

TO: James L. App, City Manager

FROM: Jim Throop, Administrative Services Director

SUBJECT: Solid Waste - Paso Robles Roll-Off:
Rate Adjustment & Franchise Agreement Amendment

DATE: September 15, 2009

NEEDS: For the City Council to consider a rate adjustment and amendment of amending the franchise agreement for annual CPI adjustments.

FACTS:

1. Paso Robles Roll-Off has requested a rate increase to its roll-off services.
2. The franchise agreement with PRRO requires that proposed rate increases must be approved by the City Council.
3. Rates for PRRO were last adjusted in July 2003.
4. PRRO has posted net losses in each of the last three years due primarily to the severe downturn in construction.
5. PRRO reports that it has made adjustments to its expenses, such that total operating expenses have been reduced by over thirty-six percent (36%).
6. PRRO's revenue and expenses have been reviewed by the Finance Department for the last three years' results and the projected current year.
7. Requested rate increases for each category of roll-off containers are attached.

ANALYSIS &

CONCLUSION: PRRO requested its first rate increase in six (6) years. PRRO provided the Finance department with the three years of revenue and expense data and volume usage for each of the different categories of roll-offs. PRRO has experienced a net loss for 2006, 2007 and 2008. Without a rate increase PRRO will most likely experience another financial loss in 2009.

The analysis included reviewing all revenue and expense line items. No expense line items were found to be excessive. In fact, the PRRO has made a concerted effort to cut costs by over 36% in the last three years.

The current franchise agreement for the roll-off does not include any adjustment for CPI. Due to this lack of annual adjustment the requested rates seem large, on a percentage basis, but this is due primarily to having no rate increase in the last six years.

The franchise holder of the PRRO also holds the franchise agreement for the Paso Robles Waste Disposal (PRWD), the City's franchisee for solid waste pickup. The franchise agreement for PRWD allows for an annual CPI increase, but the franchisee has proposed to hold the PRWD rates for 2009 at their current level. The franchisee is aware of the current economic situation that is affecting most of Paso Robles citizens and businesses and feels it is a small part he can do to help in the recovery of our local economy.

It is recommended that the requested rates be approved for all roll-off categories and that the franchise agreement be amended so that, similar to the PRWD agreement, the PRRO rates would adjusted annually per the "All Urban Wage Earners and Clerical Workers" San Fran-Oakland-San Jose region for each twelve month period ending April 30 of each year.

POLICY

REFERENCE: Resolution No. 03-140, requires any rate increase to the PRRO be approved by the City Council.

FISCAL

IMPACT: The City used approximately \$32,000 worth of services at the current rates for FY2008. Assuming similar usage for the current year, the increase will be an additional cost of approximately \$22,000.

Options:

- a. That the Council adopt Resolution No. 09-XXX approving modifications to the Paso Robles Roll-Off collection rates as per the attached rate schedule, and to amend the franchise agreement to include a clause that will allow for an annual CPI rate adjustment per "All Urban Wage Earners and Clerical Workers" San Francisco-Oakland-San Jose region for each twelve month period ending April 30 of each year, subject to final approval by the City Council of El Paso de Robles; or
- b. Amend, modify, or reject the above option

RESOLUTION NO. 09-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EI PASO DE ROBLES
APPROVING MODIFICATIONS TO PASO ROBLES ROLL-OFF RATES AND AMENDING
THE FRANCHISE AGREEMENT FOR PASO ROBLES ROLL-OFF

WHEREAS, Paso Robles Roll-Off has requested a rate adjustment, per the signed exclusive franchise agreement; and

WHEREAS, Paso Robles Roll-Off has suffered financial losses in each of the last three years; and

WHEREAS, Paso Robles Roll-Off has made operational adjustments by reducing expenses by over 36% over the last three years; and

WHEREAS, Paso Robles Roll-Off has not requested nor received a rate increase since July 2003, and

WHEREAS, the Finance department for the City of Paso Robles has reviewed all financial data of the Paso Robles Roll-Off and agrees that the requested rate increase is reasonable and justified;

THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that Paso Robles Roll-Off collection rates, subject to the City's exclusive franchise agreement, shall be adjusted as per the attached rate sheet, effective October 1, 2009; and

BE IT HEREBY FURTHER RESOLVED by the City Council of the City of El Paso de Robles that the exclusive franchise agreement with the Paso Robles Roll-Off shall further be amended, in a form approved by the City Attorney, to provide for annual rate adjustments based on the Consumer Price Index ("CPI") for the "All Urban Wage Earners and Clerical Workers" in the San Francisco-Oakland-San Jose Region as of the 12-month period ending April 30 of each year, which amended agreement shall be subject to final approval by the City Council.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 15th day of September 2009 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Dane Picanco, Mayor

ATTEST:

Cathy David, Deputy City Clerk

Paso Robles Roll-Off, Inc.
Current Rates

Paso Robles Roll-Off, Inc.
Proposed Rates - 2009

Open Top Box Service
Garbage & C&D Material
Inside the City of Paso Robles

Open Top Box Service
Garbage & C&D Material
Inside the City of Paso Robles

Box Size	Minimum			Total Deposit
	Service Fee	Dump Fees	Taxes & Fees	
10 Yard - Concrete	\$ 112.00	\$ -	\$ 13.44	\$ 125.44
20 Yard	\$ 112.00	\$ 93.70	\$ 24.68	\$ 230.38
30 Yard	\$ 112.00	\$ 140.55	\$ 30.31	\$ 282.86
40 Yard	\$ 112.00	\$ 234.25	\$ 41.56	\$ 387.81

Dump fees at the Paso Robles Landfill are \$46.85 per ton

Compactor Service
Inside the City of Paso Robles

Box Size	Minimum			Total Deposit
	Service Fee	Dump Fees	Taxes & Fees	
20 Yard	\$ 131.00	\$ -	\$ 15.72	\$ 146.72
40 Yard	\$ 131.00	\$ -	\$ 15.72	\$ 146.72

Box Size	Minimum			Total Deposit
	Service Fee	Dump Fees	Taxes & Fees	
10 Yard - Concrete	\$ 190.41	\$ -	\$ 3.81	\$ 194.22
20 Yard	\$ 190.41	\$ 93.70	\$ 5.68	\$ 289.79
30 Yard	\$ 209.45	\$ 140.55	\$ 7.00	\$ 357.00
40 Yard	\$ 230.40	\$ 234.25	\$ 9.29	\$ 473.94

Dump fees at the Paso Robles Landfill are \$46.85 per ton

Compactor Service
Inside the City of Paso Robles

Box Size	Minimum			Total Deposit
	Service Fee	Dump Fees	Taxes & Fees	
20 Yard	\$ 203.05	\$ 184.25	\$ 4.06	\$ 391.36
40 Yard	\$ 223.36	\$ 184.25	\$ 4.47	\$ 412.07