travel					\$7,619				
37			Uniforms					\$11,433				
38			Utilities and Telephone					\$43,306				
39												
40			Total Costs					\$3,203,524				
41												
42			Income before provisions for Income Taxes					\$78,647				
43												
44			Provisions for Income Taxes					\$32,046				
45												
46			Net Income					\$46,601				
47												
48			Retained earnings, Beginning of the Year					\$5,959,758				
49												
50			Retained Earnings, End of the Year					\$6,006,359				
51												
52									% of Total	Change in Index	Weighted Average	
53			Labor					\$1,274,858	39.80%	0.06%	0.02%	
54			Diesel Fuel					\$306,439	9.57%	15.59%	1.49%	
55			Vehicle Replacement					\$179,378	5.60%	0.96%	0.05%	
56			Vehicle Maintenance					\$109,888	3.43%	2.11%	0.07%	
57			All Other					\$965,064	30.13%	2.33%	0.70%	
58			Disposal					\$367,897	11.48%	2.99%	0.34%	
59			Total					\$3,203,524	100.00%			
60												
61										RRI Adjustment =	2.69%	
62												

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	LABOR EXPENSE ADJUSTMENT														
2	Employment, Hours, and Earnings from the Current Employment Statistics survey (National)														
3	Original Data Value														
4															
5	Series Id:		CEU6056210008												
6	Not Seasonally Adjusted														
7	Series Title:		Average hourly earnings of production and												
8	Super Sector:		Professional and business services												
9	Industry:		Waste collection												
10	NAICS Code:		5621												
11	Data Type:		AVERAGE HOURLY EARNINGS OF												
12	Years:		2008 to 2018												
13															
14	Year		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
15	2008		17.04	17.12	17.22	17.19	17.17	17.27	17.19	17.02	17.11	17.00	17.67	17.66	
16	2009		17.73	17.86	17.72	17.32	17.32	17.09	17.21	17.27	17.69	17.37	17.22	17.38	
17	2010		17.28	17.19	17.22	17.21	17.42	17.68	17.45	17.77	17.94	17.86	17.46	17.48	
18	2011		17.31	17.38	17.22	17.44	17.37	17.68	17.49	17.28	17.41	17.15	17.33	17.10	
19	2012		17.18	17.14	17.18	17.44	17.58	17.37	17.47	17.31	17.29	17.35	17.45	17.41	
20	2013		17.49	17.38	17.58	17.57	17.80	17.77	17.77	17.75	17.90	18.01	17.95	17.90	
21	2014		18.09	18.07	18.28	18.29	18.30	18.33	18.25	18.37	18.62	18.62	18.57	18.47	
22	2015		18.48	18.35	18.48	18.78	18.73	18.63	18.57	18.74	18.88	19.02	19.10	19.21	
23	2016		19.27	19.21	19.20	19.23	19.47	19.45	19.53	19.62	19.62	19.43	19.40	19.31	232.7
24	2017		19.46	19.43	19.31	19.29	19.33	19.43	19.42	19.23	19.56	19.31	19.60	19.50	232.9
25	2018		19.53	19.41	19.66										0.06%

## Attachment 5

	A	B
1	<b>FUEL EXPENSE ADJUSTMENT</b>	
2	<b>Data 1: Weekly California No 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices (Dollars per Gallon)</b>	
3	<b>Sourcekey</b>	<b>EMD_EPD2DXL0_PTE_SC A_DPG</b>
4	<b>Date</b>	<b>Weekly California No 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices (Dollars per Gallon)</b>
470	Jan 04, 2016	2.595
471	Jan 11, 2016	2.562
472	Jan 18, 2016	2.489
473	Jan 25, 2016	2.459
474	Feb 01, 2016	2.399
475	Feb 08, 2016	2.369
476	Feb 15, 2016	2.316
477	Feb 22, 2016	2.288
478	Feb 29, 2016	2.302
479	Mar 07, 2016	2.316
480	Mar 14, 2016	2.390
481	Mar 21, 2016	2.418
482	Mar 28, 2016	2.425
483	Apr 04, 2016	2.426
484	Apr 11, 2016	2.437
485	Apr 18, 2016	2.466
486	Apr 25, 2016	2.505
487	May 02, 2016	2.579
488	May 09, 2016	2.594
489	May 16, 2016	2.615
490	May 23, 2016	2.673
491	May 30, 2016	2.718
492	Jun 06, 2016	2.746
493	Jun 13, 2016	2.791
494	Jun 20, 2016	2.786
495	Jun 27, 2016	2.803
496	Jul 04, 2016	2.798
497	Jul 11, 2016	2.798
498	Jul 18, 2016	2.780
499	Jul 25, 2016	2.764
500	Aug 01, 2016	2.741
501	Aug 08, 2016	2.707
502	Aug 15, 2016	2.696
503	Aug 22, 2016	2.723
504	Aug 29, 2016	2.741
505	Sep 05, 2016	2.746
506	Sep 12, 2016	2.756
507	Sep 19, 2016	2.754
508	Sep 26, 2016	2.739
509	Oct 03, 2016	2.766
510	Oct 10, 2016	2.809
511	Oct 17, 2016	2.828
512	Oct 24, 2016	2.828
513	Oct 31, 2016	2.855
514	Nov 07, 2016	2.840
515	Nov 14, 2016	2.837
516	Nov 21, 2016	2.804
517	Nov 28, 2016	2.800

