

TO: James L. App, City Manager
FROM: Jim Throop, Administrative Services Director
SUBJECT: Paso Robles Roll-Off Franchise Agreement Amendment and annual CPI Rate Adjustment
DATE: August 3, 2010

NEEDS: For the City Council to consider amending the Paso Robles Roll-Off (PRRO) franchise agreement to allow an annual CPI rate adjustment and approve this year's CPI rate increase of 2.4%.

- FACTS:
1. City Council, at their September 15, 2009 meeting, requested staff present an amendment to the PRRO franchise agreement allowing for an annual CPI rate adjustment.
 2. Prior to the PRRO rate adjustment in 2009, the PRRO rates had not been adjusted in six years.
 3. The CPI rate adjustment will be based upon the San Francisco-San Jose-Oakland region.
 4. The CPI rate adjustment will be brought to Council for approval each year.

Analysis &
Conclusion:

Rather, the services provided by PRRO are on an as-needed basis; typically, used at construction sites. Consequently, the PRRO rate is not a property-related fee, therefore not subject to Proposition 218 noticing and rate-setting requirements.

Rates were adjusted in 2009 for the first time in six years for PRRO. At the time, the City Council requested an amendment to the PRRO franchise agreement for an annual CPI adjustment each July 1st.

The CPI for the 12-month period ending April 30, 2010 for the San Fran-San Jose-Oakland region was 2.4%.

POLICY
REFERENCE:

Resolution No. 03-140, requires Council approval of any PRRO rate increase.

FISCAL
IMPACT:

The City used approximately \$33,000 worth of services at the current rates for FY2009. Assuming similar usage for the current year, the increase will be an additional cost of approximately \$800.

- Options:
- a. That the Council adopt Resolution No. 10-XXX approving the amendment to the Paso Robles Roll-Off franchise agreement allowing for an annual CPI adjustment and approving the FY 2011 CPI adjustment of 2.4%, per the “All Urban Wage Earners and Clerical Workers” San Francisco-San Jose-Oakland region for each twelve month period ending April 30, 2010; or
 - b. Amend, modify, or reject the above option

**FIRST AMENDMENT TO EXCLUSIVE FRANCHISE AGREEMENT
SOLID WASTE MATERIAL
ROLL-OFF BOX SERVICES**

This First Amendment("First Amendment") is made between the CITY OF EL PASO DE ROBLES, a municipal corporation ("City") and PASO ROBLES ROLL OFF, INCORPORATED, a California corporation ("Company") this _____ day of _____, 2010.

Recitals

A. The City and Company entered into an Exclusive Franchise Agreement, dated August 31, 2003, (the "Agreement") pursuant to which City granted to Company a franchise for the collection and disposition of solid waste material collected via roll-off box containers. The Agreement expires on August 31, 2013.

B. The Agreement provides that the rates may be adjusted by the City from time-to-time to provide a fair and reasonable return to Company. On September 15, 2009, the City Council approved an adjustment to the collection rates by Resolution No. 09-122. In addition, Resolution No. 09-122 authorized an amendment to the Agreement to provide for annual rate adjustments based on the Consumer Price Index ("CPI").

Agreements

Section 1. The recitals stated above are hereby incorporated by reference into this First Amendment.

Section 2. The following provision is hereby added to Section 1 of the Agreement:

"The rates approved by City Council Resolution No. 09-122 are attached hereto as Exhibit A. Beginning on July 1, 2010, such rates shall be adjusted annually 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."

Section 3. Except as specifically amended by this First Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have cause this Agreement to be duly executed in duplicate.

Dated: _____, 2010

PASO ROBLES ROLL OFF,
INCORPORATED, a California corporation

By: _____
Dale W. Gomer, President

APPROVED AS TO FORM:

By: _____

Attorney for Paso Robles Roll Off, Inc.

Dated: _____, 2010

CITY OF EL PASO DE ROBLES,
a municipal corporation

By: _____
Duane Picanco
Mayor

ATTEST:

By: _____
Dennis Fansler,
City Clerk

APPROVED AS TO FORM:

By _____
Iris P. Yang
City Attorney

EXHIBIT A

RATES APPROVED BY RESOLUTION 09-122

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

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

RESOLUTION NO. 10-XXX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
APPROVING AN AMENDMENT TO THE PASO ROBLES ROLL-OFF FRANCHISE
AGREEMENT ALLOWING FOR AN ANNUAL CPI RATE ADJUSTMENT AND
APPROVING THE FY 2011 CPI INCREASE**

WHEREAS, The Paso Robles City Council, at their September 15, 2009 meeting, requested staff to bring forth an amendment to the Paso Robles Roll-Off franchise agreement that would allow for an annual CPI rate adjustment; and

WHEREAS, Paso Robles Roll-Off is requesting the CPI rate adjustment for FY 2011 per the amendment.

THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the Paso Robles Roll-Off franchise agreement be amended such that an annual CPI rate adjustment will be included into the agreement, such that a CPI rate adjustment may be requested each July 1st, upon approval of the El Paso de Robles City Council; and

BE IT HEREBY FURTHER RESOLVED by the City Council of the City of El Paso de Robles that the San Francisco-San Jose-Oakland region will be used for the CPI rate adjustment and that the CPI adjustment for the 12-month period ending April 30, 2010 of 2.4% be approved.

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 3rd day of August 2010 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk