

Heber Public Utility District

REPORT TO THE BOARD OF DIRECTORS

MEETING DATE: April 19, 2018

FROM: Laura Fischer, General Manager

SUBJECT: Approve a 2.2% Rate Increase Adjustment for Waste Hauling Services According to Franchise Agreement with CR&R.

ISSUE:

Shall the Heber Public Utility Board of Directors approve a 2.2% Rate Increase Adjustment for Waste Hauling Services According to Franchise Agreement with CR&R?

GENERAL MANAGER RECOMMENDATION:

Approve rate modifications as presented.

FISCAL IMPACT:

Projected at less than \$1,000 increase to HPUD Franchise Fees, which is 10% of gross revenues collected.

Customers will see a 2.2% rate increase on their bill for trash services starting in July, 2018 and reflected in their utility bill in August 2018. For Standard Residential Services that rate increase will be .42 cents per month. Current rate is \$19.12 and will increase to \$19.54 per month for residential services.

DISCUSSION:

HPUD received the attached letter from CR&R, and according to the Terms of the Franchise Agreement they have calculated the rate increase for FY 2018-19. If implemented, this will be the first rate increase our customer will have since July 2011.

The current Franchise Agreement with CR&R allows for an annual rate increase based on an "Adjustment Formula" which is based on the Consumer Price Index (CPI). The Agreement also allows CR&R to request a rate increase based on increased operating costs due to changes in Federal and State laws, rising cost of fuel, insurance, and other market driven expenses.

I have written a letter to the Vice President of CR&R, Mr. Dean Ruffridge, requesting that the rate increase not be implemented this year. I contacted some other agencies to determine their residential trash hauling rates. As you can see in the table below, HPUD is the fourth highest rate in the valley. The rates in the table below are the 2017 rates.

<i>Agency</i>	<i>Provider</i>	<i>Residential Rate</i>
Holtville	CR&R	16.08
El Centro	CR&R	18.79
Calexico	Allied	18.96
Imperial	Allied	19.08
HPUD	CR&R	19.21
Calipatria	CR&R	20.27
Westmorland	CR&R	20.84
Brawley	Republic	21.43

CONCLUSION:

A rate adjustment of 2.2% was determined to be appropriated according to the Terms and Conditions of the existing Franchise Agreement with CR&R. Staff has written a letter requesting that NO rate increase be imposed in 2018. Should that request be denied, staff recommends approval of the 2.2% increase to HPUD customer's rate for trash services.

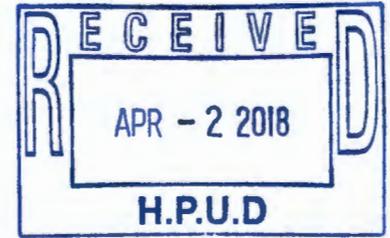
Respectfully Submitted,

Laura Fischer, General Manager

Attachments: Letter from CR&R dated March 26, 2018
Letter to CR&R dated April 4, 2018

March 26, 2018

Ms. Laura Fischer, General Manager
Heber Public Utility District
1078 Dogwood Road, Suite 103
Heber, CA 92249



Re: Solid Waste and Recycling Services Annual Rate Adjustment - 2018

Dear Ms. Fischer:

As provided for in Section 8, Compensation for Services (Formula for Changes in Compensation), of the Agreement between the Heber Public Utility District and CR&R Incorporated for The Collection, Transportation, Recycling and Disposal of Solid Waste, Recyclable and Compostable Materials dated June 17, 2010, and Resolution 2016-2 Amending said Agreement, the rates illustrated in Exhibit "B" shall be adjusted in accordance with the rate adjustment methodology.

The Adjustment methodology utilizes the Consumer Price Index for all Urban Consumers for the 12-month change with the month of February as the basis. The annual adjustment date is July 1st of each year and consists of a 2.2% overall adjustment to the rates. As such, we have supplied copies of the U.S. Department of Labor Statistics for the 12-month percentage change. The calculations utilized in the attached forms give an exact number to each category, based upon our contractual arrangement. Rates for services not listed in the attached worksheets will be adjusted according to the percentage change within each service type category. We believe the information included herein supports the Rate Adjustment mechanism as specified in our Agreement. Should anything further be needed, please do not hesitate to call.

With your review and approval, the adjustments will be implemented as of July 1, 2018 billing for both Utility District billed and CR&R billed accounts. As always, it's a pleasure being of service to the Heber Public Utility District.

Respectfully submitted,

Dean A. Ruffridge
Senior Vice President

11292 Western Ave.
P.O. Box 125
Stanton, CA 90680-2912

t: 800.826.9677
t: 714.826.9049
f: 714.890.6347

CITY OF HEBER
ANNUAL PRICE ADJUSTMENT

RATE YEAR 2018-2019

CPI	New	Previous	% Change
All Urban Consumers (February) CUUR000SA0	248.991	243.603	2.20%

	Previous Rate	CPI Change	Rate Change	New Rate	Unit Measure
Standard service	\$ 19.12	2.2%	\$ 0.42	\$ 19.54	per month
Additional cart	\$ 8.00	2.2%	\$ 0.18	\$ 8.18	per month
Additional recyc or green cart >2	\$ 4.00	2.2%	\$ 0.09	\$ 4.09	per month
10 and 40 cubic yard roll-off	\$ 209.21	2.2%	\$ 4.60	\$ 213.81	per pull
40 cubic yard COD	\$ 491.64	2.2%	\$ 10.82	\$ 502.46	per pull
10 cubic yard COD	\$ 661.09	2.2%	\$ 14.54	\$ 675.63	per pull
3 yard Clean-up Bin	\$ 73.85	2.2%	\$ 1.62	\$ 75.47	per load
4 yard Clean-up Bin	\$ 98.47	2.2%	\$ 2.17	\$ 100.64	per load

Not adjusted for 2017/16
Not adjusted for 2017/18
Not adjusted for 2017/18

	New Rate	CPI Change	Rate Change	New Rate	Unit Measure
Refuse Bin Rates 2-Yard					
1 x week	\$ 69.92	2.2%	\$ 1.54	\$ 71.46	per month
2 x week	\$ 139.84	2.2%	\$ 3.08	\$ 142.92	per month
3 x week	\$ 209.75	2.2%	\$ 4.61	\$ 214.36	per month
4 x week	\$ 279.66	2.2%	\$ 6.15	\$ 285.81	per month
5 x week	\$ 349.58	2.2%	\$ 7.69	\$ 357.27	per month
6 x week	\$ 419.50	2.2%	\$ 9.23	\$ 428.73	per month
Extra Pickup	\$ 34.96	2.2%	\$ 0.77	\$ 35.73	per pickup
Refuse Bin Rates 3-Yard					
1 x week	\$ 104.88	2.2%	\$ 2.31	\$ 107.19	per month
2 x week	\$ 209.75	2.2%	\$ 4.61	\$ 214.36	per month
3 x week	\$ 314.62	2.2%	\$ 6.92	\$ 321.54	per month
4 x week	\$ 419.50	2.2%	\$ 9.23	\$ 428.73	per month
5 x week	\$ 524.38	2.2%	\$ 11.54	\$ 535.92	per month
6 x week	\$ 629.25	2.2%	\$ 13.84	\$ 643.09	per month
Extra Pickup	\$ 43.18	2.2%	\$ 0.95	\$ 44.13	per pickup
Refuse Bin Rates 4-Yard					
1 x week	\$ 139.84	2.2%	\$ 3.08	\$ 142.92	per month
2 x week	\$ 279.66	2.2%	\$ 6.15	\$ 285.81	per month
3 x week	\$ 419.50	2.2%	\$ 9.23	\$ 428.73	per month
4 x week	\$ 559.34	2.2%	\$ 12.31	\$ 571.65	per month
5 x week	\$ 699.17	2.2%	\$ 15.38	\$ 714.55	per month
6 x week	\$ 839.00	2.2%	\$ 18.46	\$ 857.46	per month
Extra Pickup	\$ 51.39	2.2%	\$ 1.13	\$ 52.52	per pickup
Refuse Bin Rates 5-Yard					
1 x week	\$ 174.80	2.2%	\$ 3.85	\$ 178.65	per month
2 x week	\$ 349.58	2.2%	\$ 7.69	\$ 357.27	per month
3 x week	\$ 524.38	2.2%	\$ 11.54	\$ 535.92	per month
4 x week	\$ 699.17	2.2%	\$ 15.38	\$ 714.55	per month
5 x week	\$ 873.96	2.2%	\$ 19.23	\$ 893.19	per month
6 x week	\$ 1,048.75	2.2%	\$ 23.07	\$ 1,071.82	per month
Extra Pickup	\$ 59.61	2.2%	\$ 1.31	\$ 60.92	per pickup
Refuse Bin Rates 6-Yard					
1 x week	\$ 209.75	2.2%	\$ 4.61	\$ 214.36	per month
2 x week	\$ 419.50	2.2%	\$ 9.23	\$ 428.73	per month
3 x week	\$ 629.25	2.2%	\$ 13.84	\$ 643.09	per month
4 x week	\$ 839.00	2.2%	\$ 18.46	\$ 857.46	per month
5 x week	\$ 1,048.75	2.2%	\$ 23.07	\$ 1,071.82	per month
6 x week	\$ 1,258.50	2.2%	\$ 27.69	\$ 1,286.19	per month
Extra Pickup	\$ 67.82	2.2%	\$ 1.49	\$ 69.31	per pickup

	New Rate	CPI Change	Rate Change	New Rate	Unit Measure
Other Services					
Bin Replacement	\$ 153.85	2.2%	\$ 3.38	\$ 157.23	per service
Cart Replacement	\$ 92.32	2.2%	\$ 2.03	\$ 94.35	per service
New Acct Delivery Bins and R/O	\$ 30.76	2.2%	\$ 0.68	\$ 31.46	per service
Install Wheels/Locks	\$ 92.21	2.2%	\$ 2.03	\$ 94.24	per service
Bin Locking Charges	\$ 7.38	2.2%	\$ 0.16	\$ 7.54	per service
Roll-Out Charge	\$ 7.38	2.2%	\$ 0.16	\$ 7.54	per service
Steam Cleaning Service	\$ 80.01	2.2%	\$ 1.76	\$ 81.77	per service