## Attachment 5

	A	B
518	Dec 05, 2016	2.843
519	Dec 12, 2016	2.837
520	Dec 19, 2016	2.854
521	Dec 26, 2016	2.871
522	Jan 02, 2017	2.921
523	Jan 09, 2017	2.953
524	Jan 16, 2017	2.937
525	Jan 23, 2017	2.923
526	Jan 30, 2017	2.927
527	Feb 06, 2017	2.944
528	Feb 13, 2017	2.957
529	Feb 20, 2017	2.966
530	Feb 27, 2017	2.962
531	Mar 06, 2017	2.956
532	Mar 13, 2017	2.936
533	Mar 20, 2017	2.928
534	Mar 27, 2017	2.919
535	Apr 03, 2017	2.923
536	Apr 10, 2017	2.935
537	Apr 17, 2017	2.946
538	Apr 24, 2017	2.947
539	May 01, 2017	2.937
540	May 08, 2017	2.927
541	May 15, 2017	2.902
542	May 22, 2017	2.912
543	May 29, 2017	2.931
544	Jun 05, 2017	2.927
545	Jun 12, 2017	2.906
546	Jun 19, 2017	2.884
547	Jun 26, 2017	2.863
548	Jul 03, 2017	2.866
549	Jul 10, 2017	2.867
550	Jul 17, 2017	2.865
551	Jul 24, 2017	2.877
552	Jul 31, 2017	2.907
553	Aug 07, 2017	2.930
554	Aug 14, 2017	2.949
555	Aug 21, 2017	2.961
556	Aug 28, 2017	2.995
557	Sep 04, 2017	3.135
558	Sep 11, 2017	3.179
559	Sep 18, 2017	3.179
560	Sep 25, 2017	3.180
561	Oct 02, 2017	3.182
562	Oct 09, 2017	3.166
563	Oct 16, 2017	3.159
564	Oct 23, 2017	3.166
565	Oct 30, 2017	3.185
566	Nov 06, 2017	3.541
567	Nov 13, 2017	3.610
568	Nov 20, 2017	3.599
569	Nov 27, 2017	3.597
570	Dec 04, 2017	3.585
571	Dec 11, 2017	3.560
572	Dec 18, 2017	3.552
573	Dec 25, 2017	3.539
598		
599	2016 Average Price	2.654
600	2017 Average Price	3.067
601	2017 vs. 2016	0.414
602		<b>15.59%</b>



## Attachment 5

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	<b>VEHICLE REPLACEMENT EXPENSE ADJUSTMENT</b>														
2	<b>PPI Industry Data</b>														
3	<b>Original Data Value</b>														
4															
5	<b>Series Id:</b>	PCU336211336211													
6	<b>Series Title:</b>	PPI industry data for Motor vehicle body mfg, not													
7	<b>Industry:</b>	Motor vehicle body mfg													
8	<b>Product:</b>	Motor vehicle body mfg													
9	<b>Base Date:</b>	198212													
10	<b>Years:</b>	2008 to 2018													
11															
12	<b>Year</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>		
13	2008	204.6	204.6	206.7	209.7	210.3	212.3	214.7	215.2	215.2	216.2	216.8	217.8		
14	2009	217.5	217.2	216.8	216.0	216.2	216.3	216.9	216.5	216.5	215.7	215.7	215.7		
15	2010	216.5	216.6	216.6	217.7	217.7	218.2	218.6	218.2	218.3	218.1	218.1	218.4		
16	2011	218.4	218.7	219.5	220.4	220.9	221.0	221.1	221.2	221.5	221.3	223.0	223.7		
17	2012	224.1	224.6	224.5	225.2	225.3	226.6	226.7	227.1	227.1	226.7	226.4	227.1		
18	2013	227.1	227.2	227.4	227.6	227.2	227.4	227.5	227.7	228.0	228.3	228.3	228.3		
19	2014	229.6	230.1	230.5	230.4	230.4	230.8	231.0	231.4	231.7	232.4	232.4	232.5		
20	2015	233.2	235.3	235.3	235.3	235.7	235.7	235.7	235.8	235.8	235.8	235.9	235.9		
21	2016	236.3	236.8	236.9	237.1	237.1	237.3	237.7	237.9	237.9	237.9	238.2	238.3		2849.4
22	2017	238.4	238.4	238.7	239.0	239.3	239.5	240.2	240.4	240.6	240.6	240.7	241.0		2876.8
23	2018	242.0	242.6	243.2	244.2										<b>0.96%</b>

