

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) http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp 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 Contractor 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.

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 ⁽¹⁾	Category Weight ⁽²⁾	Weighted Percentage Change ⁽³⁾
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) http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp	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%
Example RRI				100%	+2.54%

(1) The percentage change in the indices from year to year.

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

(3) The product of percentage change x category weight.

Attachment 2

		PROFIT ANALYSIS		
		Pass-Through Costs	Non- Allowable Costs	Profit Base
Cost and Expenses				
Payroll	\$816,537			
Employee Benefits	\$308,154			
Accounting	\$13,539			
Administrative Fees	\$32,678			
Advertising and Promotion	\$2,148			
Bad Debt	\$6,389			
Bank Charges	\$18,419			
Contractor Labor	\$24,334			
Contributions	\$2,965		\$465	
Corporate Overhead	\$185,144			
Depreciation	\$35,043			
Equipment Maintenance	\$73,230			
Equipment Rental	\$10,185			
Franchise Fee		\$0		
Gas and Oil	\$133,144			
Insurance	\$29,873			
Miscellaneous	\$188			
Office Supplies	\$9,543			
Operating Supplies	\$3,255			
Property Taxes	\$8,804			
Recycling Purchases	\$107,390			
Solid Waste Disposal	\$301,837	\$301,837		
Subcontractor Costs	\$560,030			
Tax and Licenses	\$17,087			
Tires	\$17,745			
Travel	\$4,482			
Uniforms	\$9,365			
Utilities and Telephone	\$31,457			
Total Costs	\$2,762,965	\$301,837	\$465	\$2,460,663
Income before provisions for Income Taxes	\$1,672			
Operating Ratio (Profit)	99.9%			

Attachment 3

	A	B	C	D	E	F	G	H	I	J	K	L	M
1								2020					
2								Total FRD					
3								Amount					
4			Revenue										
5			Residential					\$1,302,043					
6			Commercial					\$1,883,627					
7			Transfer Site					\$575,833					
8			Recycling material and other revenue					\$134,852					
9													
10			Total Revenue					<u>\$3,896,355</u>					
11													
12			Cost and Expenses										
13			Payroll					\$1,060,250					
14			Employee Benefits					\$399,649					
15			Accounting					\$12,029					
16			Administrative Fees					\$42,016					
17			Advertising and Promotion					\$2,855					
18			Bad Debt					\$7,934					
19			Bank Charges					\$22,379					
20			Contractor Labor					\$33,676					
21			Contributions					\$5,234					
22			Corporate Overhead					\$255,326					
23			Depreciation					\$47,371					
24			Equipment Maintenance					\$94,778					
25			Equipment Rental					\$13,887					
26			Franchise Fee										
27			Gas and Oil					\$176,921					
28			Insurance					\$39,861					
29			Miscellaneous					\$265					
30			Office Supplies					\$11,859					
31			Operating Supplies					\$4,460					
32			Property Taxes					\$12,412					
33			Recycling Purchases					\$107,390					
34			Solid Waste Disposal					\$432,666					
35			Subcontractor Costs					\$567,712					
36			Tax and Licenses					\$22,047					
37			Tires					\$25,183					
38			Travel					\$6,129					
39			Uniforms					\$11,753					
40			Utilities and Telephone					\$41,666					
41													
42			Total Costs					<u>\$3,457,708</u>					
43													
44			Income before provisions for Income Taxes					\$438,647					
45													
56									% of Total	Change in Index	Weighted Average		
57			Labor					\$1,493,575	43.20%	5.09%	2.20%		
58			Diesel Fuel					\$176,921	5.12%	-13.92%	-0.71%		
59			Vehicle Replacement					\$61,258	1.77%	1.34%	0.02%		
60			Vehicle Maintenance					\$119,961	3.47%	0.87%	0.03%		
61			All Other					\$1,173,327	33.93%	1.74%	0.59%		
62			Disposal					\$432,666	12.51%	2.65%	0.33%		
63			Total					<u>\$3,457,708</u>	<u>100.00%</u>				
64													
65													
66													

RRI Adjustment = 2.46%