Databases, Tables & Calculators by Subject

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Data extracted on: March 23, 2018 (4:45:21 PM)

CPI-All Urban Consumers (Current Series)

Series Id: CUUR000SA0
 Not Seasonally Adjusted
 Series Title: All items in U.S. city average, all urban consumers, not seasonally adjusted
 Area: U.S. city average
 Item: All items
 Base Period: 1982-84=100

Download: .xlsx

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2008	211.080	211.693	213.528	214.823	216.632	218.815	219.964	219.086	218.783	216.573	212.425	210.228	215.303	214.429	216.177
2009	211.143	212.193	212.709	213.240	213.856	215.693	215.351	215.834	215.969	216.177	216.330	215.949	214.537	213.139	215.935
2010	216.687	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179	218.056	217.535	218.576
2011	220.223	221.309	223.467	224.906	225.964	225.722	225.922	226.545	226.889	226.421	226.230	225.672	224.939	223.598	226.230
2012	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601	229.594	228.850	230.338
2013	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049	232.957	232.366	233.548
2014	233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812	236.736	236.384	237.088
2015	233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	236.525	237.017	236.265	237.769
2016	236.916	237.111	238.132	239.261	240.229	241.018	240.628	240.849	241.428	241.729	241.353	241.432	240.007	238.778	241.237
2017	242.839	243.603	243.801	244.524	244.733	244.955	244.786	245.519	246.819	246.663	246.669	246.524	245.120	244.076	246.163
2018	247.867	248.991													

12-Month Percent Change

Series Id: CUUR000SA0
 Not Seasonally Adjusted
 Series Title: All items in U.S. city average, all urban consumers, not seasonally adjusted
 Area: U.S. city average
 Item: All items
 Base Period: 1982-84=100

Download: .xlsx

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2008	4.3	4.0	4.0	3.9	4.2	5.0	5.6	5.4	4.9	3.7	1.1	0.1	3.8	4.2	3.4
2009	0.0	0.2	-0.4	-0.7	-1.3	-1.4	-2.1	-1.5	-1.3	-0.2	1.8	2.7	-0.4	-0.6	-0.1
2010	2.6	2.1	2.3	2.2	2.0	1.1	1.2	1.1	1.1	1.2	1.1	1.5	1.6	2.1	1.2
2011	1.6	2.1	2.7	3.2	3.6	3.6	3.6	3.8	3.9	3.5	3.4	3.0	3.2	2.8	3.5
2012	2.9	2.9	2.7	2.3	1.7	1.7	1.4	1.7	2.0	2.2	1.8	1.7	2.1	2.3	1.8
2013	1.6	2.0	1.5	1.1	1.4	1.8	2.0	1.5	1.2	1.0	1.2	1.5	1.5	1.5	1.4
2014	1.6	1.1	1.5	2.0	2.1	2.1	2.0	1.7	1.7	1.7	1.3	0.8	1.6	1.7	1.5
2015	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	0.2	0.5	0.7	0.1	-0.1	0.3
2016	1.4	1.0	0.9	1.1	1.0	1.0	0.8	1.1	1.5	1.6	1.7	2.1	1.3	1.1	1.5
2017	2.5	2.7	2.4	2.2	1.9	1.6	1.7	1.9	2.2	2.0	2.2	2.1	2.1	2.2	2.0
2018	2.1	2.2													



Heber Public Utility District

1078 Dogwood Rd., Suite 103 • P. O. Box H
Heber, CA 92249
TEL. (760) 482-2440 • FAX (760) 353-9951
www.heber.ca.gov

April 4, 2018

Mr. Dean A. Ruffridge, Senior Vice President
CR&R
11292 Western Ave.
Stanton, CA 90680

Re: Request to Not Increase the Rates for the Heber Community in 2018

Dear Dean;

I am in receipt of your letter dated March 26, 2018, which states that CR&R will adjust the rates with an increase of 2.2%. In January 2016, the Heber Public Utility District Amended the Agreement with CR&R to extend the terms for an additional seven years until 2024. CR&R agreed to not increase our residential customer rates until July 2017. As you know, HPUD's rates are one of the highest in our area, and our residential population is among the poorest in the state.

Considering these factors, the HPUD Board of Directors respectfully requests that CR&R not implement a rate adjustment for 2018. I would welcome a meeting with representatives from CR&R and will provide CR&R with any information regarding the needs of our community.

The community of Heber greatly appreciates your consideration of our request to not adjust the rates for 2018. Should you have any questions or concerns please don't hesitate to give me a call at 760-482-2440.

Sincerely,

A handwritten signature in blue ink that reads "Laura Fischer".

Laura Fischer
General Manager