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	<b>VEHICLE MAINTENANCE EXPENSE ADJUSTMENT</b>														
2	<b>PPI Industry Data</b>														
3	<b>Original Data Value</b>														
4															
5	<b>Series Id:</b>	PCU333924333924													
6	<b>Series Title:</b>	PPI industry data for Industrial truck, trailer, and													
7	<b>Industry:</b>	Industrial truck, trailer, and stacker mfg													
8	<b>Product:</b>	Industrial truck, trailer, and stacker mfg													
9	<b>Base Date:</b>	197912													
10	<b>Years:</b>	2008 to 2018													
11															
12															
13	<b>2008</b>	182.6	182.8	182.9	184.2	185.4	187.0	198.0	198.3	202.1	202.5	202.4	202.6		
14	<b>2009</b>	203.0	203.0	203.0	205.9	205.8	205.8	207.0	207.3	207.3	207.4	207.4	207.8		
15	<b>2010</b>	205.0	205.0	205.0	206.0	207.0	204.2	205.1	205.2	205.1	205.1	205.9	205.9		
16	<b>2011</b>	206.3	206.7	206.9	209.5	209.4	209.9	210.6	210.6	210.8	210.9	210.8	210.9		
17	<b>2012</b>	213.6	215.8	214.6	215.2	215.5	216.7	218.0	218.1	218.3	218.3	218.6	220.1		
18	<b>2013</b>	222.8	221.3	221.7	221.8	221.8	222.0	221.6	221.8	221.8	222.4	222.4	222.8		
19	<b>2014</b>	225.4	226.2	226.2	227.1	229.6	230.2	230.2	230.1	230.2	230.2	230.2	230.2		
20	<b>2015</b>	231.3	232.8	234.0	234.9	235.1	235.0	235.0	235.0	235.0	235.4	235.4	235.7		
21	<b>2016</b>	235.7	236.3	236.5	236.9	237.3	237.3	237.4	238.4	238.5	238.5	238.6	238.6		2850.0
22	<b>2017</b>	240.0	241.0	241.1	241.4	242.7	243.2	243.2	243.2	243.2	243.2	243.2	244.6		2910.0
23	<b>2018</b>	244.2	247.6	249.4	247.7										<b>2.11%</b>

	A	B	C	D	E	F	G	H
1	<b>DISPOSAL EXPENSE ADJUSTMENT</b>							
2								
3								
4		4/2015	\$ 21.07					
5		4/2016	\$ 21.70	2.99%				
6		4/2017	\$ 22.35	3.00%				
7		4/2018	\$ 22.71	1.61%				
8								
9			Average					
10		2016	\$ 21.54					
11		2017	\$ 22.19					
12								
13		2017 vs.	\$ 0.65					
14		2016	<b>2.99%</b>					
15								
16								
17								

# Attachment 5

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	<b>ALL OTHER EXPENSE ADJUSTMENT</b>															
2	<b>CPI-All Urban Consumers (Current Series)</b>															
3	<b>Original Data Value</b>															
4																
5	Series Id:	CUURN400SA0														
6	Not Seasonally Adjusted															
7	Series Title:	All items in West - Size Class B/C, all urban														
8	Area:	West - Size Class B/C														
9	Item:	All items														
10	Base Period:	DECEMBER 1996=100														
11	Years:	2008 to 2018														
12																
13	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
14	2008	131.328	131.538	132.896	133.694	134.023	135.283	136.021	135.207	134.834	133.795	131.440	129.725	133.315	133.127	133.504
15	2009	130.682	131.636	131.775	131.912	131.990	132.952	132.774	132.756	133.128	133.618	133.335	133.132	132.474	131.825	133.124
16	2010	133.366	133.513	133.863	134.133	133.889	133.635	133.685	133.704	133.544	133.745	133.930	134.328	133.778	133.733	133.823
17	2011	134.917	135.826	137.200	138.174	138.598	138.269	138.128	138.171	138.564	138.696	138.411	138.017	137.748	137.164	138.331
18	2012	138.465	138.997	140.235	140.619	140.834	140.375	139.645	139.971	140.600	140.847	140.287	139.768	140.054	139.921	140.186
19	2013	139.865	141.072	141.573	141.788	141.838	141.805	141.940	142.228	142.277	141.954	141.736	141.751	141.652	141.324	141.981
20	2014	141.998	142.120	142.813	143.077	144.253	144.522	144.435	144.317	144.506	144.214	143.398	142.669	143.527	143.130	143.923
21	2015	142.022	143.005	143.887	144.426	145.346	145.198	144.917	144.752	144.507	144.379	143.595	143.398	144.119	143.981	144.258
22	2016	143.932	144.128	144.264	145.128	145.942	145.866	145.850	145.829	146.130	146.328	146.004	145.918	145.443	144.877	146.010
23	2017	146.469	147.451	147.880	148.496	148.789	148.792	148.691	149.255	149.954	150.336	150.003	149.920	148.836	147.980	149.693
24	2018	150.564	151.200	151.702	152.350											
25																

2.33%